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July 22, 2019

AGENDA ITEM 5  
ACTION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

*AKF Consulting Contract Extension*

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Summary

The California Secure Choice Retirement Savings Investment Board (Board) will consider approving a one year contract extension for the Board's Program Consultant, AKF Consulting.

Background

At the August 7, 2017 Board meeting, the Board approved a two year contract for general consulting services with AKF Consulting, including an option to extend for one additional year. The contract was to provide the Board with assistance with the CalSavers Retirement Savings Program (Program) development and implementation, including procurement for the program administrator and investment managers. In addition to program design, the scope of work included assistance with drafting regulations, and providing the Board with expertise on the state-run retirement program industry, including trends, marketing and distribution strategies, and program comparison analyses. Other services outlined include researching public benefit asset test criteria regarding IRAs, performing surveys of industry fees, and providing Board fiduciary training, education, and facilitating Board discussions on its policies.

The maximum cost of the contract is \$2,000,000, regardless of whether or not the one year extension is exercised.

Trend of Activities and Expenditures

The majority of the consulting activities took place during the initial phase of program design and business partner selection and the contract expenditures reflect that. The AKF team provided high quality and exceptionally responsive services to the Board and staff, reflecting their leadership's commitment to remaining flexible and working with staff and other contractors to launch the pilot in a very short timeframe. As the Program has moved towards and through full implementation, the spend of the contract has declined, reflecting the planned transition of AKF Consulting's role toward providing the Board and staff necessary ongoing governance training and education, advice based on multi-state trends, and research and analytical support on a variety of special projects.

As of the end of June, 2019, \$1,094,237 remains on the contract. The average monthly expenditure from January to June 2019 was \$12,500. Staff anticipate the cost of the extended year of the contract will reflect this spending level, leaving sufficient budget to cover expected service needs through August 6, 2020.

<b>Fiscal Year</b>	<b>Amount</b>	<b>% of Total Contract Budget</b>
2017-2018	\$631,830	31.6%
2018-2019	\$273,933	13.7%
TOTAL EXPENDITURES	\$905,763	45.3%
REMAINING BALANCE	\$1,094,237	54.7%

Recommendation

Staff recommend the Board approve the one year contract extension with AKF Consulting.

*Attachments:*

- Attachment 1: Resolution 2019-05