MEETING DATE: **December 17, 2007**

AGENDA ITEM: **Review and Approve the Release of a Request for Proposal for Professional Review of the City's Investment Policy, Practices and Procedures.**

ATTACHMENTS

CITY OF CULVER CITY

REQUEST FOR PROPOSAL

REVIEW OF INVESTMENT POLICY, PRACTICES AND PROCEDURES

INTRODUCTION

The City of Culver City is requesting proposals from qualified California local government agency investment portfolio management firms to undertake a complete review of the City's investment program by providing a thorough assessment of the City's investment policy, practices and procedures.

Please note the RFP **does not** seek third party management of the City portfolio. This is an effort to obtain an independent analysis of the current operations and policy, and seeks input on best practices and options available for management of public funds.

SECTION I

BACKGROUND

The City of Culver City encompasses five square miles, has a residential population of approximately 40,790, and a day time population of approximately 60,000. The City Charter was revised by voters in April 2006. As of July 1, 2006, Culver City now operates under a City Council/City Manager form of government rather than the City Council/Administrator form that it previously operated under since 1947. This allows the City Council to focus on making policy decisions while the day-to-day functions are under the direction of the City Manager. Members of the City Council are elected for alternating four-year terms, with the Mayor being selected annually by the Council from among its members.

The City Manager is a hired position, and currently, the City Treasurer and City Clerk are elected. Due to changes in the Charter, both the City Treasurer's and City Clerk's elected status will cease as of April 9, 2008. The City Council approved the creation of a Finance Department with a Chief Financial Officer (CFO) as head of the department, to combine the functions currently performed in the City Treasurer's Office and the City Controller's Office. Recruitment for the new Chief Financial Officer was completed, and the new candidate came on board in December 2007. The Budget and Finance

Division and the Purchasing Division are part of the City Controller's Officer which was previously assigned to the City Manager's Office. These divisions now report to the new CFO with the formation of the new Finance Department.

As the City is now under a new guidance of government per the changes of the Charter which were voted in by the electorate in the April 2006 election, the City of Culver City would like to have a full, in-depth review of its investment policies, portfolio and procedures, prior and up to the April 2008 election when the oversight and direction of the investment process by the elected City Treasurer will cease and will forthwith fall under the oversight and direction of the Chief Financial Officer.

SECTION II

RFP PROJECT OVERVIEW

The City is releasing this Request for Proposal (RFP) in order to obtain an independent assessment of its Investment Portfolio and Practices. The City is seeking professional services from qualified firms to review and make recommendations regarding, but not limited to: City Investment Policy; Analysis of Portfolio and Structure Compared to Stated Objectives; Use of Best Practices in Administration of Portfolio; and Recommendations for Modifications to the Policy and/or Procedures.

The final day of review of the City's investment portfolio, in anticipation of the turnover in oversight and direction of the investment program from the elected City Treasurer to the Chief Financial Officer, shall be April 8, 2008.

The City **is not** seeking proposals for the independent management of City funds at this time.

SECTION III

A. PROPOSAL DOCUMENTS/QUALIFICATIONS

The proposal should include the following information:

1. The names and resumes of staff expected to work on this project. This includes the role they would play in this engagement, their related experience, etc.

2. Reference related work that best illustrates your qualifications for this project. Work shall be similar in nature and scope to this RFP and performed for a government entity.

3. A written description of the methods you will utilize to successfully execute this project. A well-conceived work plan and a full description of major tasks and

subtasks shall be included that address all items covered in the Scope of Services. It shall also establish that the Consultant understands the City's objectives and work requirements.

4. A firm fixed price cost proposal, including a copy of your firm's fee schedule. It is appropriate to include any breakdown of major components and/or milestones.

5. Contact names and phone numbers for at least three public agency references.

6. Exceptions, changes, revisions, or comments to any element of the standard agreement or insurance requirements.

7. Proposed project scheduled indicating dates for deliverables, critical meetings, and the completion of each task.

8. Verification of firm's ability to act in a neutral capacity as an independent advisor. If there is a relationship to subsidiary corporations or other business partners, the nature and impact of the relationship should be fully disclosed as it relates to the proposed scope of work.

