



## Agenda Item 12

November 19, 2014

**ITEM NAME:** Health Care Policy Federal Representative Request for Proposal (RFP 2014-7185) – Interview of Finalists

**PROGRAM:** Legislation

**ITEM TYPE:** Action

### **RECOMMENDATION**

Staff recommends the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) interview the Finalists and score and rank the Finalists and award the contract for the Health Care Policy Federal Representative under RFP No. 2014-7185 to the Finalist with the highest combined score, subject to negotiations and the satisfaction of all requirements.

### **EXECUTIVE SUMMARY**

The purpose of this item is for the Board to interview the Finalists for the Health Care Policy Federal Representative (Health Care Representative) contract.

### **STRATEGIC PLAN**

This agenda item supports Goal C of the 2012-17 Strategic Plan because a Principal Representative is a key component in CalPERS ability to engage in national policy development to enhance the long-term sustainability and effectiveness of our programs.

### **BACKGROUND**

In May 2014, the Board directed staff to develop and launch three policy-specific Request for Proposals (RFP) for federal policy representation, and an RFP to create a spring-fed pool of federal consultants to provide additional support to meet new, increased, or otherwise unanticipated federal consulting needs. The first three RFPs were launched in early August, closing in mid-September, and the pool RFP is open until the end of October. The three RFPs were advertised in both the print and online versions of the Washington Post, The Hill Newspaper, and CQ-Roll Call. In addition, staff sent the announcement of the RFPs to a list of approximately 50 lobbyist firms that had been contacted for the previous Federal RFP. The federal representation contract with Lussier Gregor Vienna and Associates was extended until no later than June 30, 2015.

The final filing date for the Health Care Representative RFP was September 11, 2014, and four proposals were received. An Evaluation Committee met to discuss the reviewers' impressions and evaluations of the Technical Proposals, and awarded a single score by consensus for each Technical Proposal. The RFP specified that only

proposals that were awarded at least 105 of the initial 150 technical points would advance to the next phase of the evaluation process. Two of the four firms submitting proposals met that threshold.

A second phase of the technical evaluation this year is a staff interview, worth up to 50 points. Staff interviewed the two candidates via conference call, asking both firms to respond to five questions, and developed a consensus score.

Points awarded for the Fee Proposals submitted by the proposers were computed in accordance with the specifications of the RFP. The RFP specified that the highest scoring proposal(s) after the Technical Proposal and Fee Proposal scores were combined, as determined by CalPERS, would be considered the Finalist(s).

The following chart summarizes the ranking of the two Health Care Representative proposers, based on their combined Technical Proposal, Staff Interview and the Fee Proposal scores.

<b>Health Care Policy Federal Representative</b>					
<b>Current Rank</b>	<b>Proposer</b>	<b>Fee Proposal Score</b>	<b>Technical Proposal Score</b>	<b>Staff Interview Score</b>	<b>Total Score</b>
1	Avenue Solutions/Jennings Policy Strategies	300	130	48	<b>478</b>
2	K&L Gates	244	120	30	<b>394</b>

**ANALYSIS**

In October, the Committee selected the two finalists for interview.

Each firm will have up to 30 minutes before the Board (10 minutes for a presentation and up to 20 minutes for questions and answers).

Generally, upon completion of the interviews, the Committee will score the Finalists using the “trimmed average” scoring methodology set forth in the RFP. The final interview score of each Finalist will be combined with the Finalist’s Technical and Fee Proposal scores, and the Finalists will then be ranked from highest to lowest. The distribution of maximum possible points is as follows:

- Technical Proposal: 200 points maximum
- Fee Proposal: 300 points maximum
- Board Interview: 500 points maximum

Total Combined Health Care Representative Score: 1000 points maximum

Background information on the Finalist firms, as well as on the interview process, will be uploaded for the Board with the Full Board meeting agenda materials. Binders with the hard copy will be available to the Members at the meeting itself.

### **BUDGET AND FISCAL IMPACTS**

Upon successful award and execution of a contract for the Health Care Representative services specified in the RFP, CalPERS will have federal representative services from a qualified firm in the Washington, D.C. area. The annual cost for these services is subject to negotiation, based on the fee proposal submitted by the successful proposer.

### **BENEFITS/RISKS**

- Contracting with a Health Care Representative will provide CalPERS with a voice and presence in Washington D.C. with regard to health care policy issues.
- The Health Care Representative will provide critical information, updates and analyses for the Board's consideration in the direction of CalPERS policy and operations.
- The new Congress will convene at the beginning of 2015. Delays in the interviews and contract negotiations could delay CalPERS development of relationships with new members of Congress and/or interrupt the continued engagement on policy matters of importance to CalPERS.

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