



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6169 • Fax (562) 570-5836

December 20, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a contract with Arnerich Massena & Associates, Inc., to perform a comprehensive evaluation of the City's 457 Deferred Compensation Savings Plan, assist City staff in developing employee education materials, and at the City Manager's discretion, assist the City in conducting a request for proposal for deferred compensation provider services, for an amount not to exceed \$92,000 for a period of one year. (Citywide)

DISCUSSION

Currently, the City offers a 457 Deferred Compensation Retirement Savings Plan (Plan) to its employees. The Plan is offered through three providers, ICMA, ING and National Deferred. These three firms offer a wide breadth of retirement investment options and services. As the deferred compensation market has matured, investment vehicles and service delivery methods have proliferated. To knowledgeably fulfill its fiduciary duty to its employees, the City is obligated to conduct regular examinations of its benefits and keep abreast of current trends in deferred compensation management, including services, service delivery and pricing.

The regulatory environment for retirement plans also continually evolves. Over time, the escalating regulatory expectations of employers have made it imperative that a comprehensive review of this Plan be undertaken on a regular basis. Staff issued a request for proposal (RFP) to fifteen firms for assistance with this review. Seven firms submitted RFP responses, and five firms were invited to present their qualifications and proposals.

Staff recommends that the City Council authorize the City Manager to execute a contract with Arnerich Massena & Associates, Inc., for professional services to perform a comprehensive review (Phase I) of the City's current Plan at a cost not to exceed \$40,000. Based on the findings of the review, at the City Manager's discretion, a request for proposal (RFP) for selected services may be conducted, as Phase II, at a cost also not to exceed \$40,000. Additionally, Arnerich Massena & Associates, Inc., will review the educational materials available through the current providers and then assist staff in enhancing the education curriculum offered at a cost not to exceed \$12,000. The engagement is not to exceed twelve months and will commence on or about January 1, 2006.

This item was reviewed by Senior Deputy City Attorney Donna F. Gwin on December 7, 2005 and Budget Management Officer David Wodynski on December 8, 2005.

TIMING CONSIDERATIONS

City Council action on this item is requested on December 20, 2005 to expedite the commencement of Phase I services.

FISCAL IMPACT

The budget to support the requested services is included in the General Fund (GP) in the Department of Financial Management (FM). By regulation, the City is authorized to be reimbursed in full for its costs of Plan administration, including reviews of the Plan. The not to exceed cost of \$40,000 for Phase I, is expected to be recovered through cost efficiencies identified in the Plan review. If at the City Manager's request an RFP for selected services is conducted, the potential \$40,000 cost for the Phase II RFP will be recovered from the successful participants, as a stipulation of the RFP. The not to exceed cost of \$12,000 for the review and development of an educational materials package will be borne by Plan providers. Therefore, there should be no net cost to the City for these services.

SUGGESTED ACTION:

Approve recommendation.

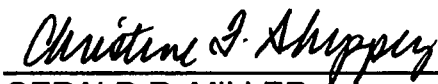
Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

MAK:DN:
K:\EXEC\COUNCIL LETTERS\TREASURY\12-20-05 CCL - 457 CONSULTING.DOC

APPROVED:

for 
GERALD R. MILLER
CITY MANAGER