



REQUEST FOR PROPOSAL

ACTUARIAL SERVICES

AUGUST 16, 2021



Monroe County Water Authority
475 Norris Drive
Rochester, New York 14610

SECTION 1 – INVITATION TO PARTICIPATE

1.1 PURPOSE

The Monroe County Water Authority ("the Authority") sponsors post-retirement health care plans and is seeking proposals from experienced and qualified entities to prepare annual actuarial valuations and associated services, as required by Government Accounting Standards Board (GASB) Statement No. 75 for fiscal year ending December 31, 2021 through 2023, with the option to renew for two 1-year terms upon mutual agreement.

In responding to this RFP, Proposers must follow the prescribed format as outlined in Section 2. By so doing, each Proposer will be providing the Authority with comparable data submitted by other Proposers and, thus, be assured of fair and objective treatment in the Authority review and evaluation process. Proposals should not exceed 50 pages.

1.2 PROCUREMENT OFFICER

The Procurement Officer identified below is the sole point of contact regarding this RFP from the date of issuance until the selection of the successful Proposer.

Amy A. Molinari
Director of Finance & Business Services
Monroe County Water Authority
475 Norris Drive
Rochester, NY 14610
E-mail: Amy.Molinari@mcwa.com

1.3 PRESENTATION AND CLARIFICATION OF THE AUTHORITY'S RIGHTS AND INTENTIONS

The Authority intends to enter into a contract with the selected Proposer to supply the services described in Section 2. However, this intent does not commit the Authority to award a contract to any responding Proposer, or to pay any costs incurred in the preparation of the proposal or a cost proposal in response to this request, or to procure or contract for any services. The Authority reserves the right, in its sole discretion, to accept or reject in part or in its entirety any proposal received as a result of this RFP if it is in the best interest of the Authority to do so.

1.4 TENTATIVE SCHEDULE

August 16, 2021	RFP distributed; announced on the Authority website.
August 25, 2021	Pre-proposal questions due, in writing to Procurement Officer.
August 27, 2021	Addenda issued with answers to Proposer's questions (if necessary).
September 17, 2021	Proposals due.
October 15, 2021	Estimated award date.
December 13, 2021	Actuarial Valuation for FYE 12/31/2021 completed and to the Authority.

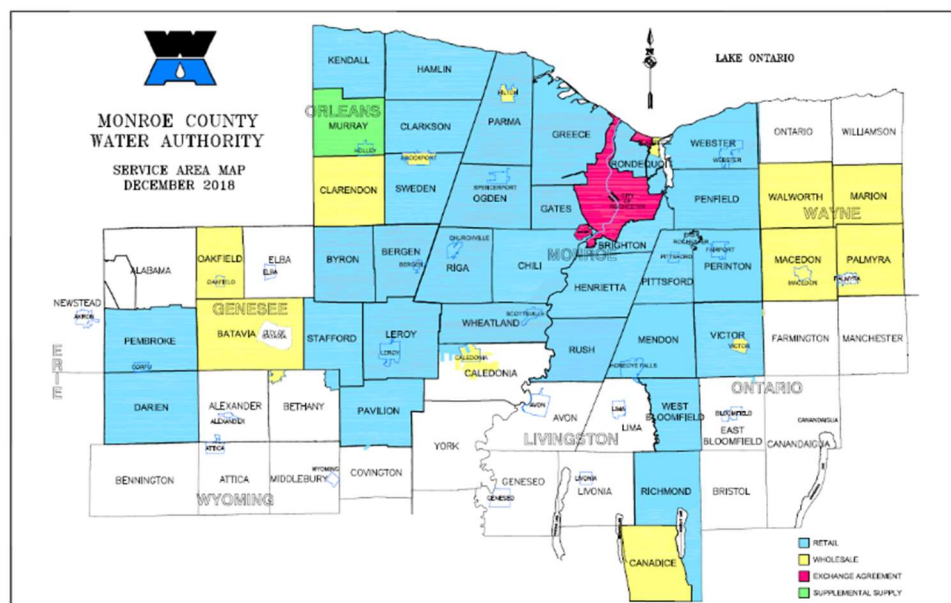
1.5 OVERVIEW OF ORGANIZATION

The Authority provides a high quality, safe, and reliable water supply in a financially-responsible manner.

