
JULY 27, 2020

AGENDA ITEM 5
ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Program Consultant Services Contract

Summary

The CalSavers Retirement Savings Board (“Board”) will consider approving a contract for program consultant services.

Background

Agreement CSCRSIB04-17 (“Agreement”) between the Board and AKF Consulting Group for program consultant services was executed in August 2018 to provide the Board with assistance with the CalSavers Retirement Savings Program (“Program”) development and implementation, and expertise on the state-run retirement program industry.

The current contract with AKF Consulting Group is for a maximum of two million dollars over the three-year term and \$946,211.03 was spent through June 30, 2020. As shown in the table below, the majority of this cost was incurred during the first year of the contract. The higher early costs reflect the substantial assistance provided during the research phase and search for the investment consultant, program administrator, and investment managers. Staff expect expenditures for the new contract to more closely resemble the expenditures in Fiscal Year 2019/20 and remain under \$100,000 per year.

Fiscal Year	Total Expenditures
FY 2017/18	\$ 631,830.09
FY 2018/19	\$ 272,429.44
FY 2019/20	\$ 41,951.50
TOTAL	\$ 946,211.03

The Agreement is due to expire August 6, 2020. Due to the need for continued program consulting services, the Executive Director released request for proposals (“RFP”) for program consultant services.

Procurement Process

RFQ number CSCRSIB02-20 was released May 21, 2020, with a question period ending on May 29, 2020 and responses due on June 12, 2020. Eight questions were received and answered during the inquiry period. The evaluation committee, composed of three staff, reviewed the responses according to the scoring criteria defined in the RFP. If the Board authorizes the

Executive Director to execute a contract with the proposed firm, staff anticipate a contract start date of August 7, 2020, following approval by the Department of General Services (DGS).

Scope and Volume of Work

The Board requires continued advice and assistance from a program consultant to ensure it is informed by industry and fiduciary best practices as the Program and the field evolve. The selected consultant will continue to review the CalSavers Program structure within the scheme of retirement savings programs, advising on any possible modification and improvements based on industry standards, policy changes, and best practices.

The new Agreement will be structurally similar but with a more limited scope than the current contract for program consulting services, due to the removal of the pre-launch and launch phase work. Ongoing services will primarily focus on providing the Board with information and educational sessions, support on fiduciary, governance and municipal securities matters, and engaging on special project requests. As noted above, the reduced maximum dollar value of this Agreement reflects the more limited scope of services.

AKF Consulting Group

In reviewing the proposal submitted by AKF Consulting Group, the evaluation committee noted the firm's singular expertise and long track record of exemplary service to retirement programs and other state-sponsored savings program in 35 states across the country. The firm meets or exceeds every minimum qualification, including status as a registered municipal advisor.

Contract Term and Cost

The term of the Agreement entered into pursuant to this RFP, if any, will be August 7, 2020 (or upon approval by the DGS, whichever is later) through August 6, 2022, with an option to extend one year at the sole discretion of the Board. The maximum amount of the Agreement will be \$200,000 for the first two years, and the total amount shall be no more than \$300,000 over the entire contract term, including all optional extensions. The contract budget is a maximum amount that can be paid under the Agreement and payments will only be made for work performed. Work performed will be billed and paid at a blended hourly rate of \$400 per hour.

The proposed contract represents a reduction in the blended hourly rate under the current contract (\$445 per hour) and, as described above, a substantial reduction in the total maximum contract cost.

Staff Recommendation

Staff recommends the Board approve Resolution No. 2020-03 of the CalSavers Retirement Savings Board relating to the approval to execute Agreement No. CRSB02-19 for program consultant services with AKF Consulting Group in substantially the same form as Attachment 3.

Attachments

- Attachment 1: Request for Proposals for Program Consultant Services
- Attachment 2: Resolution 2020-03: Approval to Execute a Contract for Program Consultant Services
- Attachment 3: Proposed Contract for Program Consultant Services