

RFP 292-10

(Adv. Date April 12, 2010)

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DEPARTMENT OF WATER AND POWER

OF

THE CITY OF LOS ANGELES



No. **RFP292-10**

REQUEST FOR PROPOSAL (RFP) FOR

ACTUARIAL STUDIES AND MANAGEMENT ADVISORY SERVICES

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Proposals (HARD COPY ONLY) returnable at 2:00 P.M. ON MAY 10, 2010
To the: LOS ANGELES DEPARTMENT OF WATER AND POWER
ATTN: KATHY FONG
111 NORTH HOPE STREET, ROOM 450
LOS ANGELES, CA 90012

**Department of Water & Power
The City of Los Angeles**

Request For Proposal (RFP)

No. RFP292-10

Actuarial Studies and Management Advisory Services

The Los Angeles Department of Water and Power (Department) is requesting proposals from qualified and experienced firms interested in providing postemployment health care actuarial studies under Governmental Accounting Standards, five-year projections on postemployment and pension related costs, and management advisory services on potential changes to the Department's reporting model as related to pension, disability, death benefits, and postemployment health care plans.

Proposals shall be submitted in accordance with the requirements set in this document. Only written proposals shall be considered. All materials submitted shall become a part of the proposal, and may be incorporated in a subsequent contract between the Department and the selected proposer.

The use of the term "bid" in a proposal shall be considered synonymous with the term "proposal."

Please submit your written proposal, one (1) original and five (5) copies, no later than 2:00 p.m. on Monday, May 10, 2010 in a sealed package, clearly marked with the RFP number and title of work to be done. Proposals submitted via electronic mail or facsimile will not be accepted.

Address the proposal package to:

Kathy Fong
Manager of Financial Reporting
Department of Water and Power
City of Los Angeles
111 N. Hope St, Room 450
Los Angeles, CA 90012

Proposal shall be identified as:

RFP No. RFP292-10
Actuarial Studies and Management
Advisory Services
Due date: May 10, 2010

Received proposals will be held, unopened, in a secure place until the response due date and time for all proposals have elapsed. Proposals shall be opened and their contents secured to prevent disclosure during the process of negotiating with competing proposers. The proposals shall be opened publicly, but only the names of the proposers shall be revealed. Adequate precautions

shall be taken to treat each proposer fairly and to insure that information gleaned from competing proposals is not disclosed to other proposers. Prices and other information concerning the proposals shall not be disclosed until a recommendation for award is made to the awarding authority.

All proposals shall be opened publicly on Monday, May 10, 2010 at 2:05pm or as soon thereafter as practical. The location of the proposal opening shall be in conference room 471.

Proposals must be received by the Department at the exact address listed above. No allowance will be made for delays in the U.S. Mail, consumer mailing services, or the Department internal mail service. Proposals will be time stamped prior to the 2:00 pm closing time, unless otherwise instructed (by addendum). Submittals received after this time and date will be considered late and will not be opened or considered for evaluation and will be returned unopened in accordance with purchasing policies

For questions regarding this RFP, submit all inquiries in writing to Kathy Fong, Contract Administrator, via kathy.fong@ladwp.com and the last date that questions can be received is Friday, April 23, 2010. LADWP's responses to the questions will be posted on the Los Angeles Business Assistance Virtual Network (LABAVN) website at www.labavn.org no later than Thursday, April 29, 2010. LADWP recommends all proposers to visit the abovementioned LABAVN website on a regular basis as the responses may be posted earlier than the posting date.

**Department of Water & Power
The City of Los Angeles**

Request For Proposal (RFP)

No. RFP292-10

Actuarial Studies and Management Advisory Services

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1.0 Introduction

1.1 Purpose of Project

The Los Angeles Department of Water and Power (Department) is requesting proposals from qualified and experienced contractors to provide actuarial studies for postemployment health care costs in conformance with Governmental Accounting Standards and to provide advisory services on proposed changes to the Department's reporting model related to the Retirement, Disability, Death Benefit, and Retiree Health Care Plans for a three year period.