The Authority was created by State legislation in 1950 to solve the water supply needs of this community. In 1959, the Authority took over the assets of the private New York Water Service Corporation and had 27,000 retail customers, serving just portions of the County's inner ring towns and portions of the City of Rochester. As surrounding towns and villages faced new water supply challenges, the the Authority service area has steadily grown. Today, the Authority serves over 187,000 customers in every town and village in Monroe County, plus towns, villages, and other water authorities in each of the five adjacent counties.

The Authority system infrastructure includes its main operations center, meter shop, three water treatment plants, 40 remote pumping stations, 53 tanks and 2 storage reservoirs, and over 3,300 miles of transmission and distribution water mains.

For additional information on the Authority, go to www.mcwa.com.



SECTION 2 – SPECIFIC PROPOSAL REQUIREMENTS (SCOPE OF WORK)

The successful proposer shall prepare an actuarial valuation and provide associated services which will place the Authority in compliance with Government Accounting Standards Board (GASB) Statement No. 75 for fiscal year ending December 31, 2021 through 2023, with the option to renew for two 1-year terms upon mutual agreement.

As part of their proposal, proposers shall provide a detailed scope of work related to this deliverable. To aid respondents, Appendix A of this RFP provides a description of benefits provided to retirees while Appendix B is an excerpt from our 2020 Audited Financial Statements which addresses Post-employment health care benefits and includes data from the prior analysis.

In order for the Authority to be able to adequately compare and evaluate proposals, all proposals must be submitted in accordance with the format detailed below. Proposals should not exceed 50 pages.

2.1 SUBMISSION OF PROPOSAL

- A. To be considered, five (5) copies of the proposal must be received by Amy Molinari, Director of Finance & Business Services, 475 Norris Drive, Rochester, New York 14610, by 12:00 p.m. EST on Friday, September 17, 2021.

The Authority reserves the right to reject any or all proposals submitted. **Requests for extension of the submission date will not be granted.**

- B. To be considered, Proposers must submit a complete response to this RFP. Proposers not responding to all information requested, or indicating exceptions to those items not responded to, may be rejected. **The Offerer/Bidder Disclosure Form and Offerer's Affirmation of Understanding of and Agreement Form must be completed, signed, and returned with your proposal** (attached to RFP).
- C. All proposals must be submitted in a sealed envelope clearly labeled "RFP – Actuarial Services". All proposals must be addressed to the Procurement Officer listed below and must be submitted via a delivery service, such as UPS or FedEx. Delivery service must also be instructed to **"Deliver to blue drop box located at Employee Entrance - Door 19"**. The Authority cannot accommodate deliveries requiring signatures to confirm receipt. Proposers shall have sole responsibility to contact the Procurement Officer to confirm receipt of proposal. Proposals hand delivered or submitted via US Postal Service will be returned unopened.

Amy A. Molinari, Director of Finance & Business Services
Proposal – Actuarial Services
Monroe County Water Authority
475 Norris Drive
Rochester, NY 14610

Deliver to blue drop box located at Employee Entrance - Door 19

- D. **Economy of Preparation:** Proposals should be prepared as simply as possible and provide a straightforward, concise description of the Proposer's capabilities to satisfy the requirements of the RFP. Expensive bindings, color displays, promotional material, etc. are neither necessary nor desired. Emphasis should be concentrated on accuracy, completeness, and clarity of content. All parts, pages, figures, and tables should be numbered and clearly labeled. Vague terms such as "Proposer complies" or "Proposer understands" should be avoided.

