



The City of Merriam, Kansas

GASB 45 Actuarial Consulting Services
Request for Proposal

February 18, 2008

City of Merriam
9000 W. 62nd Terrace
Merriam, Kansas 66202-2815
913.322.5500

General Information

Introduction

The City of Merriam is currently seeking actuarial services that will assist in the implementation of Governmental Accounting Standards Board (GASB) Statement No. 45 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions), for its current other postemployment benefits (OPEB).

In preparation for implementation of GASB 45, an actuarial valuation is needed to determine the city's liability related to OPEB. The actuarial valuation should be performed in accordance with paragraph 13 of GASB 45 and applicable actuarial standards issued by the Actuarial Standards Board.

The requirements in GASB 45 will be effective for the City's financial statements covering the fiscal year beginning on January 1, 2008, with a reporting date of December 31, 2008. The full, initial GASB valuation will be a one-time project to bring the City into compliance. It is expected that there will be periodic follow-up reviews and updated forecasting as required by GASB regulations.

Background

The City of Merriam is a prime middle class community with a sound business basis in the center of metropolitan Kansas City. The City has a population of 10,773 and encompasses approximately 4 1/2 square miles. It is located in northeast Johnson County, Kansas, approximately eight miles from downtown Kansas City, Missouri. Merriam was incorporated as a third class city on October 28, 1950, and was made a second class city on January 18, 1957. The City operates under a non-partisan Mayor/Council form of government with the addition of a City Administrator. City employees include those providing police and fire protection, infrastructure maintenance, parks and recreation services, and general administrative services.

Qualifying retirees and their dependents (due to service or disability) are eligible to continue health plan coverage under the City's group insurance plans at "COBRA" rates, until they become Medicare eligible. Retirees become qualified when they have served at least 10 years with the City and are eligible to retire with KPERS or KP&F benefits. The City of Merriam offers a complete, fully insured, benefit package some of which will be considered other post employment benefits (OPEB) as defined in GASB 45. Information for the City's medical and dental plans is summarized at the end of this RFP.

In addition to KPERS and KP&F plans, the City offers a 401(a) supplemental retirement plan and a deferred compensation retirement savings plan. Currently the City has approximately 102 full-time and 15 part-time employees. In 2007, only 1 retiree was included in our insurance coverage. Current employees become eligible for health insurance coverage on the first day of the month following their hire date if they work at least 20 hours per week on a year-round basis in KPERS or KP&F covered positions.

Scope of Actuarial Services

The City desires to obtain a consultant who will assist the City in reviewing the benefit plans as they pertain to GASB 45 other post employment benefits (OPEB) by providing actuarial services as well as making administrative recommendations.

The primary project is a GASB 45 valuation. The proposal should include the following comprehensive actuarial services provided in a written report:

- Analyze the data prepared by the City to access any inconsistencies and make recommendations for enhancing data quality.
- Prepare an actuarial valuation following GASB 45 standards. Include the following information:
 - The actuarial present value of total projected benefits
 - Unfunded actuarial accrued liability

- Actuarial accrued liability
 - Actuarial value of assets
 - Normal cost
 - Annual required contribution of the employer as a level dollar amount and as a level percentage of covered payroll
 - Net OPEB obligation for disclosure under GASB Statement 45
- Prepare the necessary material for the Comprehensive Annual Financial Report to comply with GASB OPEB reporting and disclosure requirements.
 - Determine the implicit rate subsidy, if any, and the impact it would have on the OPEB liability.
 - Analyze the feasibility of establishing a trust or equivalent arrangement and how that would affect the interest rate assumption.
 - Prepare a cash flow analysis (the “pay-as-you-go-cost”) - optional
 - As appropriate, provide recommendations on managing the OPEB liability.

The successful Proposer may be expected to make presentations to the Executive staff and Governing Body in the form of a summary report. The City further expects ongoing and open communications between the City Representative and the Proposer over the course of the project. All recommendations must comply with all applicable State and Federal laws and enhance the City’s ability to recruit and retain qualified personnel.

Proposal Requirements

General

All proposals submitted in response to this RFP will become the property of the City of Merriam and will not be returned. Upon opening, proposals are subject to public disclosure consistent with Kansas law.

During the evaluation process, the City reserves the right to request additional information or clarifications from responding firms and to allow corrections of errors and/or omissions.

Statement of Qualifications and Approach

To be considered, a Proposer must be a full-service consulting firm with expertise in actuarial services, especially GASB 45. The Proposer should be able to demonstrate that its actuarial services and administrative recommendations have been successfully implemented and maintained in at least three operations of comparable size and scope. Recognizing that GASB 45 is a new area of actuarial services, similar services (such as FASB) will be accepted.