9. All proposals must state the period for which the proposal shall remain in effect. Such period shall not be less than 60 days from the proposal date. By submitting the proposal it is expected that the firm has carefully read and fully understands the information provided by the City to serve as the basis for submission of the proposal.

10. Please list any other pertinent information you would like the City of Culver City to consider in making the selection.

B. DEADLINE AND SUBMITTAL OF PROPOSAL

Please submit one (1) original and five (5) copies of the proposal upon submittal. Proposals marked "Proposal for Investment Audit Review" shall be received at the City Clerk's Office until **3:00 PM PST** on **Friday, January 11, 2008**. All proposals must be sent to the following address:

The Office of the City Clerk
City of Culver City
9770 Culver Boulevard
Culver City, CA 90232

Proposals may be mailed or hand delivered, and the format is optional at the discretion of the Consultant. The City will not pay for any costs incurred in preparation and submission of proposals or in anticipation of a contract.

Any proposal submitted after the deadline shall not be considered. A separate letter of transmittal shall be addressed to Mary V. Noller, Budget Division Manager, and must accompany each proposal. Failure to submit copies of the proposal in the prescribed manner shall render the submittal package ineligible for consideration.

C. ECONOMY OF PREPARATION

Proposals shall be prepared simply and economically, providing a straight-forward, concise description of vendor capabilities to satisfy the requirements of the RFP. The submission of technical literature shall be prepared in a simple and easy-to-read format.

D. ADDENDA TO RFP

The City reserves the right to make such changes in the RFP as deemed appropriate. Any and all changes to the RFP shall be made by written addendum and issued by the City to all prospective bidders who have been issued or obtained copies of the RFP from the City.

E. ISSUING OFFICE

This RFP is issued by the City. The issuing office is the point of contact regarding this matter. All correspondence and written communications pertaining to this RFP should be directed to the below named person. To ensure that written requests are received and answered in a timely manner, e-mail correspondence is preferred. During the proposal inquiry period answers will be summarized and distributed to all firms without identifying the original source of the question. Firms should rely only on written statements issued by the below named person:

Mary V. Noller, Budget Division Manager
City of Culver City
9770 Culver Boulevard
Culver City, CA 90232-0507
Phone: (310) 253-6012
E-mail: mary.noller@culvercity.org

F. SUPPLEMENTS TO PROPOSAL

If the evaluation of any proposal indicates a minor non-compliance or variance with the RFP, the City may make a written request to the bidder for a supplement to the proposal. Such a request will attempt to identify the non-compliance or variance, may involved additional information, and will establish a date by which the supplement to the proposal must be submitted. If so requested, the bidder may submit a supplement to the proposal that is responsive to the request within the time period specified in the request. The City shall evaluate the supplement in conjunction with the proposal. Any supplement to the proposal that is accepted and approved by the City shall thereafter be deemed an integral part of the proposed submittal. Except as provided herein, proposals may not be changed, modified or withdrawn.

G. PRE-PROPOSAL INQUIRY PERIOD

Consultants are encouraged to review the complete RFP and submit in writing any clarifying questions or information required to fully respond to the RFP. City Staff will distribute responses to all firms invited via e-mail, without identifying the original source of the question. In order to allow adequate time, Consultants are encouraged to submit any questions or clarifications by Monday, January 7, 2008.

H. VALIDITY PERIOD

Each proposal submitted to the City shall be deemed valid for a period of at least ninety (90) days and shall contain a statement to that effect.

I. RIGHT OF REJECTION BY THE CITY

The City of Culver City (City) reserves the right to reject and or all proposals. The City reserves the right to award this contract to the firm that best meets the requirements of the RFP, and not necessarily to the lowest bidder. The City reserves the right to reject any or all proposals prior to execution of the contract, with no penalty to the City.

SECTION IV

SCOPE OF SERVICES

The City of Culver City is requesting proposals from qualified California local government agency investment portfolio management firms to undertake a complete review of the City's investment program by providing a thorough assessment of the City's investment policy, practices and procedures.

