



# Board of Administration Agenda Item 10b

August 17, 2016

**Item Name:** Federal Legislative Consultant Update

**Program:** Legislation

**Item Type:** Information

### **Executive Summary**

The purpose of this agenda item is to inform the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) of options available in consideration of extending or ending its existing contract with joint-venture federal retirement policy representative, The Lussier Group, Inc., (TLG) and Williams & Jensen, PLLC (W&J), which is contractually scheduled to end February 28, 2017.

### **Strategic Plan**

This agenda item supports Goal C of the 2012-17 Strategic Plan, because the retirement policy representatives are key components in CalPERS' ability to engage in national policy development to enhance the long-term sustainability and effectiveness of our programs.

### **Background**

Following the Board approval of a retirement policy federal representative resulting from Request for Proposal (RFP) No. 2014-7187, a contract with joint venture contractors TLG and W&J was entered on March 1, 2015, and ends on February 28, 2017, unless it is extended. According to the contract's terms and conditions, contract 2014-7539 may be extended for up to two successive one-year periods, which ends February 28, 2019, for a total term of four years.

Currently, TLG and W&J provide regular reporting of federal legislation and policy to the Board. Based in Washington D.C., the firms maintain working relationships with House and Senate committee chairmen, ranking members, and political leadership from both chambers on relevant retirement security issues. TLG and W&J regularly organize meetings and events with congressional legislators, policymakers, and other key stakeholders in Washington D.C., on behalf of Board members and senior staff.

In addition to the retirement policy federal representative contract with TLG and W&J, two additional contracts on investments policy and health care policy are in place.

Board approval of health care policy federal representative resulting from Request for Proposal (RFP) No. 2014-7185, with joint venture contractors Avenue Solutions and Jennings Policy Strategies was entered on January 1, 2015, and ends on December 31, 2017, unless it is extended. According to the contract's terms and conditions, contract 2014-7519 may be extended for up to two successive one-year periods, which ends January 1, 2019, for a total term of four years.

Investments policy federal representative resulting from Request for Proposal (RFP) No. 2014-7186, with K&L Gates was approved by the Board and entered on February 1, 2015, and ends on January 31, 2019, unless it is extended. According to the contract's terms and conditions, contract 2014-7537 may be extended for one year, which ends January 31, 2020, for a total term of five years.

### **Analysis**

To maintain consistency and continuity of a federal retirement policy representative, three options exist: extend the TLG and W&J contract for one year, select an approved vendor from the Spring-Fed pool to replace TLG and W&J or, conduct a new RFP selection process prior to the end of the TLG and W&J contract terms.

In order to conduct a new RFP selection process, a minimum six-month lead time would be necessary in order to conduct a full solicitation, evaluation, interviews and obtain Board approval of a new federal retirement policy representative, prior to the contract expiration date of February 28, 2017. New funds would need to be budgeted and approved by the Board, including allowances for additional public advertisement as part of the initial solicitation. The full cost consideration in this option would be unknown, as the terms, conditions, and parameters of a new contract resulting from a new solicitation process would need to be identified and would depend on fees submitted from proposers. Given the truncated timeframe, and unknown cost considerations, this may not be a viable option.

In addition to the federal retirement policy representative, and pursuant to RFP No. 2014-7255, the Board developed a Federal Policy Representative Spring-Fed Pool to provide additional support to meet new, increased, or otherwise unanticipated federal consulting needs. This contract remains valid beginning July 1, 2015, and ends June 30, 2020. Four contractors were awarded under this agreement:

1. Joint Venture: Public Affairs Strategies/HealthCare-CA
2. Steptoe & Johnson LLP
3. Joint Venture: Sternhell Group and VogelHood, LLC
4. Williams & Jensen, PLLC

Selecting a federal retirement policy representative from the Spring-Fed Pool would require development of a Letter of Engagement (LOE), assigning a specific project, and defining the terms and duration of the project. Any such project would be subject to Board approval and the fee would be based on the fee proposal submitted by the proposer. Although vendors have been established for these potential engagement contracts, no existing funds have been encumbered or approved by the Board. Therefore, new funding streams would need to be established and approved. A timeframe of not less than three months would be needed in order to develop the LOE, solicit the vendors, and secure a contract.

Executing a one-year contract extension with the current federal policy representative, joint venture TLG and W&J would require approval from the Board, prior to the contract end. Funds for this contract extension have been previously approved by the Board and encumbered for the potential two successive one-year extensions for a potential four-year contract term set to expire February 28, 2019.

In addition to extending the TLG and W&J contract on retirement security policy, future consideration of aligning all three federal representative contracts to end at the same time would provide the Board with flexibility and continuity of services in establishing and conducting a new solicitation process for all federal consulting services. Currently, CalPERS staff has the ability to carry out the RFP process while in contract with all three firms, and issue the notice of intent to award from that process, in conjunction with the end of the contracts by the year 2019. However, this may require the Board to end, amend, and/or extend, the current expiration dates of the existing contracts.

### **Budget and Fiscal Impacts**

No costs would be associated in the contract extension of TLG and W&G, as existing funds totaling \$808,496 have already been approved by the Board and encumbered for the potential four-year contract term.

Costs associated with the Spring-Fed Pool consultants will vary based on the fee proposals submitted, and whether CalPERS determines the need to engage one or more of the firms approved. No costs will be incurred until a LOE has been completed.

Costs associated with conducting a new RFP selection process are unknown, and depend on solicitation parameters, advertisement fees, and fee proposals submitted by proposers.

### **Benefits and Risks**

- Executing a one year contract extension with TLG and W&J offers CalPERS continued service continuity in the federal policy arena, as well as, access to continued updates and analysis on federal retirement security issues and a continued presence from a qualified firm in Washington, D.C., with no fiscal risks.
- Selecting a federal policy representative from the Spring-Fed Pool provides CalPERS access to additional consulting services from qualified firms; however, it does not account for the funds that would need to be approved and encumbered.
- Conducting a new RFP selection process for a retirement security policy federal representative at this point in time, would allow the board to establish a new contract with a qualified firm, but would come with risk of too little time to conduct a solicitation, undetermined costs, and could be duplicative given the already approved vendors in the Spring-Fed Pool.

---

**Mary Anne Ashley, Chief**  
Legislative Affairs Division

---

**Douglas Hoffner**  
Interim Chief Executive Officer

