

SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

REQUEST FOR PROPOSAL-Secondary

**Market Analysis, Feasibility Study, and Program Design Consultant Services
(Non-IT Services)
RFP No. CSCRSIB03-14**

**QUESTIONS AND ANSWERS
January 30, 2015**

Question 1. Are the terms and conditions negotiable?

Answer to Question 1. No. Negotiation is not permitted during the RFP process.

Question 2. Based on section C, item 7(s) of the RFP (page 10), we understand the State's General Terms and Conditions (GTC 610) are not negotiable and that any alternate contract language will be deemed a counterproposal and will be rejected. However, the RFP does not explicitly indicate that alternate contract language to the Special Terms and Conditions (Exhibit D) and Additional Provisions (Exhibit E) will also be deemed a counterproposal and automatically rejected. Will the State consider any changes to either the Special Terms and Conditions (Exhibit D) or the Additional Provisions (Exhibit E)?

Answer to Question 2. No. As provided in the RFP, the State does not accept alternate contract language from a prospective contractor. A proposal with such language will be considered a counter proposal and will be rejected.

Question 3. The General Terms and Conditions and Special Terms and Conditions do not include any Limitation of Liability clause. Will the State consider changes to the Special Terms and Conditions to insert a Limitation of Liability clause?

Answer to Question 3. No. As provided in the RFP, the State does not accept alternate contract language from a prospective contractor. A proposal with such language will be considered a counter proposal and will be rejected.

Question 4. There were a number of questions and answers that were posted for the prior RFP. Can you validate that the prior questions and responses are still valid for this RFP?

Answer to Question 4. The questions and answers posted on the Secure Choice Retirement Savings Investment Board website on November 21, 2014 during the previous RFP process, are incorporated herein and are applicable to the current RFP. However, the projected cost for the legal services contract has changed to \$275,000. Correspondingly, the projected contingency reserve has decreased to \$196,000.

Question 5. Can you explain the reason for the re-issuance of the RFP?

Answer to Question 5. The Secure Choice Retirement Savings Investment Board reissued the RFP primarily in an effort to simplify the process of addressing the minimum qualifications in the proposals, and to clarify the scope of services.

Question 6. It did not appear that there were substantial modifications to the re-issued RFP. Can you identify what specific changes were made to the RFP?

Answer to Question 6. Please carefully read the RFP. Particular attention should be made to changes in Section A, Item 2 (Scope of Services); and Section B (Minimum Qualifications) with the addition of Attachment 8.

Question 7. Does the State require that the selected provider indemnify the state for asserted monetary losses arising out of the services without a limitation of potential exposure, and, if so, is this up for negotiation? If so, is it to occur before or after the candidate selection?

Answer to Question 7. The General Terms and Conditions (GTC 610), Exhibit C, provides:

INDEMNIFICATION: Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.

As provided in the RFP, the General Terms and Conditions are not negotiable.

Question 8. a) Does the State's contract contain a limitation of liability clause, and, if so, is this up for negotiation? b) Will any negotiation occur before or after the candidate selection?

Answer to Question 8. a) No. b) No.

Question 9. When the RFP was initially issued, we submitted the question immediately below. Please confirm the answer provided in the Questions and Answers issued on November 21, 2014 and also included below.

Original Question:

In Attachment 3 – Cost Proposal Worksheet (p. 18), the template shows a breakout of Direct Labor, Indirect Costs and additional Direct Costs (Except Labor). We perform services for clients on a firm fixed price basis and can build up to the total cost using fully loaded rates. However, we do not have a breakout of direct labor and indirect costs and since our organization is a global publicly traded company, it is not feasible to develop these costs for the purpose of this RFP.

- **Given that this is a firm fixed price contract and vendors will be evaluated on Total Cost, is it permissible to build-up to the Total Cost using hourly rates that incorporate direct and indirect costs for each person that will work on the contract and breakout travel costs separately?**
- **If not, please provide guidance on an acceptable solution, which will enable our firm to compete for the opportunity to assist the Secure Choice Retirement Savings Investment Board with this important effort, given the constraints of our systems and internal accounting.**

Original Answer from the State of California:

“The method to establish an hourly rate for each person for the work under the contract is at the discretion of the proposer. Regardless of the method used, an hourly rate and the number of hours must be provided for each individual.”