1.2 Background of Project

On an annual basis the Department requires an actuarial report for postemployment health care to be prepared and a five year forecast on the expected costs related to pension expense and postemployment health care. Additional forecasts are requested when significant assumptions are updated.

1.3 Description of Department

The Department is the largest municipally owned utility in the United States with approximately 8,800 active employees and 8,500 retired employees. The Department follows Governmental Accounting Standards in accounting for its postemployment health care costs and has established a separate fund under the Retirement Plan to account for retiree health plan assets that can only be used for postemployment health care purposes.

For additional information about the Department and to view the financial statements, visit our web site at www.ladwp.com.

2.0 Statement of Work (SOW)

2.1 Scope of Work

The scope of work includes providing all actuarial information and studies related to the Department's postemployment health care, providing projections on a five-year basis for both pension costs and postemployment health care costs, and providing management advisory services on proposed changes to the Department's reporting model.

2.2 Description of Work

The services to be provided to the Department include:

1. Provide annual actuarial reports as directed by the contract administrator on the Department's health care benefits liability under Governmental Accounting Standards;
2. Consult with Department management, or those designated by Department management for the purposes of complying with accounting requirements;
3. Consult with Department management for the purpose of determining the impacts of changes the Department may be considering adopting in its reporting model;
4. Provide estimates for financial forecasting and budget purposes of the annual required costs and annual required contributions for pension costs and postemployment health care costs;
5. Provide estimated impacts relative to the Department's negotiating proposals that would impact retirement and/or other postemployment benefit costs of the Department;
6. Assist with information to be presented to appropriate City oversight bodies as necessary to respond to questions on actuarial projections;
7. Furnish preliminary estimates of the probable financial effect of proposed amendments to the Water and Power Employees' Retirement, Disability, and Death Benefit Plan; and
8. Consult with Department management or those designated by Department management for these purposes.

2.3 Deliverables

The request for services from the Consultant will, at a minimum, be on an annual basis and should be responded to in a timely manner via telephone, fax, regular mail, Federal Express or email.

3.0 Evaluation Criteria

The Department reserves the right to weight the evaluation criteria as it deems appropriate. The Department will evaluate proposals based upon the criteria stated below.

3.1 Oral Presentation

Written proposals will be evaluated in accordance with the Evaluation Criteria in this Section 3.0. A recommendation for contract award may be made based solely on the written response, or firms that fall within a competitive range may be invited in for oral presentations.

3.2 Qualifications of the Firm

Qualifications of the firm will be evaluated based on the information provided in response to Section 4.5, Background of the Firm.

3.3 Qualifications of Personnel

Background and experience of the key and support personnel who will be directly performing the work and providing the services outlined in the RFP Section 2.2, Description of Work, will be evaluated based on the information provided in response to RFP Section 4.6, Assigned Key Personnel.

3.4 Cost

Evaluation of cost will consist of an analysis of:

- A. Hourly rate of all classifications of employees who will be directly performing the work and providing the services outlined in this RFP;
- B. Response to First Year Actuarial Study Estimated Costs Schedule in Appendix I of this RFP;
- C. Response to Second Year Actuarial Study Estimated Costs Schedule in Appendix J of this RFP; and
- D. Any other costs or fees for which the consultant would expect to be reimbursed.

4.0 Requirements for Proposal

4.1 Writing Requirements for Proposal

Submitted proposals shall conform to the following requirements:

- A. One (1) original and five (5) copies of the proposal shall be enclosed in a single, sealed package plainly marked with the words "Proposal for Actuarial Studies and Management Advisory Services".
- B. Proposals shall be prepared simply and economically, without the inclusion of unnecessary promotional materials.
- C. Proposals submitted shall be written in the English language.
- D. Proposals shall be submitted on recycled paper that has a minimum of 30-percent post-consumer recycled content.

- E. The proposals shall be duplex copied (double-sided pages).
- F. Neon or fluorescent paper shall not be used.
- G. Company/Corporate letterhead or stationery that accompanies the proposal is exempt from these requirements

Submittal of a proposal pursuant to this Request for Proposal shall constitute acknowledgment and acceptance of all terms and conditions hereinafter set forth unless otherwise expressly stated in the proposal.

