



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 13

MEETING DATE: November 7, 2017

SUBJECT: Proposed Contract for Pension Administration System (PAS) Implementation Oversight

SUBMITTED FOR: ___ Consent X Deliberation and Action ___ Receive and File

RECOMMENDATION

Staff recommends that the Board:

1. Contract with Linea Solutions, Inc. for project management oversight and consulting services for PAS Implementation, subject to successful negotiation of terms acceptable to SCERS, as planned and approved as part of SCERS IT Modernization program; and
2. Authorize the Board President or Chief Executive Officer to execute an agreement with Linea Solutions, Inc., and any other documents which may reasonably be necessary to retain Linea Solutions, Inc., in an amount not to exceed \$3,300,000; and
3. Adopt Resolution SCERS 2017-09 to effect the Board's approval of the recommendations.

PURPOSE

To arrange the continued involvement of Linea Solutions, Inc. in the SCERS IT Modernization program as contemplated in the RFP for Pension Administration and Financial Systems Consulting Services issued in March, 2015 to which Linea responded and was selected by SCERS.

DISCUSSION

In March, 2015, SCERS issued an RFP for Pension Administration and Financial Systems Consulting Services. The initial assignment was to "facilitate the selection of a new system or integrated system to replace or upgrade SCERS' current pension administration and financial systems."

The RFP went on to say:

“SCERS further reserves the option to engage the proposer to perform future similar or related work. Future work will be offered commensurate with satisfactory performance, as determined by SCERS, from the selected proposer on all preceding work.”

SCERS awarded the contract to Linea Solutions, Inc. and work began in October, 2015. Since then, Linea has satisfactorily performed a number of consulting activities related to the SCERS IT Modernization program including:

- Conducted an initial data assessment,
- Documented SCERS’ existing business processes and business rules,
- Gathered and documented functional and technical system requirements,
- Drafted a data conversion vendor RFP and led SCERS through the procurement of a data conversion vendor (That procurement process led to the selection and approval of ICON Integration, Inc. (“ICON”) to provide data consolidation and conversion services to the new solution.),
- Drafted a Pension Administration System (PAS) RFP, led the procurement of a PAS solution vendor, and
- Assisting in negotiation of the PAS vendor contract.

In the process of working with SCERS staff for the last two years, Linea Solutions, Inc. consultants have accumulated knowledge of SCERS IT Modernization program objectives and goals, knowledge of SCERS’ business processes, understanding of the functional and technical requirements of the PAS solution and understanding of the contractual arrangements between SCERS, the data conversion vendor and the PAS solution vendor.

SCERS management believes that the continued involvement of Linea Solution consultants will facilitate the design of the PAS solution, ensure that the design meets the functional and technical requirements stated in the Linea-developed PAS RFP and promote compliance with the ICON data conversion and PAS contracts.

Contract Structure

The Linea consulting services contract needs to be flexible allowing changes in both the skill levels assigned and the duration of assignments so as to align with the PAS vendor and ICON project plans. The PAS Implementation project will continue for several years and staffing needs will vary depending on the nature of the work in different phases (e.g., design, code, test). SCERS staffing obligations under the PAS contract are fairly certain for the first 12 months but will probably change based on decisions made during the design phase.

The contract with Linea Solutions will be structured as a master agreement defining staff categories and rates over the timeframe of the PAS implementation project. It will have a “not to exceed” total value of \$3.3 million which is within the budget parameters presented to the Board in October 2017. The master agreement will provide for the issuance by SCERS of

Statements of Work (SOWs) that specify the skill categories, level of effort, deliverables, timeframe and cost limitations for each assignment. The initial SOWs are expected to include:

1. A SOW to provide Project Oversight and Project Management services for the first 12 months of the PAS implementation. This SOW will enable the continued SCERS involvement of Brian Colker, the Linea Project Executive assigned to SCERS since October 2015. It will also staff a SCERS Project Manager position which is a SCERS obligation defined in the PAS vendor proposal.
2. A SOW to provide the continued assignment of two Linea business analysts during the PAS implementation design phase. This will allow knowledge transfer from the Linea consultants who understand SCERS business processes and requirements to the PAS vendor design and implementation team.

Future SOWs may be issued for 2019 and beyond as needed to successfully complete the PAS implementation project. The attached IT Modernization Program Plan shows the relationship of the Linea assignments to the overall plan.

BACKGROUND

The SCERS Strategic Plan 2014-2018 identifies the need for modernization of IT systems to improve efficiency and reliability of business processes in the benefits and accounting operations and to improve self-service for members and benefit recipients.

At the monthly meeting of April 14, 2016, the Board received and filed the Current State Assessment and Recommendations for an Information Technology (IT) Modernization Program – Assessment Phase presentation prepared by IT consultant Linea Solutions. The Board approved the recommended sequence of projects and next steps set forth in the report.

ATTACHMENTS

IT Modernization Program Plan

Resolution SCERS 2017-09

Prepared by:

Reviewed by:

/s/

Stephen Hawley
Chief Strategy Officer

/s/

Annette St. Urbain
Interim Chief Executive Officer

RESOLUTION NO. SCERS 2017-09

**RESOLUTION OF THE BOARD OF RETIREMENT
OF THE SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM**

**TO EXECUTE AN AGREEMENT WITH LINEA SOLUTIONS, INC.
FOR PROJECT MANAGEMENT OVERSIGHT AND CONSULTING SERVICES**

WHEREAS, on October 21, 2015, SCERS entered into an agreement with Linea Solutions, Inc. to provide Pension Administration and Financial System consulting services;

WHEREAS, the SCERS RFP included the provision that "SCERS further reserves the option to engage the proponent to perform future similar or related work. Future work will be offered commensurate with satisfactory performance, as determined by SCERS, from the selected proponent on all preceding work.";

WHEREAS, Linea Solutions, Inc. consultants have worked with SCERS staff for two years to identify requirements, document existing systems, assist with the selection of vendors and assist in the negotiation of vendor contracts for the purpose of facilitating SCERS IT Modernization program;

WHEREAS, SCERS management recognizes the benefits of continued involvement of Linea Solutions, Inc. consultants who have accumulated knowledge of SCERS IT Modernization program objectives and goals and understanding of the contractual arrangements between SCERS, the data conversion vendor and the PAS solution vendor;

NOW, THEREFORE, IT IS RESOLVED THAT:

- 1) The Board of Retirement approves staff's recommendation and awards a contract for Project Management Oversight and Consulting for PAS Implementation, subject to successful negotiation of terms acceptable to SCERS; and
- 2) The Board authorizes the Board President or Chief Executive Officer to execute an agreement with Linea Solutions, Inc., and any other documents which may reasonably be necessary to retain Linea Solutions, Inc., in an amount not to exceed \$3,300,000.

On motion made by Member _____, Seconded by Member _____, the foregoing Resolution was passed and adopted by the Board of the Sacramento County Employees' Retirement System this 7th day of November, 2017, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

President of the Board of the
Sacramento County Employees'
Retirement System

ATTEST:

Secretary of the Board of the
Sacramento County Employees'
Retirement System