



Finance and Administration Committee Agenda Item 3b

December 20, 2016

Item Name: Semi-Annual Contracting Prospective Report

Program: Operations Support Services Division

Item Type: Action Consent

Recommendation

Approve the December 2016 Prospective Report of Solicitations, Contracts, Purchase Orders and Letters of Engagement (Attachment 1).

Executive Summary

To provide transparency and ensure Board awareness of significant contracts, the Finance and Administration Committee approved the CalPERS Board of Administration Contract Activity Reporting Policy for all activity that will meet or exceed a \$1 million threshold. This policy includes a semi-annual Prospective Report.

Strategic Plan

This item is presented in compliance with the Board Contract Activity Reporting Policy adopted and approved by the Board on August 16, 2016.

Background

Board Contract Activity Reporting

The approved Board Contract Activity Reporting Policy (Attachment 2) includes a semi-annual report of prospective contract activity (Prospective Report) to be presented as an action consent item. Upon approval, the Chief Executive Officer and her delegates will have authority to execute the contracts and expenditures set forth in the Prospective Report. This semi-annual report is presented in April and December to coincide with the approval of the annual budget and mid-year budget adjustments.

Contracts for Which the Board Reserves the Authority to Approve the Procurement of Services

Pursuant to Delegation No. EXEC-16-01, the Board reserves the authority to approve the procurement of certain services. Contracts awarded pursuant to the Board's authority are detailed in Attachment 3.

Analysis

Prospective Contract Activity Report

The Prospective Report includes the following:

- Requests for Proposals (RFPs) scheduled for development and release when the estimated total value of the contract or budget for the contractor or contractors is \$1 million or greater in total value.
- Contracts exempt from the competitive bidding process and investment manager contracts which are \$1 million or greater in total value.
- Spring-Fed pool engagements or work from undefined dollar contracts or purchase orders which are \$1 million or greater in total value.
- Any amendments to the contracts set forth above which cause the contract to exceed a threshold of \$1 million or more when the contract has not otherwise been reported to the Committee.
- An expected amount of expenditures of \$1 million or greater under a current contract.
- Items previously reported by the Committee, when the amount is increased by \$1 million or more over the amount previously reported to the Committee.

Any contracting activity that is covered by this policy, but was not contained in the Prospective Report must be reported to the Finance and Administration Committee as an action consent item at the next Committee meeting.

Budget and Fiscal Impacts

The potential budget and fiscal impacts of not approving the Report will delay the timely execution of contracts which could result in increased cost for health and investment services.

Benefits and Risks

The benefits of this process include:

- Provides transparency and ensures Board awareness of significant contracts.
- Enables the Board, where appropriate, to have an opportunity to participate in significant contract decisions before they are finalized.
- Informs the Board regarding staff's contract decisions thereby satisfying their monitoring responsibilities.

The risks of not implementing this process include:

- Potential delay in necessary services to support CalPERS.

Attachments

Attachment 1 – December 2016 Prospective Report

Attachment 2 – Board Contract Activity Reporting Policy

Attachment 3 – Contracts for Which the Board Reserves the Authority to Approve the Procurement of Services



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