Responses to this Request for Proposal shall be made in accordance with the format set forth in this section and must follow the same titling and numbering schemes. All pages of the proposal must be consecutively numbered.

4.2 Coverage of RFP Items

The proposal must cover the statement of work and all the RFP requirements. Any limitation in the bidder's ability to supply information requested in the RFP or to support or to perform a particular function should be stated in detail in the appropriate section of your response. Any omissions or deviations from the requirements set forth in this RFP shall be fully described. Failure to adhere to the following format may be a cause for the rejection of the proposal as non-responsive.

Any additional documents that the bidder's organization requires to be signed, or agreed to, by the LADWP shall be referenced in the letter of transmittal and attached as appendices to the proposal.

4.3 Letter of Transmittal

Each proposal that is submitted in response to this RFP must contain the letter of transmittal including the following information:

- A. A brief statement of the Contractor's understanding of the work to be done and commitment to perform the work as scheduled.
- B. A list of the sections/parts of the RFP being bid.
- C. A summary of exceptions taken to the RFP requirements, statement of work, specifications, and/or proposed contractual terms and conditions.
- D. A reference to any contractual terms and conditions required by the Contractor.

- E. The names of individuals authorized to represent the Contractor, the titles, addresses, telephone numbers, and e-mail addresses.
- F. An officer authorized to bind must sign each proposal on behalf of the Proposer and must include the following declarations on the transmittal letter:

This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the proposer has not directly or indirectly induced or solicited any other proposer to put in a sham bid, or any other person, firm or corporation to refrain from submitting a proposal; and the proposer has not in any manner sought by collusion to secure for themselves an advantage over any other proposer.

4.4 Table of Contents

Include a clear identification of the proposal by section and by page number.

4.5 Background of the Firm

Describe your firm's experience in providing actuarial studies and management advisory services particularly in a governmental accounting setting.

The Contractor must have experience in preparing actuarial studies particularly under Governmental Accounting Standards. Contractor must have work experience demonstrating senior level competency in the following areas:

- A. Preparation of annual actuarial studies in conformance with Governmental Accounting Standards;
- B. Preparation of five-year forecasts of annual required costs and annual required contributions for pension benefits and retiree health care benefits;
- C. Experience in providing management advisory services; and
- D. Knowledge of current developments in the area of governmental pension accounting and postemployment health care accounting.

4.6 Assigned Key Personnel

Describe your key personnel's experience in providing actuarial studies and management advisory services particularly in a governmental accounting setting including the areas outlined in section 4.5. Provide a one (1) page resume for each of the key personnel that will be assigned to this engagement.

4.7 Compensation: Fees and Labor Costs

Provide the following information on fees and labor costs:

- A. Complete the Contract Fee Schedule in Appendix H showing the cost components and billing rates for each classification of employee for each year of the three-year contract period.
- B. Complete the First Year Actuarial Study Estimated Costs Schedule in Appendix I. Include an estimate of the number of hours that based on your expertise would be required by each classification of employee to complete the first actuarial report for the Department under this contract and a five-year forecast of other postemployment annual required contributions and other postemployment costs.
- C. Complete the Second Year Actuarial Study Estimated Cost Schedule in Appendix J. Include an estimate of the number of hours that based on your expertise would be required by each classification of employee to complete the second actuarial report for the Department under this contract and a five-year forecast of other postemployment annual required contributions and other postemployment costs.
- D. Services or activities such as travel, mileage, meals, etc. for which the consultant will supply receipts for reimbursement under the proposed contract. See Appendix F, Section 302.2 Reimbursement of Travel Expenses, and Section 302.3 Other Reimbursable Expenses for the Department's policies on cost reimbursement.
- E. State any fees separately.
- F. Other material item or items for which the consultant would seek compensation.

The Department will not be liable for any items for service, materials or activities not specifically provided in contract.

No additional mark-up on contractor or subcontractor work will be allowed.

Note: Prior to contract award, the successful bidder shall supply a detailed breakdown of the applicable overheads and fringe benefit costs that are part of the labor rates and other direct costs associated with the services to be performed.

