



# San Bernardino County Employees' Retirement Assoc.

## Staff Report Details (With Text)

**File #:** 19-1164 **Name:**  
**Type:** Action Item  
**File created:** 11/10/2020 **In control:** BOARD OF RETIREMENT  
**On agenda:** 12/3/2020 **Final action:**  
**Title:** Recommend that the Board approve and authorize the Chief Executive Officer to execute an agreement with Levi, Ray & Shoup, Inc., for work on the PensionGold Refresh Project, in an amount not to exceed \$2,280,000; approve the use of contingency funds in the amount of \$2,280,000.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A: LRS PensionGold Project Overview

Date	Ver.	Action By	Action	Result
11/19/2020	1	ADMINISTRATIVE COMMITTEE	Recommended for approval	Pass

**FROM:** Colin Bishop, Chief of Member Services

**SUBJECT:** Engagement of Levi, Ray & Shoup, Inc. for work on the PensionGold Refresh Project

### RECOMMENDATION:

Recommend that the Board approve and authorize the Chief Executive Officer to execute an agreement with Levi, Ray & Shoup, Inc., for work on the PensionGold Refresh Project, in an amount not to exceed \$2,280,000; approve the use of contingency funds in the amount of \$2,280,000.

### BACKGROUND:

At its February 6, 2020 meeting, the SBCERA Board of Retirement approved the engagement of Linea Solutions (Linea) for Pension Administration Software Consulting and Business Process Redesign for SBCERA's PensionGold Refresh Project. The project represents a comprehensive analysis of how our existing business processes integrate with our pension administration software system. This project is vital to the functionality and long-term sustainability of PensionGold, which is the backbone of our benefits-related work at SBCERA. This project will also help streamline our current business practices with the ultimate goal of providing better services to our members and employers. This is a major undertaking which involves a closely coordinated effort from Member Services, Information Services, Fiscal Services, and Legal Services.

SBCERA's current pension software solution is PensionGold Version 3, built and supported by Levi, Ray & Shoup, Inc. (LRS). Beginning in 2010, SBCERA worked with LRS for several years to prepare for the implementation of the current software solution. However, until our partnership with Linea, we had not conducted a comprehensive review of our pension administration system and business processes. Over the last seven months, SBCERA staff has worked with Linea on Phase 1 of the two-phase PensionGold Refresh Project. We are now nearing completion of Phase 1, which outlines a

vision for our “Future State.” Based on this vision, we are creating the roadmap for Phase 2 of the project, where we will implement the prioritized changes. We expect Phase 2 to last approximately 18 months, and in addition to changes to our business processes, we will be making significant changes to PensionGold.

#### Scope of Work and Cost:

As part of the changes to PensionGold, we have identified approximately 120 specific requirements, which have been captured by LRS in their scope of work. The estimate for those requirements is identified in table below as “Cost Estimate for Requirements.” The scope of work for these requirements focuses directly on two types of changes: (1) “back to base” adjustments which will align our highly-customized version of PensionGold more closely with LRS’s base product, with the goal of creating a more sustainable software product which we anticipate will last into the next decade; and (2) adjustments which will improve the functionality of the software for our staff, our membership, and our participating employers. A provision in the estimate for “Business Process Improvement Requirements” will allow for software changes related to process improvements identified later in the project.

Item	Amount
Cost Estimate for Requirements	\$2,130,000
Business Process Improvements Requirements	\$150,000
<b>Total Estimated Cost</b>	<b>\$2,280,000</b>

The attached Exhibit A includes a timeline for the software portion of this project, and our ongoing work with Linea will be synchronized to match this timeline. Throughout the duration of the project with LRS, we will connect changes in our PensionGold software to business process improvements outlined by Linea. Linea has initially identified 12 business processes within SBCERA which should be improved and refined, including: Service Retirements, Disability Retirements, Service Audits, Retirement Estimates, Refunds, Death Benefits for Active Members, Death Benefits for Payees, Document Imaging, Payroll Processing (Inputs), Payroll Processing (Outputs), Incoming Reciprocity and Outgoing Reciprocity. Most of the software-specific requirements in the scope of work for LRS will match with process improvements in one of the categories mentioned above. Additionally, there are requirements in the scope of work related to improvements to our member self-service portal, mySBCERA.

In addition to the overview document which we have provided as Exhibit A, LRS has provided additional documentation to staff which details the project at an operational level. We have received a 56-page document from LRS which details the general approach for the project and captures the 120 specific requirements. We have also received a scope of work for the first phase of the project, which focuses on stabilizing our customized version of PensionGold with select “Back to Base” adjustments which will align the software more closely with the vendor’s base product, without compromising any functionality we believe is vital.

In the nearly 10 years since we began work on the implementation of PensionGold Version 3, we have spent approximately \$7.3 million directly with LRS on implementation, testing, upgrades, support and maintenance. With the addition of the approximately \$2.3 million we are requesting for this current project, our overall costs are comparable (and often lower) than the outlays from other similar-sized retirement systems over similar lifecycles for the most advanced generation of pension

software (based on informal surveys of around 10 other systems and a review of publically available data). Furthermore, this should translate into significant value over the next decade, and in the context of our PensionGold Refresh Project should help us meet our goal of “operational harmony,” where an efficient pension software system integrates seamlessly with a suite of clearly articulated business practices.

While costs for this item are not included in the current year budget, SBCERA staff advised the Board at its February 6, 2020 meeting that costs for the work performed on this project by LRS would be scoped at a later date. Government Code Section 31580.2 provides for a cap on the administrative expense budget for SBCERA. That amount for FY 2020-21 is \$27,939,835. The approved Administrative Budget of \$12,305,550 is approximately 44% of the statutory cap, leaving \$15,496,659 in the unrestricted contingency fund for FY 2020-21 (after the inclusion of an additional \$137,626.02 to cover legislative mandate and Covid-19 related expenses related to the current construction project, which was approved at the November 5, 2020 Board Meeting). Adding the proposed amount of \$2,280,000 will leave \$13,216,659 in the unrestricted contingency fund for FY 2020-21, which is approximately 47% of the statutory cap.

**BUDGET IMPACT:**

Costs for this item are not included in the current year administrative budget. The use of contingency funds will be required to fund this item

**STRATEGIC PLANNING GOAL/OBJECTIVE:**

Operational Excellence & Efficiency  
Superior Service Experience  
Effective Communications

**STAFF CONTACT:**

Colin Bishop  
Joe Michael

**ATTACHMENTS:**

Exhibit A: LRS PensionGold Project Overview