Proposal Guidelines

All proposals submitted in response to this RFP must contain the following information:

- a. Name, address, telephone number, facsimile number of the firm.
- b. Description of the firm (corporation, partnership, etc.) and year established.
- c. State of incorporation, if any, and type of ownership.
- d. Names of all partners, principals and/or owners of the firm.
- e. Name and biography of all proposed Proposer(s)/facilitator(s).
- f. Name, title and business address of person responsible for submitting the proposal.
- g. Detail the specific data your firm would require in order to complete the actuarial study and in what format the data needs to be transmitted.
- h. Describe the firm’s methodology, summarizing how the firm will work with the City to determine the proper actuarial cost method, actuarial asset valuation method, amortization method and key assumptions to the valuation based on relevant accounting and actuarial standards.
- i. Include a copy of a sample report the City can expect to see upon project completion.

- j. An estimate of time required to complete the project and a proposed timeline of work tasks, with the date of final completion of the project.
- k. A breakdown of the firm's rates, fees and charges for services, for total project (including "not to exceed" amount) and a proposed payment schedule.
- l. At least three references, including individual contact name, name of company and phone number whom the City may contact regarding the installation of a job classification/compensation system in an organization of comparable size and scope.
- m. Describe any limits on liability that the firm requests from its clients due to negligence of its firm. The firm should indicate if there are any pending legal actions against it.
- n. Include a sample arrangement letter or contract that your firm would require to secure this engagement.
- o. Provide an affirmative statement that the firm is independent of the City and that it is unaware of any potential conflicts of interest if it were selected to perform the requested work.
- p. Include a transmittal letter indicating the firm's interest in providing the service and any other information that would assist the City in making a selection. A person legally authorized to bind the firm to an agreement must sign the letter.

Proposal Procedures

Anticipated Schedule

Following is a list of key dates:

Issue RFP	February 18, 2008
Proposals Due	March 14, 2008 by 2:00 p.m.
Selection Made	April 4, 2008
Contract Signed	April 28, 2008
Completion of Actuarial Evaluation	September, 2008

Deadline/Instructions for Submission

For consideration to be given to any proposal submitted pursuant to this RFP, 3 paper copies and one electronic copy (Word or PDF format) of the RFP materials must be received **by 2:00 p.m. on Friday, March 14, 2008** at the address listed below:

**Actuarial Services Proposal
City of Merriam
Attn: CITY CLERK
9000 W. 62nd Terrace
Merriam, Kansas 66202-2815**

The envelope shall also include the **PROPOSER'S RETURN ADDRESS**.

A Proposer may submit the proposal by personal delivery or by mail, but not by facsimile.

The City cautions Proposers to assure actual delivery of mail or hand-delivered proposals **directly** to the City Clerk at Merriam City Hall, 9000 W 62nd Terrace, Merriam, Kansas, prior to the submission deadline. Telephone confirmation of timely receipt of the proposal may be made by calling (913) 322-5500 before the deadline. A proposal received by the City after the established deadline will be returned unopened to the Proposer.

City Representative

Additional information concerning this RFP may be obtained by contacting:

Cindy Ehart, Interim Finance Director
City of Merriam
9000 W. 62nd Terrace
Merriam, Kansas 66202-2815
Phone: (913) 322-5500; Fax (913) 322-5505
cindy@merriam.org

All Proposers are expected to carefully examine the proposal documents. Any ambiguities or inconsistencies should be brought to the attention of the City through written communication with the contact listed above prior to the opening of the proposals.

Presentations

Any Proposer who submits a proposal may be required to make an on-site presentation of its capability to perform as described in its proposal to the City of Merriam. Such a presentation will be at the Proposer's expense and will provide an opportunity for the firm to clarify its proposal to ensure a thorough mutual understanding. The City Representative will schedule such presentation if deemed necessary.

Criteria for Selection

The criteria upon which proposals will be evaluated include, but are not limited to, the following:

- Compliance with the RFP
- Capability and availability of professional staff to serve the City of Merriam in a competent and timely manner.
- Demonstrated knowledge and experience working with similar clients.
- Proposer's past performance in terms of quality of service, compliance with contractual requirements and performance schedules.
- Scope of services to be provided and administrative recommendations made.
- Qualifications of the firm, including but not limited to its experience and personnel assigned to this project.
- Price and timeline as indicated in the proposal in relationship to the services provided.