4.8 Previous Services Provided to City of Los Angeles

Has the proposer, within the last three years, rendered any service to the City of Los Angeles or the Department, either as a contractor or subcontractor, either under the current proposer's name or any other name or organization? If so, please provide details.

4.9 Non-Discrimination/Equal Employment Practices/Affirmative Action Construction & Non-Construction Contractors (AAP)

The proposer and each of its known subcontractors shall complete and file an acceptable Affirmative Action Plan as set forth in Appendix A of this RFP as a part of its written proposal responding to the RFP.

Each contractor shall submit the following properly completed forms and documents for the City of Los Angeles' Affirmative Action Program:

1. A signed Affirmative Action Certificate Form.
2. A signed Affirmative Action Plan. This plan must be reviewed and approved by the Department to determine its acceptability.

Each of the above documents, if approved, shall be effective for twelve (12) months following the date of approval for the Affirmative Action practices. An Affirmative Action Plan shall be in effect and on file with the Department for the duration of the contract period.

4.10 Living Wage Ordinance

Submittal of a response to this Request for Proposal stipulates and confirms that the undersigned (Proposer) agrees to comply with the applicable provisions of the Service Contract Workers Retention Ordinance (Section 10.36) and Living Wage (Section 10.37) of the Los Angeles Administrative Code. (SCWRO/LWO). The City of Los Angeles policy regarding Living Wage/Service Contractor Worker is presented in Appendix F, Section 1101, Exhibit E, Sub-section PSC-20.

SCWRO/LWO forms must be completed by the successful proposer, only. Refer to instructions attached in Appendix B.

4.11 Child Support Policy

In accordance with the City of Los Angeles Ordinance No. 172401, the Department requires all contractors and subcontractors performing work for the Department to comply with all reporting requirements and wage earning assignments relative to court ordered child support.

All bidders and proposers are required to complete the Certification of Compliance with Child Support Obligations, Appendix C. Failure to return the completed certification as part of the bid or proposal may result in the bid or proposal being deemed non-responsive to these specifications.

4.12 Supplier Diversity

State whether the Contractor is a Women's or Minority Business Enterprise. The Department encourages Contractors to use Women's and Minority Business Enterprises and all other business enterprises and equal opportunity to participate in the performance of this contract.

Provide the company name, contact person, address, and telephone number of all proposed subcontractors. If the Contractor or any of the subcontractors are W/MBE firms, attach a copy of their certification.

It is the policy of the Department to provide Women Business Enterprises (WBEs), and Minority Business Enterprises (MBEs), and all other business enterprises an equal opportunity to participate in the performance of all Department contracts. Bidders shall assist the Department in implementing this policy by taking all reasonable steps to ensure that all available business enterprises, including WBEs and MBEs, have an equal opportunity to compete for and participate in the work being requested by this RFP.

4.13 Insurance Requirements

Describe the Contractor's ability to comply with the Insurance Requirements presented in Section 8.0 of this document.

4.14 Los Angeles City Tax Registration

Provide the Contractor's Business Tax Registration Certificate or Business Tax Exemption Number. Policy regarding Business Tax Registration is presented in Appendix D.

4.15 Taxpayer Identification Number

Provide the proposer's Taxpayer Identification Number on Form W-9 which is in Appendix E. Policy regarding Tax ID is presented in Appendix F, Section 1101, Exhibit E, Sub-section PSC-29.

5.0 Contract Period

5.1 Contract Period

The contract period will be three years.

6.0 Conditions for Submitted Proposal

6.1 Clarification

If additional information is needed to interpret RFP, written questions shall be submitted to Kathy Fong at kathy.fong@ladwp.com. All questions must be received by Friday, April 23, 2010.

6.2 Right to Reject Proposals

The Department reserves the right to reject any or all proposals.

6.3 Incurring Costs

The Department is not liable for any costs incurred by proposers in responding to this RFP. Any and all costs incurred responding to this RFP, including interviews or other related activity, shall be borne by the Proposer.

6.4 Disposition of Proposals

All proposals submitted in response to this RFP shall become the property of the Department and a matter of public record. Also, the Contractor must identify all copyrighted material, trade secrets or other proprietary information that they claim are exempt from disclosure under the Public Records Act (California Code Sections 6250 et seq.). In the event such an exemption is claimed, the Contractor shall be requested to state in the proposal that they will defend any action.