Answer to Question 9. The method to establish an hourly rate for each person for the work under the contract is at the discretion of the proposer. Regardless of the method used, an hourly rate and the number of hours must be provided for each individual.

The questions and answers posted on the Secure Choice Retirement Savings Investment Board website on November 21, 2014 during the previous RFP process, are incorporated herein and are applicable to the current RFP. However, the projected cost for the legal services contract has changed to \$275,000. Correspondingly, the projected contingency reserve has decreased to \$196,000.

Question 10. In Section 2(f), under Scope of Services, the RFP states that the contractor “Recommend and assist with drafting legislation and providing technical information or explanation to the California state legislature as may be advisable or required.” Please clarify what level of support the State anticipates will be required within the scope of this RFP and how long this support may be needed (e.g., is it expected to go beyond the end of the calendar year 2015?).

Answer to Question 10. Based on the results of the market analysis, financial feasibility study, and legal analysis, legislation authorizing the Board to implement the Secure Choice Retirement Savings Program (the “Program”) may be pursued. The Board may wish to have the contractor assist with the technical aspects of the language of any proposed legislation based on the contractor’s expertise and work performed under the contract. The expected termination date of the contract is October 30, 2015.

Question 11. Attachment 8 - Minimum Qualifications Certification states that the “Proposer certifies that it meets the minimum qualifications in Section B of this RFP. If awarded the contract, Proposer is able to provide at the State’s request evidence of qualification to do business in the State of California from the California Secretary of State, as well as such evidence for any subcontractor identified as personnel.” Given this certification, please confirm that our understanding that proposers do not need to include evidence in the proposal that they meet the three minimum qualifications requirements listed in Section B, but rather need to be able to provide this information if they receive the award and it is requested. If this is not the case, please clarify what is required to be in the proposal.

Answer to Question 11. Other than Attachment 8 (***Attachment 8 must be completed and included in the proposal***), proposers do not need to include evidence in the proposal that they meet the three minimum qualifications listed in Section B. However, proposers must be able to provide evidence of qualification to do business in California if the proposer is awarded the contract and it is requested by the State.

Question 12. In Section B, “Minimum Qualifications” on page 6 of the RFP, the second point states:

“...If awarded the contract, Proposer must also be able to provide, at the State’s request, evidence of qualification to do business in the State of California from the California Secretary of State *for any subcontractor* identified as personnel under “Experience, Personnel, and References”, Section C, Item 2.b (“Qualifications of Personnel”).”

Will individual personnel who will be part-time on the project, such as an expert who provides advice on a freelance basis, be required to provide evidence of qualification to do business in the State of California? If so, please explain what evidence is required for such an individual.

Answer to Question 12. All subcontractors identified to perform the scope of services in the contract must comply with all applicable State of California laws, including

applicable laws pertaining to the conduct of business in the State. If registration (qualification to do business in the State) is not required for a particular subcontractor or individual identified in the proposal to perform the scope of services, then the proposed contractor must be able to provide evidence of inapplicability or an exception or exemption.

Question 13. What, if any, changes have there been in the expected level of funding for this contract since the first Questions and Answers were provided on November 21, 2014?

Answer to Question 13. There have been no changes in the expected level of funding since November 21, 2014. However, the projected cost for the legal services contract has changed to \$275,000. Correspondingly, the projected contingency reserve has decreased to \$196,000.

Question 14. Given that the RFP requires proposers to have specific expertise and that the State would benefit from the selection of a contractor with a breadth of experience in these specific areas that it would be difficult to develop in California alone, we respectfully request that the State consider waiving the small business preference for this solicitation.

Answer to Question 14. The State's procurement laws do not permit a state agency to waive the small business preference in an RFP.

SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

REQUEST FOR PROPOSAL-Secondary

Market Analysis, Feasibility Study, and Program Design Consultant Services (Non-IT Services) RFP No. CSCRSIB03-14

QUESTIONS AND ANSWERS November 21, 2014

Question 1. For the purposes of the research and analysis for the studies, are there any restrictions or limitations on direct surveys of, or contact with, potential service providers or other parties?

Answer to Question 1. No.

Question 2. Has the legal feasibility study been completed? If so, can you share it with us (or at least the conclusions and recommendations) as its findings will inform a large part of the work in Task A of the RFP? If the feasibility study has not been completed yet, is there a target date for its completion and is it expected to be final form before work on this RFP commences?

Answer to Question 2. The legal feasibility study has not been completed. The California Secure Choice Retirement Savings Investment Board (the "Board" or "Secure Choice") is in the process of contracting with a law firm to conduct the study, which is currently projected to be completed early Fall of 2015.

On page 5 of the RFP, Scope of Services section e) requires the contractor to coordinate its work with the Board's other contractor(s) as appropriate or necessary. The law firm may need to provide legal expertise regarding the market analysis, financial feasibility study, and program design.

Question 3. Given that this is not an RFP for legal services, we would appreciate clarification as to the scope of clause A.2.d, which states: "Recommend and assist with drafting legislation and providing technical information or explanation to the California state legislature as may be advisable or required."

Answer to Question 3. Based on the results of the market analysis, financial feasibility study, and legal feasibility feasibility study, legislation authorizing the Board to implement the Secure Choice Retirement Savings Program (the "Program") may be pursued. The Board may wish to have the contractor assist with the technical aspects of the language of any proposed legislation based on the contractor's expertise and work performed under the contract.

Question 4. In Section 2(f), under Scope of Services, the RFP states that the contractor "Recommend and assist with drafting legislation and providing

technical information or explanation to the California state legislature as may be advisable or required.” Depending on the level of support and duration of support required, this requirement could have a material impact on cost. Please elaborate on the level of support required within the scope of this RFP and the duration of such support.

Answer to Question 4. See Answer to Question 3 above.

Question 5. Section 4 of the Certification Statement on page 24 requires legal pro-bono work. Does this also apply to businesses that are not law firms?

Answer to Question 5. The pro bono requirement is not applicable because this is not an RFP for legal services.

Question 6. Will the State be able to provide access to State/federal labor department information on company employee size, location, that could be used for initial employer contact?

Answer to Question 6. It is anticipated that the proposer awarded this contract will secure the data necessary for the analysis on their own.

Question 7. Does the State wish to include contingent / part-time labor as part of its retirement program coverage?

Answer to Question 7. Yes. The California Government Code Section 100000 definition of “eligible employees” does not exclude contingent / part-time labor.

Question 8. Does the State view the retirement program benefit to be portable when employees move to other participating employers?

Answer to Question 8. Yes. California Government Code Section 100004 would establish the California Secure Choice Retirement Savings Trust, which is to be administered for the purpose of promoting retirement savings in a convenient, voluntary, low-cost, and *portable* manner.

Question 9. Is the target list of financial service providers restricted to firms with offices in California or to all firms licensed to provide services in California; can the State provide a list of such providers?

Answer to Question 9. The firm(s) must be licensed to provide services in California. Secure Choice does not maintain a list of such providers.

Question 10. Do all government employees participate or have available a retirement plan including city and county governments, school systems, fire, police, legislature, etc. and thus would be excluded from a market study?

Answer to Question 10. California Government Code Section 100000(d) excludes public employees from participation in the Secure Choice Retirement Savings Program.

Question 11. Is this a 100% survey of all defined employers or a sample? Likewise, is this a survey of a sample of “eligible” employees or an attempt at getting maximum data?

Answer to Question 11. The Board anticipates the market analysis and financial feasibility study will be based on a combination of existing data and information gathered through some method of sampling eligible employers and eligible employees that is relevant and representative of each group to meet the objectives in California Government Code section 100040. In the Work Plan and Work Schedule (Section C, Item 5), the proposer should include the scope and methodology that are most appropriate for the market analysis and financial feasibility study.

Question 12. Does the feasibility study apply to only California headquartered employers or also to any employers outside of California with a substantial employee base in the State?