It is envisioned that the Consultant will obtain information from City records as well as from interviews of Staff involved in the investment process. A Draft report will be presented to City Management Staff for review and input, and a Final report will be presented to the City Council for their acceptance.

The selected investment/portfolio firm will structure a report that will at a minimum assist City Staff in assessing the following areas, among others.

1. <u>Review</u>: Review the City's investment policy and general internal practices in placing investments. This is envisioned to include the gathering of information from interviews with City staff assigned with duties related to the investment of funds. The information collected should include a review of all stages from cash flow projections through the selection of specific investments. The consultant

should also review current reporting to determine if these reports provide sufficient information of efficient management of the investments in a manner consistent and in compliance with all California state reporting requirements and GASB standards.

2. Identify Investment Objectives: As part of the information gathering, meet with key management staff to ascertain the priority of investment objectives for the portfolio.

3. Historical Performance Review: Review in summary form financial information related to the City's historical portfolio performance (four [4] years maximum) and types of investments compared to stated policy objectives.

4. Performance/Effectiveness Review: Review the City's methods used to evaluate performance of the portfolio and the effectiveness of the strategies currently in use.

5. Policy/Procedure Recommendations: Identify any specific policy changes necessary for compliance with State law. The Consultant shall also identify any best practices or procedural changes that would enhance the portfolio management at the City. To the extent that there is a cost to implement the change, Consultant shall work with Staff to identify the range of potential costs.

6. Identify and Present Strategies: Consultant shall identify strategies to assure that the City investment objectives are aligned with its policy and procedures. This may include recommendations in the following areas: portfolio structure and diversification (types of securities and investments); call risk; liquidity and cash flow targets; duration targets; establishment of a specific performance benchmark; analysis and training needs; etc. These recommendations shall take into account the City's risk tolerance and investment goals as well as staff resources available.

7. Other: Review the City's custodial and safekeeping arrangements currently practiced.

8. Final Report: Twenty (20) copies of the final report are requested to be submitted to the City upon completion of the Investment Audit.

The City requests report of findings and recommendations to coincide with the Chief Financial Officer's assumption of treasury duties and responsibilities from the elected City Treasurer. Thus, review of the investment portfolio should conclude on April 8, 2008.

SECTION V

A. PROJECT DATES AND DEADLINES

RFP Issued	Tuesday, December 18, 2007
Deadline for Submitting Written Questions	Monday, January 7, 2008
Deadline for Receipt of Proposals	Friday, January 11, 2008, by 3:00 PM PST
Finalist Interviews	Week of January 22, 2008 (We will be closed Monday, January 21, 2008)
City Council Approval/Contract Award	Monday, February 4, 2008
Conclusion of Review Process	By close of business Tuesday, April 8, 2008

B. REVIEW AND SELECTION PROCESS

Contact with City staff is encouraged up to the submittal of the proposal. After the proposal is submitted, no further contact is permitted. The City contact is Mary V. Noller, Budget Division Manager, who may be contacted at (310) 253-6012 or by e-mailing mary.noller@culvercity.org.

The City reserves the right to make the selection based on its sole discretion. A subcommittee City Staff will evaluate the proposals provided in response to this RFP, which will be rated based on the needs of the City, including, but not limited to, the following criteria:

1. Quality and completeness of the proposal.

2. Consultant's experience, including the experience of staff to be assigned to the project, as well as the Consultant's engagements of similar scope and complexity.

3. Consultant's ability to schedule and efficiently perform the work.

4. Consultant's prior record of performance with the City or others.

5. Cost of services.

Final proposals will be selected from those organizations and ranked based on their technical qualifications, approach score and price. Based upon this review, finalist firms will be invited to participate in an interview process to be scheduled the week of January 22, 2008. At the election of the City, the interview may be via telephone or in person to allow Consultants the ability further explain their proposal to the City Council Budget and Audit Subcommittees, the City Manager, and City staff. Based upon input from this review process, a recommendation will be made to the City Manager and the full City Council.