

**Work Session of the Sandy Springs City Council was held Wednesday, July 5, 2006 at 6:00 PM Mayor Eva Galambos presiding.**

All Councilmembers were present.

**Staff Discussion Items**

**City Manager John McDonough** stated that as a part of the packet, an attachment B was included that discussed the capital equipment as part of the arrangement with the City of Roswell. He provided Council with an update regarding the intergovernmental agreement with the City of Roswell stating that Roswell has asked for more time and therefore it is not on the agenda. He stated that there is still plenty of time to be up and running prior to the expiration of the intergovernmental agreement with Fulton County.

**Recommendation on emergency fire equipment purchase.**

**City Manager John McDonough** introduced Fire Chief Jack McElfish and his wife, Joyce, to the City Council. City Manager McDonough reviewed Fire Chief McElfish's background and the interview process by which he was selected. He welcomed Fire Chief McElfish to the City of Sandy Springs.

**Fire Chief McElfish** thanked the Mayor and City Council for the opportunity to serve them and the citizens of Sandy Springs.

**City Manager McDonough** explained that it was decided to get into fire business later this year. He stated that there were two areas of concern. The first is facilities and an agreement is in place with Fulton County for this. The second is equipment and the long lead time associated with purchasing fire equipment.

Councilmember Meinzen McEnery clarified that Fire Chief McElfish was involved in these discussions. City Manager McDonough stated that he was instrumental in this review.

**Director of Operations Don Howell** explained the review and negotiations of the bids received. He explained that there were strict qualifications for the vendors. He stated that Fire Chief McElfish expressed his preference in the deployment of equipment for the new fire department.

**Director of Operations Howell** stated that the most responsive, responsible bidder was Pierce Manufacturing. He further explained that staff is recommending the purchase of two pumper trucks at \$268,286.00 each. There is a \$125,000.00 per truck options and equipment allowance. Staff is also recommending four quints, which are aerial ladder trucks. Director of Operations Howell stated that the FY07 budget includes lease purchase financing for \$3,475,000.00 of principle. This recommendation is for \$3,719,000 of principle. The annual debt service on a ten year amortization is approximately \$451,920 per year.

Councilmember Paul questioned what the most responsive, responsible bidder meant.

**Purchasing Manager John Henderson** explained that the most responsive, responsible bidder was the one who met all criteria; value, maintenance, availability, lead time, and warranty criteria. Councilmember Paul questioned how each bidder was scored.

Mayor Galambos stated that she and the Council must answer to their constituents when the lowest bidder is not chosen.

**City Manager McDonough** stated that he will work with Program Director Rick Hirsekorn so this from this point forward, there is a scoring system included. He explained that there were some specific criteria that were taken into consideration.

**Assistant City Manager Al Crace** explained that they offered the City what they had as opposed to taking 18 months to manufacture. He stated that K M E had a nice package, but were the highest bidder. Sutphen was lower, but were offering medium duty trucks. He stated that Pierce offers a two year full warranty on their system. They wanted to buy within one family for maintenance purposes. Discussion followed regarding the price differences for the pumpers and ladder trucks.

Mayor Galambos requested that a scoring system be put in place prior to any future purchases.

**Fire Chief McElfish** stated that the quints were his recommendation in order to provide the service he feels is necessary in Sandy Springs. Discussion followed regarding the mid-year budget review.

**Director of Operations Howell** stated that with Fire Chief McElfish's recommendations, Pierce is the lowest, most responsive bidder.

### **Award of Request for Proposal #06-160, Management and Account Administration of the City's Defined Contribution Plan.**

**Deputy City Manager Bovos** gave the following presentation:

#### **Background**

- Benefit Package Approved on April 18, 2006 by Mayor and City Council
- Request for Proposal of 401(a) and 457 Plan Administrators designed mid May
- RFP #06-160, Management and Account Administration of Defined Contribution 401(a) and 457 Plan was issued on May 24, 2006

#### RFP Document

- Consisted of 5 sections
- Section 3 – Technical Section
  - Evaluation of length of service in industry;
  - Value of assets held in defined contribution plans;
  - Retention rates;
  - Plan design services;
  - Employee education, enrollment, management, and separation services;
  - Customer service (web, VRU, call center, dedicated agent);
  - Continuing education campaigns and participant communications;
  - Compliance testing and regulatory reporting;
  - Fiduciary responsibility assistance;
  - Routine reporting (quarterly & annually)

#### **Background**

- RFP due June 9, 2006
  
- Received 4 responses
  - Wachovia
  - Hartford
  - BB & T
  - Principal
  
- Evaluation Committee
  - John Henderson, Purchasing Manager
  - Steve Rapson, Finance Director

- Aaron Bovos, Deputy City Manager

### **Background**

- Interviews conducted
  - Friday, June 23<sup>rd</sup> (BB & T)
  - Wednesday, June 28<sup>th</sup> (Wachovia, Principal, Hartford)
- Proposals evaluated
  - Technical experience;
  - Employee/Company Qualifications;
  - Approach & Methodology;
  - References; and
  - Financial Stability.