2.2 CLARIFICATION OF RFP AND QUESTIONS

Questions that arise prior to or during proposal preparation must be submitted **via email** no later than August 25, 2021. No contact will be allowed between the Proposer and any member of the Authority, other than Procurement Officers named in Section 1.2, with regard to this RFP during the RFP process unless specifically authorized in writing by the RFP Procurement Officer. Prohibited contact may be grounds for Proposer disqualification.

2.3 ADDENDA TO THE RFP

In the event it becomes necessary to revise any part of this RFP, addenda will be issued by the Authority. **An acknowledgement of such addenda, if any, must be submitted with the RFP response.**

2.4 ORGANIZATION OF PROPOSAL

This section outlines the information that must be included in your Proposal. Please respond with your information in the same order as the items in the section.

- A. Provide a brief history and description of your firm. Describe any parent/subsidiary/affiliate relationships. Also describe any past or present litigation within the past five years related to the services you are proposing.
- B. Provide the name(s) of principal staff who will be assigned to this engagement. Provide information on their specific qualifications and experience as it relates to the performance of this engagement.
- C. Provide a minimum of five of the most significant engagements performed over the last five years that are similar to the engagement described in this request for proposals.
- D. Describe the proposed scope of services to be utilized by your firm to meet the objectives stated in this RFP.

- E. Proposed Fee – The total all-inclusive price to develop the standard valuation report and a description of the associated services provided as part of this engagement. Also, provide a schedule of fees for any services not part of this analysis.
- F. Location of nearest office and number of employees in this office.

2.5 METHOD OF RFP EVALUATION

- A. **RFP Evaluation Committee:** Selected personnel from the Authority will form the evaluation committee for this RFP. It will be the responsibility of this committee to evaluate all properly prepared and submitted proposals for the RFP and make a recommendation for award.
- B. **RFP Evaluation and Selection Criteria:** All properly prepared and submitted proposals shall be subject to evaluation deemed appropriate for the purpose of selecting the Proposer with whom a contract may be signed. Evaluation of the proposals will consider several factors, each of which has an impact on the relative success of the Proposer to provide the services as outlined.

Responses to this RFP will be evaluated according to the following criteria:

EVALUATION CRITERIA AND PROPOSAL SCORING

Each Proposal has a total possible score of 100 points with the points assigned as follows:

CRITERIA	WEIGHT
Proposed Fees	15 Pts
Relevant Experience	25 Pts
Qualifications	25 Pts
Scope of Services	25 Pts
Local Office	5 Pts
Completeness of Response to RFP	5 Pts

- C. **Contract Approval Process:** Proposers must be aware that any contract resulting from this request for proposals is subject to prior approval by the Authority Board.

SECTION 3 – GENERAL INFORMATION FOR THE PROPOSER

3.1 RESERVATION OF RIGHTS

The Authority reserves the right to refuse any and all submittals in part, or in their entirety, or select certain products from various Proposer proposals, or to waive any informality or defect in any proposal should it be deemed to be in the best interest of the Authority. The Authority is not committed, by virtue of this RFP, to award a contract or to procure or contract for services. The proposals submitted in response to this request become the property of the Authority. If it is in its best interest to do so, the Authority reserves the right to:

- Make selections based solely on the proposals or negotiate further with one or more Proposers. The Proposer(s) selected will be chosen on the basis of greatest benefit to the Authority.
- Negotiate contracts with the selected Proposer(s).

3.2 INVESTIGATIONS

The Authority reserves the right to conduct any investigations necessary to verify information submitted by the Proposer and/or to determine the Proposer's capability to fulfill the terms and conditions of the bidding documents and the anticipated contract. The Authority will not consider Proposers that are in bankruptcy or in the hands of a receiver at this time of tendering a proposal or at the time of entering into a contract.

3.3 INCURRING COSTS

The Authority is not liable for any costs incurred by Proposer prior to the effective date of the contract.

