

County of Santa Clara

Employee Services Agency

Employee Benefits



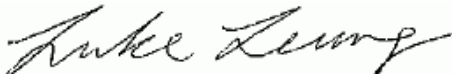
ESA02 062409

Prepared by: Kathleen Barber
Human Resources Analyst

Submitted by: Peter Ng
Employee Benefits Director

DATE: June 24, 2009

TO: Board of Supervisors

FROM: 
Luke Leung
Deputy County Executive

SUBJECT: Delegation of Authority to Deputy County Executive, or Designee, to Negotiate a New Agreement with International City/County Management Association - Retirement Corporation ("ICMA-RC") as the Plan Recordkeeper for the County's 457 Deferred Compensation Plan and the 401(a) Supplemental Benefit Plan; and for a Three-Month Extension of the Existing Agreement with ICMA-RC

RECOMMENDED ACTION

Consider recommendations from the Employee Services Agency relating to the selection of ICMA-RC as the plan recordkeeper for the County of Santa Clara's 457 Deferred Compensation Plan and 401(a) Supplemental Benefit Plan.

Possible actions:

- a. Authorize the Deputy County Executive responsible for Employee Services Agency, or designee, to proceed with final negotiations with ICMA-RC for a new agreement for plan recordkeeping and related administrative services for the County's 457 Deferred Compensation Plan and 401(a) Supplemental Benefit Plan

- b. Approve delegation of authority to the Deputy County Executive responsible for Employee Services Agency, or designee, to extend the date of expiration for a maximum of three months from July 1, 2009 to September 30, 2009 of the existing agreement with ICMA-RC relating to plan recordkeeping and related administrative services for the County's 457 Deferred Compensation Plan and 401(a) Supplemental Benefit Plan, following approval by County Counsel as to form and legality and approval by the Office of the County Executive. Delegation of authority shall expire on September 30, 2009.

FISCAL IMPLICATIONS

There is no fiscal impact to the General Fund as a result of these recommended actions. Plan recordkeeping and administrative services for the County's 457 Deferred Compensation Plan and 401(a) Supplemental Benefit Plan provided by ICMA-RC are funded in its entirety by fees paid for by participants in the plans based on their individual selection of investment options.

CONTRACT HISTORY

The original agreement with ICMA-RC was approved by the Board of Supervisors on February 23, 1999 for the period of July 1, 1999 through June 30, 2002. On May 15, 2001, the agreement was amended to reflect minor changes to conform to regulatory requirements. On October 30, 2001, a second amendment was approved to add a self-directed brokerage account option to provide additional investment options and flexibility to plan participants. A third amendment was approved on November 19, 2002 to extend the term of the agreement to July 1, 2009, and to implement new revenue sharing requirements in order to fund ongoing costs to the County for administration of the plan, annual audit costs, and ongoing training for Deferred Compensation Plan Committee members. On December 23, 2008, a fourth amendment was executed to add plan administration responsibilities for the 401(a) Supplemental Benefit Plan which was authorized to be established by the Board on May 20, 2008.

REASONS FOR RECOMMENDATION

Authority to Negotiate

On March 2, 2009 the County of Santa Clara issued a Request for Proposal # 942 (RFP) for 457 Deferred Compensation Plan and 401(a) Supplemental Benefit Plan and related administrative services for the County. The County engaged an outside consulting firm Arnerich, Massena & Associates of Portland, Oregon, to assist the County with the development of the specifications/requirements, drafting of the request for proposal, assistance with evaluation of the proposals and serve as a subject matter expert in this field to assist the Deferred Compensation Committee. This consultant was selected via a solicitation issued by the Employee Services Agency.

The RFP was posted on the bid management web site, Bidsync and the consultant reached out to all the potential providers in the country. An optional pre-proposal conference was conducted by the County on March 9, 2009 to clarify any questions or issues raised by the providers. An addendum to the RFP was issued providing clarification based on the questions asked by the providers.

