



Board Report 23-14

Date: February 27, 2023

To: Board of Deferred Compensation Administration (Board)

From: Ad Hoc Defined Contribution Plan Manager Selection Committee

Subject: Proposed Change to Defined Contribution Plan Manager Hiring Plan

Board of Deferred Compensation Administration

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Recommendation:

That the Board request the City's Personnel Department to: (1) immediately suspend recruitment opportunity work with Partners in Diversity; (2) advertise the Defined Contribution Plan Manager (DC Plan Manager) position through the Personnel Department's online jobs openings resources and with appropriate national benefits organizations; and (3) concurrently draft a proposed plan and timeline to fill the position in-lieu through appointment from a civil service eligible list and/or transfer opportunity.

Discussion:

A. Background

The Board, working together with its Ad Hoc DC Plan Manager Selection Committee (Committee) and staff, has taken a number of actions with respect to developing and filling the new DC Plan Manager position. This position will provide executive leadership for the Deferred Compensation Plan (DCP). A summary of Board and Committee actions to date regarding the DC Plan Manager position is provided in **Attachment A**.

The most recent action the Board has taken regarding this issue was on September 22, 2022 when it approved the selection of an executive recruitment firm. At its February 21, 2023 meeting, the Committee met to understand the current status of the search and to consider ways to expedite the hiring process for the DC Plan Manager.

The Committee determined the following:

- The Plan Manager selection has not moved along as expeditiously as had been hoped – the position has been vacant for approximately ten months.

- While the DCP staff and other staff from the Personnel Department have been very helpful in moving the Plan forward in the absence of the DC Plan Manager, the Plan needs to get to full staffing quickly so that it can address deferred issues such as the financial audit, the financial education services review, the automatic enrollment program, the deemed IRA, and the facilities plan. The recent adoption of Secure 2.0 and the work related to adopting and implementing its provisions further adds to the upcoming workload.
- The initial outreach to national benefits organizations did not result in any qualified candidates being identified.
- There is no guarantee that a new outreach effort, with or without an executive search firm, will result in qualified candidates being identified. Also, it may be unlikely that we can attract a candidate from out of the area with a salary that is roughly equivalent to that of Chief Personnel Analyst, especially considering the cost of living in the Los Angeles area.
- The lack of a candidate meeting the DC Plan Manager requirements may mean that the best course of action would be to consider internal City candidates and classifications, even if those candidates lack the specific experience with defined contribution plans.

B. Next Steps

Therefore, the Committee recommends that the Board request the City's Personnel Department to suspend its current work with Partners in Diversity, which was previously selected by the Board to perform recruitment duties.

The Committee then recommends that the Board request the City's Personnel Department to advertise the DC Plan Manager position on its website, per.lacity.org/jobs, as an open exempt job opportunity and to further advertise the position with national benefits organizations, including the National Association of Government Defined Contribution Administrators (NAGDCA); the National Association of State Retirement Administrators (NASRA); the International Foundation of Employee Benefit Plans (IFEBP); and any other association deemed appropriate by Personnel Department staff.

The Committee further recommends that, concurrent with advertising with the national benefits organizations, the Personnel Department devise a plan and proposed timeline to fill the position with a different civil service (not exempt) classification which can be in-lieu of the exempt DC Plan Manager position authority. The plan should be inclusive of certifying the City's eligible lists for Chief Management Analyst, Chief Benefits Analyst, and Chief Personnel Analyst and include ability for job transfer candidates to help determine whether an appropriate DC Plan Manager candidate exists within the City family. Since this effort may result in a large candidate pool and be subject to specific time limits, the Personnel Department should recommend to the Board how to expeditiously proceed with a selection process.

Submitted by:



Thomas Moutes, Chair of the Ad Hoc Defined Contribution
Plan Manager Selection Committee