This Request for Proposal (RFP) is an invitation by the City of Merriam for Proposers to submit an offer which may be subject to subsequent discussion. It is not a request for competitive bid. Submittal of a proposal does not create any right in or expectation to a contract with the City of Merriam and the City further declares that it will incur no financial obligations for any costs incurred by any company in preparing their proposal.

Contract Awards

Each proposal will be reviewed by key city personnel and a recommendation made to the City Council. The City anticipates entering into a written contract with the Proposer who submits the proposal judged by the City to be most advantageous. An official contract or agreement is not binding until proposals are reviewed and accepted by appointed staff, approved by the appropriate level of authority within the City and executed by the parties.

The City reserves the right to reject all proposals, to abandon the project, or to re-advertise for and solicit other proposals. The City may, in its discretion, waive any informalities, technicalities and irregularities contained in a proposal or in the manner of its submittal and award a contract to the Proposer who, in the

City's opinion, has submitted the Proposal most advantageous to the City. The City further reserves the right to negotiate any and all elements of the proposal.

Proposers may withdraw their proposals by notifying the City in writing at any time prior to the submission deadline. After the deadline, proposals shall become a record of the City and will not be returned to the Proposers. All proposals shall remain valid and binding upon the Proposers for a period of 120 days following the proposal submission date.

Cost and Fee Arrangements

The Proposer must provide a proposal with maximum "not to exceed" cost for the project based on the project as described herein. To the extent desired, additional recommendations and services or options may be included as additions to the project on an optional basis. These optional items may be priced separately from this RFP.

Insurance

The Proposer, if awarded a contract, during the performance of the services under the contract shall maintain insurance coverage reflecting the minimum amounts and conditions specified herein, and shall provide originals or certified copies of all policies, which shall be written by an insurance company authorized to do business in Kansas. Misrepresentation of any material fact, whether intentional or not, regarding the Proposer's insurance coverage, policies, or capabilities may be grounds for rejection of the proposal and rescission of any awarded contract.

A. **Worker's Compensation Insurance:** The Proposer shall procure and maintain for the life of this Agreement, worker's compensation insurance covering all employees with limits meeting all applicable state and federal laws. This coverage shall include employer's liability insurance. The policy must contain a waiver of subrogation in favor of the City of Merriam, executed by the insurance company. Thirty (30) days notice of cancellation is required and must be provided to the City of Merriam via Certified Mail, Return Receipt Requested.

B. **Comprehensive General Liability:** The Proposer shall procure and maintain, for the life of the contract, comprehensive general liability insurance. This coverage shall be on an "occurrence" basis. Coverage shall include premises and operations; independent Proposers' products and completed operations and contractual liability with specific reference to the insurance provisions of the contract. This policy shall provide coverage for death, personal injury or property damage that could arise directly or indirectly from the performance of the contract. The minimum limits of coverage shall be \$500,000 per occurrence, combined single limit for bodily liability and property damage liability. Thirty (30) days notice of cancellation is required and must be provided to the City of Merriam via Certified Mail, Return Receipt Requested.

C. **Business Automobile Liability:** The Proposer shall procure and maintain, for the life of the contract, business automobile liability insurance. The minimum limits of coverage shall be \$500,000 per occurrence, combined single limit for bodily injury liability and property damage liability. This coverage shall be an "any auto" type policy. Thirty (30) days notice of cancellation is required and must be provided to the City of Merriam via Certified Mail, Return Receipt Requested.

D. **Professional Liability:** Unless the Proposer meets the self-insurance requirements described herein, the Proposer shall procure and maintain professional liability insurance for the life of the contract, plus two (2) years after completion. This insurance shall provide coverage for liability resulting from the contract. The minimum limits of coverage shall be \$1,000,000 with a deductible not to exceed \$25,000. The deductible will be the responsibility of the insured. Thirty (30) days notice of cancellation is required and must be provided to the City of Merriam via Certified Mail, Return Receipt Requested. If the Proposer self-insures, the Proposer shall maintain an annual net worth of not less than \$10,000,000 at all times during the life of the contract and shall provide the City with a copy of

Proposer's most recent audited financials prior to executing the contract and provide the City with a copy of the Proposer's audited financials for each year the contract is in effect.

In the event that subcontractors used by the Proposer do not have insurance, or do not meet the insurance limits, Proposer shall indemnify and hold harmless the City for any claims in excess of the subcontractor's insurance coverage, arising out of negligent acts, errors or omissions of the subcontractor.

Proposer shall not commence work under the contract until all insurance required as stated herein has been obtained and such insurance has been approved by the City.