3.4 MATERIAL SUBMITTED

All right, title and interest in the material submitted by the Proposer shall vest in the Authority upon submission to the Authority without any obligation or liability by the Authority to the Proposer. The Authority has the right to use any or all ideas presented by a proposer.

The Authority reserves the right to ownership, without limitation, of all materials submitted. However, because the Authority could be required to disclose documents received under the New York Freedom of Information Law, the Authority will, to the extent permitted by law, seek to protect the Proposer's interests with respect to any trade secret information submitted as follows:

Pursuant to Public Officers Law §87, MCWA will deny public access to Proposer's proposal to the extent the information constitutes a trade secret, which if disclosed, would cause substantial harm to the Proposer's competitive position, provided the Proposer identified the information it considers to be a trade secret and explains how disclosure would cause harm to the Proposer's competitive position.

3.5 PROCUREMENT POLICY

Pursuant to State Finance Law §139-j and 139-k, this Request for Proposal includes and imposes certain restrictions on communications between a Governmental Entity (including the Authority) and Bidder/Offerer during the Procurement Process. A Bidder/Offerer is restricted from making contacts from the earliest notice of intent to solicit offers through final award and approval of the Procurement Process by the Authority to other than the Authority's Procurement Officer(s) unless it is a contact that is included among certain statutory exceptions set forth in State Finance Law §139-j(3)(a).

The Authority's Procurement Officer for this Governmental Procurement, as of the date hereof, is identified herein. The Authority employees are also required to obtain certain information when contacted during the restricted period and make a determination of the responsibility of the Bidder/Offerer pursuant to these two statutes. Certain findings of non-responsibility can result in rejection for contract award, and in the event of two findings within a four (4) year period, the Bidder/Offerer is debarred from obtaining government Procurement Contracts. Further information about these requirements may be obtained from the Procurement Officer.

The Authority reserves the right to terminate this contract in the event it is found that the certification filed by the Bidder/Offerer in accordance with State Finance Law §139-k(5) was intentionally false or intentionally incomplete. Upon such finding, the Authority may exercise its termination right by providing written notification to the Bidder/Offerer in accordance with the written notice terms of this contract.

**BIDDER/OFFERER DISCLOSURE
OF
PRIOR NON-RESPONSIBILITY DETERMINATION & AFFIRMATION/CERTIFICATION
IN ACCORDANCE WITH NYS FINANCE LAW 139-J AND 139-K**

BACKGROUND

New York State Finance Law §139-k(5) requires that every Procurement Contract award subject to the provisions of State Finance Law §§139-k or 139-j shall contain a certification by the Offerer that all information provided to the procuring Governmental Entity with respect to State Finance Law §139-k is complete, true, and accurate.

INSTRUCTIONS

The Monroe County Water Authority must obtain the required certification that the information is complete, true, and accurate regarding any prior findings of non-responsibility, such as non-responsibility pursuant to State Finance Law §139-j. The Offerer must agree to the certification and provide it to the procuring Governmental Entity.

Name of Individual or Entity Seeking to Enter into the Procurement Contract:

Address _____

Name & Title of Person Submitting this Form: _____

CONTRACT PROCUREMENT NUMBER: **170413-01** Date: _____

1. In the previous four years, has any Governmental Entity made a finding of non-responsibility regarding the individual or entity seeking to enter into the Procurement Contract?

☐ No ☐ Yes

If yes, answer the next questions.

2. Was the basis for the finding of non-responsibility due to a violation of State Finance Law 139-j?

☐ No ☐ Yes

3. Was the basis for the finding of non-responsibility due to the intentional provision of false or incomplete information to a Governmental Entity?

☐ No ☐ Yes

4. If you answered YES to any of the above questions, provide details regarding the finding of non-responsibility below.

Governmental Entity: _____

Date of Finding of Non-Responsibility: _____

Basis of Finding of Non-Responsibility: _____

(Add additional pages as necessary.)

