



Solicitation Information
26 Jan 05

LOI # B04736

TITLE: Actuarial Services – P.U.C.

Submission Deadline: 23 Feb 05 @ 2:20 PM (EST)

Questions concerning this solicitation may be e-mailed to the Division of Purchases at questions@purchasing.state.ri.us no later than **8 Feb 05 @ at 12:00 Noon (EST)**. Questions should be submitted in a *Microsoft Word attachment*. Please reference the RFP / LOI # on all correspondence. Questions received, if any, will be posted on the Internet as an addendum to this solicitation. It is the responsibility of all interested parties to download this information.

SURETY REQUIRED: No

BOND REQUIRED: No

Jerome D. Moynihan, C.P.M., CPPO
Administrator of Purchasing Systems

Vendors must register on-line at the State Purchasing Website at
www.purchasing.ri.gov

Note to Vendors:

Offers received without the entire completed three-page RIVP Generated Bidder Certification Form attached may result in disqualification.

THIS PAGE IS NOT A BIDDER CERTIFICATION FORM

PENSION CONSULTATION AND ACTUARIAL SERVICES REQUIRED
TO INVESTIGATE THE NARRAGANSETT BAY COMMISSION'S
PROPOSED DEFINED BENEFIT PENSION PLAN

The Rhode Island Public Utilities Commission (“RIPUC”) requests letters of interest from qualified firms, individuals and organizations to provide pension consultation and actuarial services in its investigation of Narragansett Bay Commission’s (“NBC”) proposed defined benefit pension plan for non-union employees. This solicitation is issued in accordance with the State’s General Conditions of Purchase, which is available at www.purchasing.ri.gov

INSTRUCTIONS AND NOTIFICATIONS TO OFFERORS:

- _ Potential offerors are advised to review all sections of this Request carefully and to follow instructions completely, as failure to make a complete submission as described elsewhere herein may result in rejection of the proposal.
- _ Alternative approaches and/or methodologies to accomplish the desired or intended results of this procurement are solicited. However, proposals which depart from or materially alter the terms, requirements, or scope of work defined by this request will be rejected as being non-responsive.
- _ All costs associated with developing or submitting a proposal in response to this Request, or to provide oral or written clarification of its content, shall be borne by the offeror. The State assumes no responsibility for these costs.
- _ Proposals are considered to be irrevocable for a period of not less than sixty (60) days following the opening date, and may not be withdrawn, except with the express written permission of the State Purchasing Agent.
- _ **All pricing submitted will be considered to be firm and fixed unless otherwise indicated herein.**
- _ Proposals misdirected to other State locations or which are otherwise not present in the Office of Purchases at the time of opening for any cause will be determined to be late and will not be considered. **PROPOSALS FAXED, OR EMAILED, TO THE DIVISION OF PURCHASES WILL NOT BE CONSIDERED.** The official time clock is in the Reception Area of the Division of Purchases (Department of Administration), One Capitol Hill, Providence, RI
- _ In accordance with Title 7, Chapter 1.1 of the General Laws of Rhode Island, no foreign corporation, a corporation without a Rhode Island business address, shall have the right to transact business in the state until it shall have procured a Certificate of Authority to do so from the Rhode Island Secretary of State (401 222-3040). *This is a requirement only of the selected vendor.*

- Bidders are advised that all materials submitted to the State of Rhode Island for consideration in response to this Request for Proposals will be considered to be public records, as defined in Title 38, Chapter 2 of the Rhode Island General Laws, without exception, and will be released for inspection immediately upon request, once an award has been made.
- Interested parties are instructed to peruse the Division of Purchases web site on a regular basis, as additional information relating to this solicitation may be released in the form of an addendum to this RFP / LOI
- The Offeror should be aware of the State's MBE requirements, which addresses the State's goal of ten per cent (10%) participation by MBE's in all State procurements. For further information, contact the MBE Administrator, at (401) 222-6253 or visit the website <http://www.rimbe.org>

Background

The RIPUC investigates and sets the rates charged by public utilities. NBC is a non-investor owned sewer utility. NBC is considering the adoption of a defined benefit pension plan for its approximately 120 non-union employees. Currently, NBC has a defined contribution plan for its non-union employees, for which it contributes 10 percent of an employee's salary, and which is proposed to be modified and continued to supplement the proposed defined benefit pension plan. The RIPUC has initiated an investigation into the prudence, reasonableness, affordability and necessity of the NBC's proposal.

Nature of Services Requested

The firm, individual or organization selected will need to advise the RIPUC in oral and written form regarding the financial ramifications over the long-term for the proposed hybrid pension plan. Also, the firm, individual or organization selected may need to assist the RIPUC on cross-examination of witnesses in hearings or record conferences.

Scope of Work

The firm, individual or organization selected will need to conduct an evaluation of NBC's proposed defined benefit plan for non-union employees and other proposals offered by the parties in this docket. Additionally, the firm, individual or organization selected will need to advise the RIPUC as to the long-term financial impact of the pension plan upon ratepayers. In addition, if necessary, the RIPUC may request your advice as to how to revise a pension plan in order to minimize an adverse financial impact upon ratepayers.

This work can be performed by a single firm or this work could be separated into two categories performed by two firms, individuals or organizations. A bidder can bid on one aspect of the scope of work, bid separately for each aspect of the work or make one bid combining both aspects of the project.