Ten responses to the RFP were received. An Evaluation Committee consisting of the Deferred Compensation Committee members, staff from Employees Services Agency and consultants from Arnerich Massena & Associates was formed. The consultants were utilized as non-rating evaluators to review the proposals, prepare reports and provide subject matter expertise.

All ten proposals were reviewed and evaluated in accordance with the evaluation guidelines set forth in the RFP. The evaluation factors used to determine the greatest value included, but were not limited to the following:

- Adherence to the RFP
- Ability to meet the technical and functional requirements
- Experience, financial strength and reputation of the proposer
- Quality and depth of proposer's references and demonstrated successful implementation, service and support
- Proposer's service capabilities, commitment and flexibility
- Price
- On-site Presentations

The County followed a multi-step strategy whereby the written proposals were evaluated by the Evaluation Committee and rated on the above mentioned criteria. Price proposals were also reviewed and clarification meetings were held with the proposers during this period. As a result of the evaluation of the written proposals, four of the ten vendors were placed on the short list to move forward to the next step of the RFP process.

These four vendors were invited to meet with the Evaluation Committee to present and demonstrate their company offerings and answer any questions as required by the committee. Based on the outcome of the presentation and discussions, the Evaluation Committee recommended three proposers move forward for additional clarification and to check references since the ratings of the three proposers fell within the competitive range. After additional clarification and reference checks, ICMA-RC was selected as the finalist proposer.

The Evaluation Committee made a recommendation to the Director of Procurement to commence preliminary negotiations with the finalist proposer, ICMA-RC. Negotiations began on May 28th and the County proposed additional business terms and service improvements favorable to the plan participants and to the County as plan sponsor. ICMA-RC responded with their best and final offer for the additional business terms and service improvements. On June 5, 2009, the Deferred Compensation Committee unanimously approved acceptance of ICMA-RC's proposal with the provision that the County will negotiate the final contract terms of the agreement after approval from the Board of Supervisors.

Authorization to the Deputy County Executive responsible for Employee Services Agency, or designee, to negotiate the final contract terms of the agreement is recommended in order to finalize the new agreement with ICMA-RC for Board of Supervisors' award in August or September.

Three-Month Extension

The existing agreement with ICMA-RC expires on July 1, 2009. A maximum three-month extension to September 30, 2009 will allow the additional time needed for staff to complete negotiations and finalize contract terms.

BACKGROUND

The County of Santa Clara Deferred Compensation Plan ("Plan") was established in 1980, pursuant to Sections 53212 to 53214 of the Government Code of the State of California, and Section 457 of the U.S. Internal Revenue Code. It provides County employees the opportunity to defer receiving a portion of their current compensation until retirement, termination of employment, death, or other events as provided in the Plan Document.

The Plan is overseen by a seven-person committee appointed by the Board of Supervisors to perform the duties designated in the Plan Document. The committee's duties and authority are described in the Plan Document, specifically

in Article V, below:

5.01 Authority of the Committee: The Committee shall have the sole power and authority to adopt, alter, amend, revoke or interpret any rules and policies, necessary for the administration of the Plan, provided they are not inconsistent with the provisions of the Plan or Section 457 of the Code and any rules or regulations issued thereunder.

In addition, a 401(a) Supplemental Benefit Plan (defined contribution plan) was authorized by the Board on May 20, 2008 to be established in order to address Internal Revenue Code (401(a)(17)) limitations that affect a limited number of employees.

CONSEQUENCES OF NEGATIVE ACTION

The County's current agreement with ICMA-RC will expire on July 1, 2009 with no new or extended agreement in place for the plan recordkeeping and administrative services of the 457 Deferred Compensation Plan and the 401(a) Supplemental Benefit Plan.

STEPS FOLLOWING APPROVAL

The Clerk of the Board will provide an approved copy of the Board transmittal to Employee Services Agency. Staff will proceed with executing an amendment to the existing agreement to extend the expiration date to September 30, 2009 and proceed with final negotiations and preparation of the new agreement with ICMA-RC to be presented to the Board at a later date for approval.