5. Has any Governmental Entity or other governmental agency terminated or withheld a Procurement Contract with the above-named individual or entity due to the intentional provision of false or incomplete information?

☐ No ☐ Yes

6. If yes, provide details below:

Governmental Entity: _____

Date of Termination or Withholding: _____

Basis of Termination or Withholding: _____

(Add additional pages as necessary.)

**Request for Proposal
Actuarial Services**

By signing below, Bidder/Offerer affirms that he/she understands and agrees to comply with the Monroe County Water Authority's Procurement Disclosure Policy, Code of Ethics Policy, and Conflict of Interest Policy as required by State Finance Law 139-J(3) and 139-j(6)(2) and certifies that all information provided to the Water Authority with respect to State Finance Law 139-j and 139-k is complete, true, and accurate.

By: _____ Date: _____
(Signature of Person Certifying)

Print Name: _____

Print Title: _____

Bidder/Offerer Name: _____
(Company Name)

Bidder/Offerer Address: _____
_____ Phone: _____

Email: _____

**OFFERER'S AFFIRMATION OF UNDERSTANDING OF AND AGREEMENT
PURSUANT TO STATE FINANCE LAW §139-j(3) AND §139-j(6)(2)**

BACKGROUND

State Finance Law §139-j(6)(2) provides that:

Every Governmental Entity shall seek written affirmations from all Offerers as to the Offerer's understanding of and agreement to comply with the Governmental Entity's procedures relating to permissible contacts during a Governmental Procurement pursuant to subdivision three of this section.

INSTRUCTIONS

The Monroe County Water Authority must obtain the required affirmation of understanding and agreement to comply with procedures on procurement lobbying restrictions regarding permissible contacts in the restricted period for a procurement contract in accordance with State Finance Law §§139-j and 139-k. It is recommended that this affirmation be obtained as early as possible in the procurement process, such as when the contractor submits its proposal or bid.

AFFIRMATION OF UNDERSTANDING & AGREEMENT

Offerer affirms that he/she understands and agrees to comply with the procedures of the Monroe County Water Authority relative to permissible Contacts as required by State Finance Law §139-j(3) and §139-j(6)(2).

By: _____
Signature of Offerer or Authorized Representative

Date: _____

Name: _____
Please Print

Title: _____

Contractor's Name _____

Contractor's Address _____

APPENDIX A

BACKGROUND OF BENEFITS PROVIDED

Monroe County Water Authority currently provides medical, dental and life insurance benefits to retirees who satisfy certain age and service requirements. The plan currently benefits approximately 155 retirees and 91 spouses or dependents of retirees. Approximately 211 currently active employees may eventually become eligible to receive these benefits in the future. The following provides a brief description of the current plan provisions.

Current Retiree Medical/Dental/Life Insurance Benefits

Eligibility - Union	<i>All employees who retire directly from active service after age 55 with at least 10 years of continuous service with MCWA and another public water system acquired by MCWA with the last 5 years of such service with MCWA and are drawing a pension from NYS Retirement System. Both retirees and their spouses are eligible for these benefits for the rest of the retiree's life.</i> <i>**Retiree coverage ends for employees hired on or after 5/10/2018, upon Medicare eligibility</i>
Eligibility - Management	<i>Management employees who are eligible to retire from NYS Retirement System and have completed 5 years of service with MCWA and 10 continuous years of service with the NYS Retirement System. Both retirees and their spouses are eligible for these benefits for the rest of the retiree's life.</i>
Eligibility – Board Members	<i>Before March 2007 - Board members with 5 years of service or 1 full term are eligible for the benefits below. Both retirees and their spouses are eligible for these benefits for the rest of the retiree's life.</i> <i>After March 2007 – No Benefits.</i>
<i>Pre-age 65 Medical (other than Rx)</i>	Retirees and their spouses who are not eligible for Medicare benefits may receive the same medical coverage offered to active employees. Experience Rated PPO Plans

