



Legislation Details (With Text)

File #: 17-0580 **Version:** 1 **Name:** HR - Contract w/ICMA for Deferred Comp Svcs
Type: Contract **Status:** Approved
File created: 6/28/2017 **In control:** City Council
On agenda: 7/18/2017 **Final action:** 7/18/2017

Title: Recommendation to authorize City Manager, or designee, to execute a Second Amendment to Contract No. 32531 with International City Management Association - Retirement Corporation (ICMA-RC), of Washington, DC, for recordkeeping services on behalf of the City's 457 Deferred Compensation Retirement Savings Program, to extend the contract term for an additional two-year period ending September 30, 2019. (Citywide)

Sponsors: Human Resources

Indexes: Amendments

Code sections:

Attachments: 1. 071817-C-19sr.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|------------------------|--------|
| 7/18/2017 | 1 | City Council | approve recommendation | Pass |

Recommendation to authorize City Manager, or designee, to execute a Second Amendment to Contract No. 32531 with International City Management Association - Retirement Corporation (ICMA-RC), of Washington, DC, for recordkeeping services on behalf of the City's 457 Deferred Compensation Retirement Savings Program, to extend the contract term for an additional two-year period ending September 30, 2019. (Citywide)

City Council action is requested to amend Contract No. 32531 with International City Management Association - Retirement Corporation (ICMA-RC), to provide third-party administrative (TPA) services for the City's 457 Deferred Compensation Retirement Savings Program. The proposed amendment will extend the term of the contract for an additional two years, through September 30, 2019.

The City's Deferred Compensation Retirement Saving Program (DCP) is a voluntary supplementary retirement savings plan created under Section 457(b) of the Internal Revenue Code. The DCP allows eligible employees to save and invest tax-advantaged dollars through salary deferral. The City utilizes a third-party administrator as the custodian of the salary deferrals sent from the City payroll system to post and credit these deferrals to various investment options, and post investment gains and losses to participant accounts.

The City currently contracts with ICMA-RC, who, in addition to recordkeeping services, also provides enrollment services, as well as outreach, education and communication services to Plan participants. Under ICMA-RC's custodianship, total plan assets have exceeded \$547 million, and there are more than 5,100 participants. Plan participants pay all costs of the TPA services.

The City has contracted with ICMA-RC since 2007 and the current contract is scheduled to expire on September 30, 2017. The Human Resources Department, with the support of the Deferred Compensation Advisory Committee, recommends that the City issue a request for proposals for TPA services and include an option for a five-year pricing plan. The RFP and longer-term contract can provide the following potential benefits to the Plan and participants:

- Ability to obtain favorable pricing terms and greater willingness from the TPA vendors to invest resources in the Plan;
- Greater continuity of services for plan participants;
- Reduce City personnel and consultant resources needed for frequent RFP activity, contract negotiation and transition, and also eliminate the need to secure contract extensions through the City Council process.

The proposed amendment will provide adequate time for the Human Resources Department to complete a formal procurement process in accordance with the Purchasing Division's guidelines for contract management. It is anticipated that the RFP selection process and implementation will take between 18 to 24 months. To ensure continuity of the DCP recordkeeping services until the procurement process has been completed and a new contract is in place, it is requested that the current contract be extended for an additional two-year period through September 30, 2019. In the interim, ICMA-RC agreed to a reduction of asset-based participant fees for the two-year extension of the administrative service agreement to be effective October 1, 2017.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson on June 22, 2017 and by Revenue Management Officer Geraldine Alejo on June 30, 2017.

City Council action is requested on July 18, 2017, to execute a contract amendment prior to the TPA contract expiration date of September 30, 2017.

There is no direct fiscal impact to the City. The TPA service costs are paid solely from DCP participant fees. There is no local job impact associated with this recommendation.

Approve recommendation.

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ALEJANDRINA R. BASQUEZ, DIRECTOR
DEPARTMENT OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST

CITY MANAGER