The pension analysis of the project consists of: (1) comparing and contrasting the risks to an employer under a defined benefit plan vs. a defined contribution plan; (2) providing an analysis as to the pervasiveness at the national level of a defined benefit and defined contribution plan in the private sector, public sector and the sewer industry; (3) providing an analysis as to the compensation level (including benefits) at the national level for the sewer industry and comparing it to NBC; (4) providing an analysis as to how an employer, specifically NBC, can reduce or mitigate its risk under a defined benefit or defined contribution plan; (5) identifying any financial impact that federal law, including taxation, would have on NBC if it adopts a defined benefit plan.

The actuarial analysis of the project consists of: (1) making actuarial calculations under various reasonable scenarios as to the financial, long-term impact to ratepayers that would result if NBC's defined benefit plan is adopted; (2) making actuarial calculations under various reasonable scenarios as to the financial impact to ratepayers that, on a long-term basis, would result if NBC's defined benefit plan is adopted and compare it to the long-term costs of NBC's current defined contribution plan; (3) performing the work outlined above for 1 and 2 for any other pension plans presented by the parties; (4) developing and recommending any modifications to NBC's defined benefit plan, based on actuarial calculations and funding considerations utilizing various reasonable scenarios, that would eliminate or minimize risk to ratepayers.

Standards

The pension analysis portion of the project must be performed by a firm or individual with sufficient academic or professional experience to qualify as an acceptable expert witness on pension related issues. The actuarial analysis portion of the project must be performed by a firm or individual holding a valid certification from the American Academy of Actuaries **“and/or”** a Fellow of the Society of Actuaries.

Evaluation Criteria / Information requested from proposers:

1. State the location of the principal office from which the work is to be performed and the number and composition of professional staff. (Maximum value 20 points).
2. Describe the local office's experience in conducting pension and/or actuarial calculations. (Maximum value 20 points)

3. Identify the professional staff that will work on the engagement and summarize their relevant experience and continuing professional education. (Maximum value 20 points)
4. For the actuarial portion of the project, affirm that the proposer has a valid certification from the American Academy of Actuaries **“and/or”** and a Fellow of The Society of Actuaries. (Mandatory. Failure to meet this criteria results in immediate disqualification from award consideration.)
5. Disclose any known threatened or pending litigation that may affect the firm's independence with respect to the NBC, the RIPUC or the State of Rhode Island. (Maximum value 20 points)
6. State an all-inclusive hourly rate and project hours to complete services. (Maximum value 20 points)
 Cost = Lowest cost proposal / Cost of Proposal being considered * 10 points
 Number of projected service hours (maximum value = 10 points)

Maximum evaluation score = 100 points

Responding firm must achieve a minimum of 55 (out of 80) technical points to have cost proposal evaluated and meet the criteria established in #4 (if applicable).

The firm will be selected by the State/RIPUC based on the criteria listed above.

Proposals found to be technically or substantially non-responsive at any point in the evaluation process will be rejected and not considered further. The State/RIPUC reserves the right to reject any and all proposals submitted, to request any additional information from any and all proposers, and to negotiate separately with any and all proposers and to act in its best interest. The State also reserves the right to make multiple awards and, or, award on the basis of cost alone.

Questions and Submissions

Interested parties may submit written questions (Microsoft Word format), in accordance with the terms and conditions expressed on page one of this solicitation. Please reference the RFP / LOI # on all correspondence. Responses to all questions will be provided, as an Addendum to the solicitation, and posted on the Rhode Island Division of Purchases Internet Home Page (www.purchasing.ri.gov). It is the responsibility of all interested offerors to download the information. If technical assistance is required to download, call the Help Desk at (401) 222-2142, ext. 134.

Responses **(an original plus three (3) copies of the Technical Response and an original plus three copies of the Cost component)** should be mailed or hand-delivered in a sealed envelope marked **“LOI #B04736: Actuarial Services – P.U.C.”** to:

By Courier:

RI Dept. of Administration
Division of Purchases, 2nd floor
One Capitol Hill
Providence, RI 02908-5855

By Mail:

R.I. Department of Administration
Division of Purchases
P.O. Box 6528
Providence, RI 02940-6528

NOTE: Proposals received after the above-referenced due date and time will not be considered. Proposals misdirected to other State locations or which are otherwise not presented in the Division of Purchases by the scheduled due date and time will be determined to be late and will not be considered. Proposals faxed or emailed to the Division of Purchases will not be considered. The official time clock is located in the reception area of the Division of Purchases

RESPONSE CONTENTS

Responses must include the following:

1. An R.I.V.I.P. generated bidder certification cover sheet (downloaded from the RI Division of Purchases Internet home page at <http://www.purchasing.ri.gov>)
2. A statement of experience describing the Vendor's background, qualifications, and experience with and for similar projects, and all information described earlier in this solicitation
3. A completed and signed W-9, available from the RI Division of Purchases Internet home page
4. A signed cost proposal detailing an *all-inclusive* fixed hourly rate and a projected number of billable hours spent on the project. This should be submitted in a separate, and sealed, envelope.
5. Additionally, one copy of the offeror's complete response to this solicitation is requested in an electronic format, CDROM or disk, in Microsoft Office or PDF file formats.

Contractual Agreement

A contract will be negotiated between the State/RIPUC and the successful proposer. Payment of fees will be based upon the submission of progress billings detailing actual hours expended or percentage of completion.

The successful bidder will be required to provide proof of Professional Liability Insurance as per the following:

- a) Limits
 - \$1,000,000 per occurrence
 - \$1,000,000 per aggregate
- b) Coverages issued on a claims made basis should stipulate uninterrupted coverage for the length of the agreement and at least three years thereafter.

c) Self Insured retentions in excess of \$10,000 require prior State approval