<i>Post-age 65 Medical (other than Rx)</i>	Retirees and their spouses who are eligible for Medicare benefits may receive medical coverage under a Medigap, MA, or cost plan policy. Currently, there are two options for this: 1. Experienced Rated PPO Plans for out-of-area retirees. 2. Fully insured community rated HMO's
<i>Prescription (Pre-65)</i>	Included in Pre-age 65 Medical coverage discussed above.
<i>Prescription (Post-65)</i>	Included in Post-age 65 Medical coverage discussed above.
<i>Medical Reimbursement</i>	Varies for class status and health plan chosen.
<i>Dental</i>	No coverage provided to retirees other than Department Heads and Grandfathered Board Members.
<i>Pre-age 65 Life Insurance</i>	May continue insurance as self-payers on the Authority's plan for coverage in the amount of \$10,000. May continue dependent insurance as self-payers for coverage in the amount of \$2,000 for the spouse and \$500 for each child.
<i>Post-age 65 Life Insurance</i>	May be converted to a private policy.

*Current employees hired after June 1, 2018 pay 20% of health insurance premium and will continue into retirement. Current management employees hired after January 2015, pay 20% of health insurance premium and will continue into retirement. Upon becoming eligible for Medicare, coverage ends for spouse and dependents.

APPENDIX B

POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The Authority provides certain health care benefits for retired employees. The Authority administers the Retirement Benefits Plan (the "Retirement Plan") as a single-employer defined benefit Other Post-employment Benefit Plan (OPEB). In general, the Authority provides health care benefits for those retired personnel who are eligible for a pension through the New York State Employees' Retirement System (ERS). The Retirement Plan can be amended by action of the Authority subject to applicable collective bargaining and employment agreements.

The number of retired employees currently eligible to receive benefits at December 31, 2020 and 2019 was 146 for both years. The Retirement Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Retirement Plan.

Funding Policy

The obligations of the Retirement Plan are established by action of the Authority pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0% to 10%, depending on when the employee was hired. The Authority will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree. The costs of administering the Retirement Plan are paid by the Authority. The Authority currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums.

Annual OPEB Cost and Net OPEB Obligation

The Authority's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the Authority's net OPEB obligation:

	<u>2020</u>	<u>2019</u>
Annual required contribution	\$ 7,353,133	\$ (2,403,688)
Interest on net OPEB obligation	1,957,629	1,918,395
Adjustment to ARC	<u>1,081,653</u>	<u>(5,253,944)</u>
Annual OPEB cost	10,392,415	(5,739,237)
Contributions made	<u>(2,001,367)</u>	<u>(2,010,623)</u>
Increase in net OPEB obligation	8,391,048	(7,749,860)
Net OPEB obligation - beginning of year	<u>47,147,418</u>	<u>54,897,278</u>
Net OPEB obligation - end of year	\$55,538,466	\$47,147,418

The following table provides trend information for the Retirement Plan:

Trend Information

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percent Contributed</u>	<u>Net OPEB Obligation</u>
2020	\$10,392,415	\$2,001,367	19.3%	\$55,538,466
2019	(\$5,739,237)	\$2,010,623	35.0%	\$47,147,418
2018	(\$1,937,021)	\$1,798,585	92.9%	\$54,897,278

Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retirement Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Retirement Plan is currently not funded.

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities (AAL) for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2020 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Entry age normal level % of salary
Discount rate*	3.26%
Inflation rate	2.5%
Payroll Growth	Based on NYS Retirement System Assumption Report as of August 2019
Medical care/RX cost trend rate	8% initial rate FYE 2020, decreasing to an ultimate rate of 4.50% or 0.50% annually
Dental care cost trend rate	5% initial rate FYE 2020, decreasing to an ultimate rate of 3% by 0.25% annually