

Deferred Compensation Plan BOARD REPORT 12-06

Date: January 3, 2012
To: Board of Deferred Compensation Administration
From: Staff
Subject: Consulting Services Contract Amendment

*Board of Deferred
Compensation Administration
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John Mumma, Vice- Chairperson
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Tom Moutes, Second Provisional Chair
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Michael Perez
Robert Schoonover
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Recommendation:

That the Board of Deferred Compensation Administration (a) approve the proposed Consulting Services Contract Amendment regarding the Mercer Investment Consulting six-month contract extension and increase of the Contractor's compensation to not exceed \$87,500 for the additional six-months of service pending final approval as to form by Board Counsel; and (b) authorize the Board Chairperson to execute the amendment.

Background:

At the October 18, 2011 meeting of the Board of Deferred Compensation Administration, the Board adopted a motion to approve extension of the Board's contract with Mercer Investment Consulting, Inc. for the period January 1, 2012 to June 30, 2012, and to approve and authorize release of a draft report to City Council requesting said extension.

Staff submitted the report to Council. Council approved the extension as well as any required increase in the contract ceiling amount to cover the additional six months of service.

The report addressed both the contract with Mercer for Deferred Compensation Plan consulting services as well as Pension Savings Plan consulting services. The Pension Savings Plan is the retirement program for part-time, temporary and seasonal employees.

At the October 18, 2011 Board meeting, staff informed the Board that when Council authorization was granted, staff would return to the Board with a proposed amendment to the contract with Mercer (attached). This draft Amendment has already been reviewed by the Personnel Department's Administrative Services Division (ASD) and the Board's legal Counsel but final approval is pending. At the September 20, 2011 Board meeting, staff discussed increasing the ceiling amount of \$450,000 to \$525,000 for the 2012-2014 three-year contract due to anticipated additional costs for procurements. As a result, the cost of Consulting Services would increase from \$150,000 to \$175,000 annually. Therefore, staff has calculated the additional compensation amount of \$87,500 ($\$175,000/2$) for the additional six months of service that is included in the amendment. This is a contract ceiling cap, not a retainer. So the Plan will only pay for actual costs incurred based upon the number of hours worked. Staff recommends that the Board approve the attached First Amendment to the

Mercer Investment Consulting Contract pending final approval as to form by Board Counsel and authorize the Board Chairperson to execute the amendment.

Submitted by: _____
Natasha Gameroz

Reviewed by: _____
Steven Montagna

Approved by: _____
Alejandrina Basquez