



BOARD OF RETIREMENT

Staff Report

File #: 19-740

Agenda Date: 2/6/2020

Agenda #: 2.

FROM: Colin Bishop, Chief of Member Services

SUBJECT: Engagement of Linea Solutions for Pension Administration Software Consulting and Business Process Redesign

RECOMMENDATION:

Recommend that the Board approve the engagement of Linea Solutions for Pension Administration Software Consulting and Business Process Redesign, in an amount not to exceed \$1,058,493.

BACKGROUND:

In the coming months, SBCERA expects to launch a comprehensive analysis of how our existing business processes integrate with our pension administration software system. This project will be vital to the functionality and long-term sustainability of our pension software, and it will help streamline our current business practices with the ultimate goal of providing better, more efficient services to our members and employers. This will be a major undertaking which will involve a closely coordinated effort from Member Services, Information Services, Fiscal Services, and Legal Services. We expect this project to feed into three of our five strategic pillars: "Operational Excellence and Efficiency," "Superior Service Experience," and "Effective Communications," as outlined in SBCERA's Triennial Strategic Plan for Fiscal Years 2020-2022.

Because this project will help refine our core internal business practices and make technical improvements to our pension software, it's both a "refresh" of our existing systems and a stabilization of our operations which should provide long-term benefits. SBCERA's current pension software solution is PensionGold Version 3, which was implemented as a result of a software upgrade which began in 2010 and lasted three years. In the years since, SBCERA has not conducted a comprehensive evaluation of its pension administration system and business processes, despite many changes in both the pension software industry and our PensionGold software, as well as an evolution of best and leading practices in related business operations. Nonetheless, staff believes that the current software solution is fundamentally sound and will likely serve well into the future, provided we make the right technological and process improvements during the course of this project.

To help SBCERA with this process, we released a Request for Proposal (RFP) for Pension Administration Software Consulting and Business Process Redesign on October 25, 2019. The deadline for questions was November 8, 2019, and staff posted answers to the questions received on November 15, 2019. The RFP deadline was November 25, 2019. Staff received two proposals, one from Linea Solutions and one from LRWL, Inc. Both of these proposers were also invited for two-hour interviews with SBCERA's RFP evaluation committee, where teams from each vendor discussed their respective project proposals in detail. Both proposals were evaluated based in part on the following criteria: (1) professionalism; (2) proposed scope of services; (3) qualifications,

experience, and accomplishments; and (4) the value of cost. Both proposals were professional and comprehensive, and Linea was selected as the preferred vendor.

The scope of services for the project will include business process reengineering and project management, spread over two phases. Phase 1 will consist of an analysis of SBCERA's PensionGold software, and the documentation of business processes to identify the gaps between staff operations and the capabilities provided by the software. Phase 2 involves the implementation of solutions within the PensionGold application, and the implementation of updated processes and workflows. The analysis completed in Phase 1 will determine the full scope of Phase 2, and following more detailed discussions, Linea provided a revised proposal for Phase 2. This revised proposal includes an approach for Phase 2 which would run for 18 months, six months longer than their original Phase 2 proposal which was budgeted at 12 months. And while the projected duration of Phase 2 will not be fully known until the completion of Phase 1, we believe the 18-month timeline will more comprehensively address our operational needs and better mitigate risk as we finalize the project. Accordingly, the option including the 18-month Phase 2 proposal from Linea is shown in the table below, along with the proposal from LRWL.

	Linea	LRWL
Phase 1 Estimate	\$192,320	\$282,200
Phase 1 Billable Hours*	920	1,000
Phase 2 Estimate	\$866,173	\$687,800
Phase 2 Billable Hours*	4,976	2,556
Effective Blended Hourly Rate**	\$180/hr.	\$281/hr.
Total Project Duration	22 months	24 months
Total Project Estimate	\$1,058,493	\$1,001,000***

*Billable hours include fees for multiple consultants and/or services, and consultant fees from both firms vary based on personnel and services provided.

**Based on total project estimate divided by total billable hours.

***Includes \$31,000 option for change management services.

If this recommended action is approved by the Board at its February meeting, Linea expects that it could begin its work shortly thereafter (upon completion of the contract with SBCERA), with a target for full project completion sometime in early 2022. We also anticipate some additional separate costs associated with technical changes within the PensionGold software. These costs will be scoped as part of Phase 1, and will not be included in this contract because they will be payable to Levi, Ray & Shoup Inc. (LRS), the vendor who provides our PensionGold software.

BUDGET IMPACT:

Costs for Phase 1 of this item are included in the budget for the current fiscal year. Costs for Phase 2 will be factored into the budget for the fiscal year ending June 30, 2021.

STRATEGIC PLANNING GOAL/OBJECTIVE:

Operational Excellence & Efficiency
Superior Service Experience

Effective Communications

STAFF CONTACTS:

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ATTACHMENTS:

Exhibit A: Linea RFP Response Overview

Exhibit B: Linea Solutions Presentation