6.5 Discussions

The Department may award a contract on the basis of proposals submitted, without discussions, or may negotiate further with those proposers within a competitive range. Proposals should be submitted on the most favorable terms the proposer can provide.

6.6 Award

Award may be without discussion of proposals received. Proposers should be submitted on the most favorable terms the proposer can provide.

6.7 Council Review

Any action taken by the Board will be subject to review by the Los Angeles City Council and an award of contract will not be final until such review process has been completed. The successful bidder will be notified, in writing, when such review process has been

completed, and of the award date of the contract. No payment can be made for action taken or work started prior to the award date of the contract and execution of bonds and insurance if applicable.

6.8 Protest Policy

The Department's Protest Policy and Procedures are included as Appendix K.

7.0 Standard Contract Provisions

At the conclusion of the evaluation process, negotiations between the Department and the successful bidder for a contract will proceed. In order to ensure the negotiations are successfully completed within an appropriate time frame, the standard terms and conditions required by the Department is presented in Appendix F, Draft Legal Agreement. This draft includes Standard Terms and Conditions that will be made part of the final contract including City/LADWP required socioeconomic programs and requirements.

8.0 Insurance Requirements

Insurance – General Statement

It is the policy of Los Angeles Department of Water and Power (LADWP) that upon the award of a contract, the selected Bidder/Proposer/Vendor must provide evidence of insurance that conforms to the insurance requirements of the bid/proposal/agreement. Insurance requirements are explained in detail in the following language and "Contract Insurance Requirements" sheet, which specifically outlines the types and amounts of coverage required for this project. For your information and use, "Special Endorsement Forms", "Guidance for Submitting Evidence of Insurance" and information on our insurance program for small vendors are available on our website.

When and if you are awarded a contract/agreement, acceptable evidence of required insurance, from insurers acceptable to the Department, will be required to be submitted within 30-days of the date of award and maintained current throughout the term of the contract. Said evidence of insurance must be on file with the Risk Management Section in order to receive payment under any contract for services rendered, and in order to commence work under your contract.

Insurance – Applicable Terms and Conditions

8.1 Additional Insured Status Required

Contractor/Vendor shall procure at its own expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified on the attached Contract Insurance Requirements page. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City, its Department of Water and Power, its Board of Commissioners (hereinafter referred to as "Board"), and all of its officers, employees and agents, their successors and assigns, as Additional Insureds (except for Professional Liability and Workers' Compensation), against the area of risk described herein as respects Contractor's/Vendor's acts or omissions in its performance of the agreement, hereunder or other related functions performed by or on behalf of Contractor/Vendor. Such insurance shall not limit or qualify the liabilities and obligations of the Contractor/Vendor assumed under the contract.

8.2 Severability of Interests and Cross Liability Required

Each specified insurance policy (other than Workers' Compensation and Employers' Liability and Property coverages) shall contain a Severability of Interest and Cross Liability clause which states, "It is agreed that the insurance afforded by this policy shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability," and a Contractual Liability Endorsement which shall state, "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under this Agreement with the City of Los Angeles."

8.3 Primary and Non-Contributory Insurance Required

All such insurance shall be Primary and Noncontributing with any other insurance held by City's Department where liability arises out of or results from the acts or omissions of Contractor/Vendor, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Contractor/Vendor. Any insurance carried by the Department which may be applicable shall be deemed to be excess insurance and the Contractor's/Vendor's insurance is primary for all purposes despite any conflicting provision in the Contractor's/Vendor's policies to the contrary.

8.4 Deductibles Subject to Department's Discretion

Deductibles and/or self-insured retentions shall be at the sole discretion of the Risk Manager of the Department (hereinafter referred to as "Risk Manager"). The Department shall have no liability for any premiums charged for such coverage(s). The inclusion of the Department of Water and Power, its Board, and all of its officers, employees and agents, and their agents and assigns, as additional insureds, is not intended to, and shall not, make them, or any of them a partner or joint venturer with Contractor/Vendor in its operations.

