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AGENDA ITEM 05
INFORMATION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Secure Choice Funding Update and Related Discussion on How to Proceed with Procurement for the Market Analysis and Feasibility Study

Presenter

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Background

Uncertainty about the total amount of funds donated to the California Secure Choice Retirement Savings Investment Board (Board) and the timing of when those funds are received presents some challenges with respect to planning the release of the two Request for Proposals (RFPs) the Board approved at its January 27, 2014 meeting.

As of this writing, the California Secure Choice Program Fund has received \$251,000 of donated funds. This amount is just above 25 percent of our \$1 million estimated total cost of the project. This estimate is based on conversations Secure Choice staff has had in the past year with attorneys, consultants who do the type of work our project will require, and retirement plan administrators. We are operating under the assumption that \$1 million will be sufficient, but will not know for certain until we receive proposals from vendors.

Because the Board can't enter into a contract until it has encumbered sufficient funds to pay for the full costs associated with each respective contract, the Board will need to decide how to stage the various components of the procurement process relative to the amount of funds received.

Clearly, Secure Choice staff can continue working to draft the RFPs. The question is whether the RFPs should be issued before we have what we think will be sufficient funds to pay for the services included in the respective contracts. There are obvious drawbacks to this approach. Vendors might not be willing to devote time and resources to developing proposals if they have doubts about whether Secure Choice will receive sufficient funds. In addition, if sufficient funds are still not available by the time the Board has selected among the finalists and is ready to award the contract, there is no guarantee that vendors would be willing to wait until sufficient funds materialize.

At the January meeting, the Board directed staff to issue the RFP for legal analysis first, but to conduct the RFP process for the market analysis and financial feasibility study simultaneously so that all contractors could be working together from the beginning of the project. One possible

alternative to consider would be to issue the first RFP at the point when we believe sufficient funds have been raised for the legal work, and issue the second RFP when the total fundraising target has been reached. The drawback to this approach is that we wouldn't have all of the contractors coordinating their work from the beginning of the project.

Staff recommends all the RFPs be issued when the fundraising target of \$1 million are held in the Fund. This approach would reduce uncertainty and reassure vendors that the Board has sufficient funds to enter into the contracts, thereby increasing the likelihood of greater competition. Additionally, the contractors could begin coordinating their work at the outset.