### **Staff Recommendation**

#### **▪ Principal**

#### **▪ Fee Summary**

- Annual administrative service fee: 21 basis points
- Guaranteed through 2008
- Optional service fees (employee) for loans - \$40 set-up and \$8 per quarter for maintenance
- No surrender fees, no adjusted market values, no restrictions or prohibiting of investment choice changes, no interest rate adjustments, etc.
- No self managed/self-directed brokerage recommended at this time

### **Staff Recommendation**

#### **▪ Principal's Responses**

- Evaluation of length of service in industry
  - 60 years in retirement business
- Value of assets held in defined contribution plans;
  - \$67 billion in defined contribution assets with \$2.3 billion for governmental clients and 2.7 million plan participants
- Retention rates;
  - 94% retention rate
- Plan design services;
  - Include plan document and investment guidance document
- Employee education, enrollment, management, and separation services;
  - Dedicated team to provide this function
- Customer service (web, VRU, call center, dedicated agent);
  - All avenues available
- Continuing education campaigns and participant communications;
  - Progressive education plans already fully developed
- Compliance testing and regulatory reporting;
  - Includes quarterly fund review with internal "fund managers"
- Fiduciary responsibility assistance;
  - Indemnification
- Routine reporting (quarterly & annually)
  - Combined employee statement with annual statement including all City benefits

Councilmember Fries stated Principal has a brokerage attached to it which is A.G. Edwards, Councilmember DeJulio's employer.

Councilmember DeJulio explained that he had to get permission from A.G. Edwards to run for City Council. He stated that A.G. Edwards required a certification that serving in this capacity would not interfere with their business. He had that for the TAD Board and the City Attorney is working on one for the City.

He stated that he gave the RFP to a broker that works in his office. A.G. Edwards sent the RFP to St. Louis where it went through twenty different providers they use. They came out with Principal. They asked Principal to team up with A.G. Edwards to make this presentation.

He further explained that A.G. Edwards' policies and procedures prohibit him from receiving compensation from the City of Sandy Springs. He stated that the City Manager's office was concerned with the affiliation between A.G. Edwards and Principal, therefore, they went to Principal directly.

He stated that staff's recommendation has nothing to do with A.G. Edwards. They are not involved in any way.

Councilmember DeJulio explained that a brokerage firm brings in a partner to do the administration and investment work. The brokerage firm would do the contact with the client, the contact with the participants, and the education and planning. He stated that has been eliminated so that A.G. Edwards has nothing to do with it.

Councilmember DeJulio explained that the 21 basis points is equivalent to \$2,100 per million dollars and, therefore, if Principal went through a brokerage firm, they would have to share that.

Councilmember Meinzen McEnerny explained that the estimated plan will only have about \$1.5 million of assets per year.

Councilmember Jenkins clarified that the local representative will be a representative of Principal.

Councilmember Greenspan clarified that Principal is dealing directly with the City and there is no brokerage house in the middle. Deputy City Manager Bovos replied that is correct.

Councilmember Paul stated that Councilmember DeJulio's integrity is impeccable and he has no reason to question it. If he says his company is not involved, he believes him. He stated that this is a new City and all eyes are on it.

Mayor Galambos concurred with Councilmember Paul's comments.

#### **Approval of a Change Order for the development of the Comprehensive Plan and Impact Fee Study.**

**Project Director Rick Hirsekorn** explained that this deals with the issue of the Comprehensive Plan. According to the City Charter prior to the end of year 2007, a Comprehensive Plan must be developed and submitted to the Atlanta Regional Commission in accordance with all State mandates and regulations for review and approval. He stated that once this is done, the City will be certified as a Qualified Local Government, which allows the City to become eligible for State and Local grants intended to help accomplish the goals set forth in the Plan.

He stated that the City is currently operating under an interim plan that was extracted from the Focus Fulton 2025 Plan. The rules that were adopted in 2005 require more policy oriented evaluation with more emphasis on strategies and implementation. This new Comprehensive Plan that Ch2M Hill will manage with provide just that and they will manage the project overall with the direction of Larry Fonts.

He explained that the scope of work includes key points that are beyond the minimum scope. The first being the development and implementation of a community participant program that actively engages all of the citizens through public meetings. The Focus Fulton 2025 plan will be updated as appropriate. They will be managing the team of sub-consultants working on this in each of the areas. The amount for this change order is \$542,800. He stated that this was included in the budget this year. City Manager McDonough concurred.

Councilmember Greenspan clarified that this was already approved by the City. This would be amending CH2M Hill's contract. Project Director Hirsekorn explained that at the time the contract was written, the required scope for this was unknown.

Mayor Galambos stated that during the regular meeting, the Council would be voting of the advisory committee for the Comprehensive Plan, as well as the advisory committee for the Tree Preservation Ordinance revision.

Councilmember Meinzen McEnerny questioned how it was communicated that Council could submit names for these committees. Mayor Galambos stated that it was in an email as well as announced at a Council meeting.

Mayor Galambos adjourned the Work Session at 7:00 PM.

Date Approved: August 1, 2006

  
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Jeanette R. Marchiafava, City Clerk

  
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Eva Galambos, Mayor