8.5 Proof of Insurance for Renewal or Extension Required/Cancellation and/or Reduction in Coverage

At least ten (10) days prior to the expiration date of any of the policies required on the attached Contract Requirement page, documentation showing that the insurance coverage has been renewed or extended shall be filed with the Department. If such coverage is canceled or reduced in coverage, Contractor/Vendor shall, within fifteen (15) days of such cancellation or reduction of coverage, file with the Department evidence that the required insurance has been reinstated or provided through another insurance company or companies, or has been supplemented back to the original limits of liability required in the Contract Insurance Requirements.

8.6 Submission of Acceptable Proof of Insurance and Notice of Cancellation

Contractor shall provide proof to the Department's Risk Manager of all specified insurance and related requirements either by production of the actual insurance policy(ies), by use of Department's own endorsement form(s), by submission of Certificates of Insurance to be accompanied by applicable Insurance Company Additional Insured/Loss Payable/Waiver of Subrogation endorsements, or by other written evidence of insurance acceptable to the Risk Manager, but always in a form acceptable to the Risk Manager and the Office of the City Attorney. If Certificates of Insurance are an acceptable means of providing proof of insurance, this will be indicated on the "Contract Insurance Requirements" sheet which is part of either or both the competitive bidding document and/or the contract/agreement. The documents evidencing all specified coverages shall be filed with the Department prior to Contractor beginning operations hereunder. Said proof shall contain at a minimum, the applicable policy number, the inclusive dates of policy coverages, the date the protection begins for the Department of Water and Power, and the insurance carrier's name. It shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, material reduction in coverage or non-renewal except after written notice, to the Department at least thirty (30) calendar days prior to the effective date thereof (10 days for non-payment of premium). The notification shall be sent by registered mail to: The Risk Management Section, Los Angeles Department of Water and Power, Post Office Box 51111, JFB Room 465, Los Angeles, California 90051-0100.

8.7 Claims-Made Insurance Conditions

Should any portion of the required insurance be on a "Claims Made" policy, the Contractor/Vendor shall, at the policy expiration date following completion of work, provide evidence that the "Claims Made" policy has been renewed or replaced with the same limits, terms and conditions of the expiring policy, or that an extended three (3) years discovery period has been purchased on the expiring policy at least for the contract under which the work was performed.

8.8 Failure to Maintain and Provide as Cause for Termination

Failure to maintain and provide acceptable evidence of the required insurance for the required period of coverage shall constitute a breach of contract, upon which the Department may immediately terminate or suspend the agreement.

8.9 Sub-Contractor Compliance

The Contractor/Vendor shall be responsible for all sub-contractors'/sub-vendors' compliance with the insurance requirements.

8.10 Periodic Right to Review/Update Insurance Requirements

The Department and Contractor/Vendor agree that the insurance policy limits specified on the attached Contract Insurance Requirements page may be reviewed for adequacy annually throughout the term of this Agreement by the Risk Manager/City Attorney, who may thereafter require Contractor/Vendor to adjust the amounts and types of insurance coverage however the Risk Manager/City Attorney deems to be adequate and necessary. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance, including applicable license and ratings.

8.11 Specific Insurance Requirements

See Appendix G, "Contract Insurance Requirements".

8.12 Indemnification

The Contractor/Vendor undertakes and agrees to indemnify and hold harmless the City of Los Angeles, the Department of Water and Power, the Board of Water and Power Commissioners of the City of Los Angeles, and all of their officers and employees, and, at the option of the Department, defend the Department, and any and all of their Boards, officers, agents, representatives, employees, assigns and successors in interest from and against any and all suits and causes of action, claims, charges, damages, demands, judgments, civil fines and penalties, or losses of any kind or nature whatsoever, for death, bodily injury or personal injury to any person, including Contractor's/Vendor's employees and agents, or damage or destruction to any property of either party hereto, or third persons in any manner arising by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this contract on the part of the Contractor/Vendor, or the Contractor's/Vendor's officers, agents, employees, or sub-contractors/sub-vendors of any tier, except for the active negligence or willful misconduct of the Department, its Board, officers, agents, representatives or employees.