Answer to Question 12. California Government Code section 100000(d) defines “eligible employer” as a person or entity engaged in a business, industry, profession, trade or other enterprise in the state, whether for profit or not for profit. The definition does not exclude employers headquartered outside of California who do business in the State.

Question 13. Could there be additional exceptions to the Public Contract Code Section 10365.5 provision? For example, if the winning bidder also develops the ultimate program design and is also best implemented by the developer (due to familiarity, knowledge, capabilities), would they still be precluded from being involved in the ongoing success of the solution?

Answer to Question 13. There is no exception other than as provided in Public Contract Code section 10365.5.

Question 14. Is there a risk that appropriate funding will not be obtained for this work? If yes, when would that be known?

Answer to Question 14. Yes. There is some risk that appropriate funding will not be obtained for this work. However, based on discussions with donors and potential donors, the Board is confident it will reach its \$1 million fundraising target by the time it is ready to award or execute the contract that results from this RFP. If, however, the Board does not have sufficient funds for the amount of the contract, the Board could not award or execute the contract.

Below is a projected budget based on the Board's expectation it will achieve the \$1 million funding target.

Description	Cost
Work performed under the Interagency Agreement with the State Treasurer's Office (assumes \$1,200/month for 24 months)	\$28,800
Legal Services Contract	\$235,000
Market Analysis/Feasibility Study Contract	\$500,000
Contingency reserve for additional work that might be required through contract amendments	\$236,200
Total	\$1,000,000

Question 15. What is the desired timeframe for completion of the project and ultimate adoption of the new program, if feasible?

Answer to Question 15. The Board anticipates the legal feasibility study and the market analysis, financial feasibility study, and Program design will be completed in early Fall of 2015. If the Board recommends to the Legislature that the Program is feasible and should be established, the Board may seek authorizing legislation in 2016.

Question 16. What are the key barriers to adoption of a solution that may result from this study. Which parties will likely be most against such a program?

Answer to Question 16. A key challenge will be obtaining favorable rulings/opinions from the U.S. Department of Labor and the Internal Revenue Service that the Program would be exempt from the Employee Retirement Income Security Act and the Program would receive favorable tax treatment as required under California Government Code section 100043.

Some organizations representing the interests of employers and some organizations representing the interests of life insurers and other financial service providers have expressed concerns regarding the Program.

Question 17. What relationship would this program have with state university programs, if any? For example, could resources be shared to implement administrative or investment services to the program?

Answer to Question 17. The Board has not considered such a relationship. However, there may be concerns with potential tax implications arising from combining the administration and investment of public employees' retirement savings with that of private sector employees.

Question 18. Who "owns" the project and what is the stability of this group with respect to seeing this through to its completion?

Answer to Question 18. The nine-member Board, created within State government and chaired by the State Treasurer, has exclusive authority and discretion with respect to the project. See California Government Code section 100002.

Question 19. We see an important part of the project will be to survey various interest groups. Will the State facilitate the introduction and access to such groups?

Answer to Question 19. The questioner did not identify the specific interest groups, but Secure Choice staff may be able to facilitate introductions to groups for which the Secure Choice staff has contact information.

Question 20. In b) Qualifications of Personnel under section 2) Experience, Personnel, and References (p. 7), the RFP states that vendors are to “Provide detailed resumes for individuals that will be directly involved in providing services under the contract...” Is it acceptable to provide representative resumes for the junior consultants on the team?

Answer to Question 20. A detailed resume must be provided for each individual that will be directly involved in providing services under the contract, as provided in the RFP.

Question 21. In Attachment 3 – Cost Proposal Worksheet (p. 18), the template shows a breakout of Direct Labor, Indirect Costs and additional Direct Costs (Except Labor). We perform services for clients on a firm fixed price basis and can build up to the total cost using fully loaded rates. However, we do not have a breakout of direct labor and indirect costs and since our organization is a global publicly traded company, it is not feasible to develop these costs for the purpose of this RFP. Given that this is a firm fixed price contract and vendors will be evaluated on Total Cost, is it permissible to build-up to the Total Cost using hourly rates that incorporate direct and indirect costs for each person that will work on the contract and breakout travel costs separately? If not, please provide guidance on an acceptable solution, which will enable our firm to compete for the opportunity to assist the Secure Choice Retirement Savings Investment Board with this important effort, given the constraints of our systems and internal accounting.