Indemnity

Proposer shall, in addition to any obligation to indemnify the City of Merriam and to the fullest extent permitted by law, protect, defend, indemnify and hold harmless the City of Merriam, its agents, elected officials and employees from and against all claims, actions, liabilities, losses (including economic losses) and costs arising out of any actual or alleged (a) bodily injury, sickness, disease or death, or injury to or destruction of tangible property, including the loss if use resulting there from, or any other damage or loss arising out of or resulting in whole or in part from any actual or alleged act or omission of the Proposer, any subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable in the performance of the work; (b) violation of law, statute, ordinance, governmental administrative order, rule regulation, or infringement of patent rights by Proposer in the performance of the work; or (c) liens, claims or actions made by the Proposer or any subcontractor under workers compensation acts' disability benefit acts, other employee benefit acts or any statutory bar.

The indemnification obligations hereunder shall not be limited by any limitation on the amount, type of damages, compensation or benefits payable by or for the Proposer or any subcontractor under worker's compensation acts' disability benefit acts, other employee benefit acts and any statutory bar. All expenses, including attorney's fees, incurred by the City of Merriam in enforcing this provision shall be borne by the Proposer.

Right of City to Terminate Agreement

Termination for Cause

Without any manner limiting the right of the City to terminate this agreement or declare the firm in default thereof for any reason set forth herein or in the RFP documents, if the work to be done under contract shall be abandoned by the firm: or if this agreement shall be assigned by the firm otherwise than herein provided; or if the firm should be judged as bankrupt; or if a general assignment of its assets should be made for the benefit of its creditors; or if a receiver should be appointed for the firm or any of its property; or if at any time the City determines that the performance of the work under this contract is being unnecessarily delayed, that the firm is violating any of the conditions or covenants of the s agreement, that it is executing the same in bad faith or otherwise not in accordance with the terms of said Agreement; then, in addition to the other rights the City may choose to exercise, the City may at its option, serve written notice upon the firm of the City's intention to terminate the Agreement, and unless within ten (10) days after the serving of such notice upon the firm a satisfactory arrangement be made for the continuance thereof, this agreement, this Agreement shall cease and terminate unless the City otherwise agrees to continue the Agreement. In the event of such termination, the City shall immediately serve notice thereof upon the firm, and the City may take over the work and prosecute same to completion by contract with another firm or otherwise and in such event the City may take possession of and utilize in completing the work any and all documents and other materials as may be necessary therefore. When the firm's service have been so terminated, such termination shall not affect any rights or remedies of the City against the firm then existing or which may later accrue. Similarly, any retention or payment of monies due firm shall not release the firm from liability.

Termination for Convenience

The City reserves the right, in its sole discretion and for its convenience and without cause or default on the part of the firm, to terminate this agreement by providing sixty (60) days prior written notice of such termination to the firm. Upon receipt of such notice from the City, the firm shall (1) immediately cease all work or (2) meet with the City and, subject to the City's approval, determine what work shall be required of the firm in order to bring the Project to a reasonable termination in accordance with the request of the City. If the City shall terminate for its convenience as herein provided, the City shall compensate the firm for all work completed to date of termination. Compensation shall not include anticipatory profit or consequential damages, neither of which will be allowed. Any termination of the Agreement for alleged default by the firm that is ultimately determined to be unjustified shall automatically be deemed a termination for convenience of the City.

Compliance with Equal Opportunity Laws, Regulations, and Rules

The firm agrees that the firm shall observe the provisions of the Kansas Act Against Discrimination and shall not discriminate against any person in the performance of work under the present contract because of race, religion, color, sex, disability, national origin or ancestry. The firm shall in all solicitations or advertisements for employees include the phrase, "equal opportunity employer." The firm agrees that if the firm fails to comply with the manner in which the firm reports to the Kansas Human Rights Commission in accordance with the provisions of KSA 44-1031 and amendments thereto, the firm shall be deemed to have breached the present contract and it may be canceled, terminated or suspended, in whole or in part, by the City. If the firm is found guilty of a violation of the Kansas Act Against Discrimination under a decision or order of the Commission which has become final, the firm shall be deemed to have breached the present contract and it may be canceled, terminated or suspended, in whole or in part, by the City. Text of KSA 44-1031 may be found at <http://www.kslegislature.org/cgi-bin/statutes/index.cgi>

Order of Precedence

This document shall have precedence in the event dispute arises between this and any other documents pertaining to the City of Merriam Request for Proposal, responses to the Request for Proposal, or any other related documents.