



Agenda Item 5a

September 17, 2013

ITEM NAME: Request for Proposal (RFP) for Federal Legislative Representation

PROGRAM: Legislation

ITEM TYPE: Action

RECOMMENDATIONS

- 1) Approve the release of an RFP to a) award a contract to a qualified firm to provide federal legislative representation services to the California Public Employees' Retirement System (CalPERS) for a period of up to four years commencing July 1, 2014 and b) establish a Spring-Fed Pool for additional targeted federal legislative representation services on an as-needed basis.
- 2) Approve the RFP schedule of events, evaluation process and scoring method.

EXECUTIVE SUMMARY

The five year term of CalPERS existing contract with Lussier, Gregor, Vienna & Associates, Inc. expires on June 30, 2014. Staff has developed an RFP to solicit proposals from qualified firms to serve as the Board's primary Federal Legislative Representative in Washington, D.C., providing consultation and representation on federal Executive and Congressional efforts to enact legislation and impose regulations potentially impacting CalPERS and its members. As proposed, the RFP will be released in October 2013 with a final filing date for submission of proposals in December 2013. CalPERS staff will present a list of qualified candidates to the Committee in February 2014, and the Board of Administration will conduct finalist interviews in April 2014.

Staff proposes to also establish a Spring-Fed Pool of consultants to perform specialized or focused services as assigned to supplement the services of the Board's primary Federal Legislative Representative. These firms could be asked to provide limited, but highly-focused, services related to CalPERS efforts to influence banking and finance policy, health policy, public pensions and corporate governance, along with other possible issues, and to build coalitions and improve outreach. Selection of firms participating in the Spring-Fed Pool would be conducted via the RFP, allowing firms to apply specifically for consideration for inclusion in the pool, as well as including firms considered, but not selected, for the primary Federal Legislative Representative contract.

STRATEGIC PLAN

This proposal is consistent with Strategic Goal C to engage in State and national policy development to enhance the long-term sustainability and effectiveness of our programs.

BACKGROUND

Staff is developing an RFP to solicit proposals from qualified firms to serve as the Board's Federal Legislative Representative. Staff's goal is to have a final agreement completed and executed by both parties before July 1, 2014, the commencement of the four year term of the agreement, which would conclude June 30, 2018. It is critical for CalPERS to have a constant presence in Washington from a representative that understands the "big picture" issues impacting public pension funds, is able to gather intelligence, and respond to events on short notice. The Board's current Federal Legislative Representative regularly organizes meetings and events with legislators, policy-makers and other key players in Washington on behalf of Board members and senior staff, as well as developing policy strategies and recommendations.

ANALYSIS

Primary Contract for Federal Legislative Representative

Upon approval by the Board, the RFP will be released in October 2013, and staff anticipates a contract could then be executed by July 1, 2014. The competitive selection process for the Federal Legislative Representative is expected to take approximately nine months from the time of the RFP release to the full execution of the resulting contract. Attachment 2 describes staff's proposed evaluation process, including the details of the Board's participation and scoring method. In summary, each firm's proposal will receive a preliminary review to ensure that the specified minimum qualifications are met. Upon satisfactory preliminary review, the entire proposal will undergo a technical and fee evaluation. Completed Technical Proposal Questionnaires could receive up to 200 points, and the lowest Fee Proposal will receive the maximum score of 300 points. The proposal with the lowest combined Fee Proposal for all four years of the proposed contract term will receive the maximum score of 300 points. All other Fee Proposals will be rated proportionately as follows:

$$\frac{\text{Lowest Fee Proposal}}{\text{Proposer's Fee}} \times 300 = \text{Proposer's Fee Proposal Score}$$

After combining the technical and fee scores, the proposals will be ranked from highest scoring to lowest scoring, with a maximum of 500 points. Staff will present a list of qualified candidates to the Board for consideration as finalists and determination of number of interviews.

The highest ranked Finalist will receive 500 points for their interview score, and the remaining Finalists will receive points proportionate to their ranking. The incremental difference between Finalists' interview points is derived by dividing the maximum number of points (500) by the number of Finalists eligible for and participating in an oral interview with the CalPERS Board. Each Finalist's interview score will be combined with its Technical and Fee Proposal scores for a maximum total of 1000 points.

The primary Federal Legislative Representative contract award will be made to the Finalist having the highest total score, but may be subject to final negotiations and satisfaction of all requirements. Should negotiations not be successful with the selected Finalist, CalPERS reserves the right, based on its exclusive discretion, to negotiate with the Finalist having the second highest total score. Should negotiations not be successful with the Finalist having the second highest total score, CalPERS reserves the right, based on its exclusive discretion, to negotiate with the Finalist having the third highest total score.

Spring-Fed Pool

Establishing a Spring-Fed Pool will help CalPERS to broaden and diversify its network in Washington, enhance its ability to adapt to a fluid political environment, and leverage the strengths of numerous firms on behalf of the System. It may also be more efficient and cost-effective than depending on the primary Representative's firm to identify and subcontract with such consultants as part of what are currently classified in the contract as special services.

All qualifying firms who respond to the RFP may be placed in the Spring-Fed Pool. This includes firms which applied but were not selected by the Board of Administration as the primary Federal Legislative Representative. As well as firms that only applied for the Spring-Fed Pool. Firms that only apply for participation in the Spring-Fed Pool will qualify based on their combined technical and fee scores.

BUDGET AND FISCAL IMPACTS

CalPERS would continue to have its primary Federal legislative representation performed by a qualified firm located in the Washington D.C. area. The contract award for the primary Federal Legislative Representative will be made to the Finalist having the highest total score, but may be subject to final negotiations and satisfaction of all requirements. The cost for these services will be determined based on the fee proposal submitted by the successful Proposer. The fees will be structured so that CalPERS will pay a flat monthly "retainer" for routine services, such as monitoring and tracking issues of importance to CalPERS, preparing standard reports, and responding to routine inquiries. Additional projects or services requested by CalPERS will be billed on an hourly rate with a total project budget.

If approved, the Office of Governmental Affairs (GOVA) plans to utilize a pool of contracted firms with specialized policy expertise to perform specific federal representation services, pursuant to the Board of Administration Resolution ODDD-98-01 and Operations Support Services Division (OSSD) contracting guidelines. GOVA recommends that selected firms be awarded a four-year contract. The awarding of a contract to a successful bidder will be subject to final negotiations and satisfaction of all requirements. Although qualified firms would be awarded contracts for inclusion to the Spring-Fed Pool, CalPERS is not obligated to engage or pay any firm until a letter of engagement is executed by GOVA and services are rendered.

Existing policy requires staff to report to the Finance and Administration Committee, on a semi-annual cycle, forthcoming contract activity that exceeds a threshold of \$1M. The proposed four year contract for Federal Legislative Representation is expected to exceed this level, and will be included in the next Contracting Prospective Report in December 2013.

BENEFITS/RISKS

- Approving the initiation of the competitive bidding process for the Board's primary Federal Legislative Representative will minimize any interruptions to the provision of essential consultant services.
- Creation of the Spring-Fed Pool will enable CalPERS to respond to new or specialized policy and governmental relations needs in a timely and cost-effective manner.
- Failure to initiate the process may result in contracting delays and the interruption of key services.

ATTACHMENTS

Attachment 1 – RFP Schedule of Events
Attachment 2 – Evaluation Process

DANNY BROWN, Chief
Office of Governmental Affairs

ROBERT UDALL GLAZIER
Deputy Executive Officer
External Affairs Branch