Answer to Question 21. The method to establish an hourly rate for each person for the work under the contract is at the discretion of the proposer. Regardless of the method used, an hourly rate and the number of hours must be provided for each individual.

Question 22. In d) Interviews of Finalists under section 8) Evaluation Process of the RFP (p. 11), there is a list of five interview questions. Will the Chair and Board potentially ask any additional questions of the Finalists that may be provided in advance of the interview? During the interview?

Answer to Question 22. In order to ensure equitable treatment of all proposers, no additional questions will be asked by the Chair and Board.

Question 23. In Section A (1)(a) Program Design, the RFP states that Program Design be *“narrowly tailored, as necessary or advisable, for the purposes of the market analysis, including financial feasibility study and legal feasibility study.”* Section A(2)(a) under Scope of Services adds that **“Although the majority of the Program design features and administration is expected to be made when and if the Legislature authorizes implementation of the Program, the legal analysis, market analysis, and feasibility study will require consideration of some Program features and administration.”**

However, 10 of the 13 bullets detailing the Scope of Services for Program Design require a “recommendation.” It appears that this requirement may not be entirely consistent with the stated goals for the Program Design effort above and that these goals may be better served by exploring the options and identifying potential or promising solutions that will enable the legal analysis, market analysis, and feasibility study; rather than making “recommendations.” In addition, some of these areas will likely warrant considerably more effort than others.

Please clarify the degree to which “recommendations” are required for these elements of Program Design relative to alternative approaches that would be sufficient to inform the legal analysis, market analysis, and feasibility study, such as:

- Identification of potential solutions for many Program Design elements
- Assessing alternatives
- Making well-informed assumptions that will enable the legal, market and feasibility analyses.

Alternatively, is it appropriate to take the detailed bullets (i) through (xiii) under Scope of Services as examples of what may be required to fully inform the legal analysis, market analysis and feasibility study?

Answer to Question 23. The requirement to provide recommendations for Program Design may include identification of potential solutions for Program Design elements, assessment of alternatives, well-informed assumptions, and any other approaches that will assist the Board with the market analysis, financial feasibility study, and legal feasibility study. Items (i) through (xiii) of Program Design under Scope of Services (Section A, Item 2.a) must be addressed by the contractor.

Question 24. In Section C (1) Key Action Dates (p. 6), the RFP requires that **“Proposals must be received at the Secure Choice office at 915 Capitol Mall, Room 110, Sacramento, CA 95814 by 4:00 P.M. (PT).”** We respectfully request

that the Board consider an email-only submission or, if this is not acceptable, electronic receipt of the proposal by 4:00 PM (PT) on Monday, January 5th with hardcopies to follow by 4:00 PM (PT) on Wednesday, January 7th.

Answer to Question 24. The California Department of General Services requires original signatures. Please see Section C, Item 7, "Submission of Proposal." Email submission of proposals cannot be accepted in lieu of original and hard copies by the deadline set forth in the RFP.

Question 25. In Section 2(a)(i), the RFP states that under the scope of services, the provider is to "Recommend the design, implementation and administration of the program...which includes the following:" The second bullet point then reads: "Examination of investment options, if any, including number and type, to be offered by the program."

We're unclear as to why the "if any" comment is included, particularly since investment options are specified twice more in 2(a)(xi) and 2(b)(i) and this aspect of the program design is typically a critical determinant of success. Will you please clarify what is intended by the "if any" and the overall level of importance the Board will place on examination of investment options?

Answer to Question 25. The purpose of the addition of "if any" is to allow for the possibility that the Program might offer a single investment product with no option for participants to choose among investment products. The feasibility of a single investment option and interest by eligible employees and eligible employers for such an investment option are issues that the contractor will need to explore and provide a recommendation.