CHRONOLOGY OF DC PLAN MANAGER BOARD AND COMMITTEE ACTIONS

June 25, 2020	The Board of Civil Service Commissioners approved the creation of the new DC Plan Manager classification.
October 20, 2020	The Board approved staff recommendations with respect to recruitment and salary considerations for the DC Plan Manager position, including requesting exemption of the new position from civil service, requesting an unfreeze to fill the position, and setting the salary at the level of Chief Personnel Analyst.
April 14, 2021	The City Council approved an ordinance to establish the salary range of the DC Plan Manager classification at the level of Chief Personnel Analyst.
June 15, 2021	The Board established an Ad Hoc DC Plan Manager Selection Committee to develop recommendations for the Board to make to the Personnel Department regarding selection process design and content.
July 7, 2021	The Committee met to consider certain materials drafted by staff, including proposed recruitment materials.
July 20, 2021	The Board requested that the Personnel Department initiate the examination development process if indication regarding the request for exempt status was not received from the Mayor's Office by July 23, 2021 (which it was not); and requested that the Personnel Department provide a response regarding elevating the DCP's Senior Benefits Analyst I position to Senior Benefits Analyst II.
August 17, 2021	The Board approved requests for submission with regards to the Fiscal Year (FY) 2022-23 proposed budget, including adding regular position authority for the DC Plan Manager position and requesting that the City Administrative Officer Employee Relations Division make a paygrade determination to elevate the Senior Benefits Analyst I to Senior Benefits Analyst II; the Board further authorized the Board Chairperson to approve any documents required to transmit the FY 2022-23 budget requests to the CAO and Office of the Mayor on behalf of the Board and requested that the Personnel Department submit the afore-noted requests to the Office of the Mayor. Materials were subsequently drafted and reviewed/approved by the Board Chairperson.
November 16, 2021	The Board modified its instructions to the Committee to request that it develop recommendations for the Board to make to the Personnel Department regarding conduct of the DC Plan Manager selection process up to and including execution of the final selection process and onboarding of the appointee; and further recommended to the Personnel Department General Manager that Steven Montagna be placed in-lieu of the DC Plan Manager position beginning on or around January 1, 2022 and ending with the appointment of a permanent DC Plan Manager but no later than April 29, 2022.
December 8, 2021	The Committee met to develop recommendations to the Board with respect to the selection process.
December 15, 2021	The Committee met to discuss consequences of the potentially small number of viable applications available to consider via the examination process.
December 21, 2021	The Board (a) authorize the Board Chairperson to, in consultation with staff, draft and submit a communication to the Office of the Mayor renewing the Board's request that the DC Plan Manager position be exempted from civil service; (b) request that staff develop a proposal for the most expedited process practical for securing the services of an executive recruiting firm; (c) recommend to the Personnel Department that the vacant Senior Benefits Analyst I

	position dedicated to the DCP be filled as soon as practical; (d) recommend to the Personnel Department that it, upon filling the Employee Benefits Division's successor Chief and Senior Benefits Analyst II positions, provide DCP administrative training to these staff so they can support the DCP until the permanent appointment of a DC Plan Manager; (e) solicit a Board member volunteer to serve as an examination rater and request that staff solicit participation from a comparable large plan executive administrator to serve, if available, as an additional rater for the DC Plan Manager examination; and (f) find that final selection interviews should be conducted by all Board members interested in participating.
January 18, 2022	The Board (a) requested that staff work with the Ad Hoc DC Plan Manager Selection Committee to develop a work experience questionnaire, advisory essay, position and process overview, and interview questions, for use as applicable in the DC Plan Manager selection process; and (b) approved moving forward with advancing the selection process.
January 26, 2022	The Ad Hoc DC Plan Manager Selection Committee finalized the work experience questionnaire, advisory essay, and position and process overview.
February 18, 2022	Materials (including the work experience questionnaire, advisory essay, and position and process overview acknowledgment) were received from three candidates.
February 24, 2022	The Board met in a special meeting to confidentially review candidate submissions for the purpose of proceeding to virtual interviews of three candidates on March 15, 2022.
March 15, 2022	The Board met in a special meeting to confidentially conduct interviews of three candidates for the DC Plan Manager position. The Board was not able to recommend selection of one of the candidates pursuant to that interview process.
March 29, 2022	The Board met in a special meeting to recommend to the Personnel Department General Manager that a request to the Office of the Mayor to exempt the position of DC Plan Manager be issued concurrently from the Personnel Department General Manager and Board Chairperson and Vice-Chairperson. The Board further requested that staff review the services and resources offered by the Personnel Department's contracted executive recruitment providers and prepare a recommendation for the Board to work with a specific provider.
June 17, 2022	The request for exemption of the DCP's DC Plan Manager was approved by the Personnel, Audits, and Animal Welfare Committee.
June 24, 2022	The request for exemption of the DCP's DC Plan Manager was approved by City Council.
June 28, 2022	A bench of three executive recruitment firms from the Personnel Department were offered the ability to bid on recruitment opportunities. A task order solicitation (TOS) for the DC Plan Manager position was offered and developed in tandem with DCP staff, requesting that the firms indicate their experience recruiting senior leadership positions in the retirement industry, with a deadline of July 11, 2022. City staff also reached out to large City departments to inquire whether there are other existing executive recruitment contracts available to the DCP. Departments responded by indicating that their contracts had lapsed or that they used the Personnel Department's bench of contracts.
August 5, 2022	Only one response to the original TOS was received. After consultation with the Personnel Department's Administrative Services Division, staff made minor adjustments to the TOS and the proposal deadline.
August 7, 2022	A revised TOS was issued with a due date of August 17, 2022 due to there only being one response to the original TOS.
August 17, 2022	Two responses to the DCP's TOS were received and reviewed. DCP staff reviewed and rated the responses, presenting the results to the Board at its meeting on September 29, 2022.
September 29, 2022	The Board selected Partners in Diversity's bid for the DC Plan Manager recruitment opportunity.