

Town of Scituate  
Request for Quotes  
For  
Actuarial Study on Other Post Retirement  
Benefits Other Than Pensions  
June 22, 2015

Town of Scituate  
600 Chief Justice Cushing Highway  
Scituate, MA 02066

**Town of Scituate**  
**Request for Quotes**  
**Actuarial Consulting Services**  
**GASB 43 & 45**

**1) INTRODUCTION**

The Town of Scituate is soliciting quotes from qualified firms for an actuarial valuation of the Town's Other Post Employment Benefits (OPEB) liability and additional required information specified below. The Town will require the final report within 60 days of contract award and full data submission to vendor.

**2) ATTACHMENTS**

The attachments below are included with this Request for Quotes for your review:

- Attachment 1 – Scope of Services
- Attachment 2 – Certificate of Foreign Corporation
- Attachment 3 – Certificate of Tax Compliance
- Attachment 4 – Certificate of Non-Collusion

**3) INSTRUCTIONS TO BIDDERS**

a) Examination of Quote Documents

Submission of a quote shall be deemed representation and certification that the Bidder:

- i) Has carefully read and fully understands the information that was provided by the Town to serve as the basis for submission of this quote.
- ii) Has the capability to successfully undertake and complete the responsibilities and obligations of the quote being submitted.
- iii) Represents that all information contained in the quote is true and correct.
- iv) Did not, in any way, collude; conspire to agree, directly or indirectly, with any person, firm, corporation or other Bidder in regard to the amount, terms or conditions of this quote.
- v) Acknowledges that the Town has the right to make any inquiry it deems appropriate to substantiate or supplement information supplied by the Bidder, and Bidder hereby grants the Town permission to make these inquiries, and to provide any and all related documentation in a timely manner. No request for modification of the quote shall be considered after its submission on grounds that Bidder was not fully informed to any fact or condition. The Town shall not be responsible for nor be bound by any oral instructions, interpretations or explanations issued by the Town or its representatives.

b) Submission of Quotes

All Quotes must be submitted in a sealed envelope, plainly marked:

OPEB Actuarial Consulting Services  
Town of Scituate  
Attn: Patricia Vinchesi, Town Administrator  
600 Chief Justice Cushing Highway  
Scituate, MA 02066

Quotes must be delivered no later than 10:00 a.m. on Thursday, July 9, 2015. All quotes received after that time will be returned to the Bidder unopened.

c) Withdrawal of Quotes

A bidder may withdraw its quote at any time before July 9, 2015, by delivering a written request for withdrawal signed by, or on behalf of, the Bidder.

d) Rights of the Town of Scituate

This RFQ does not commit the Town to enter into a contract, nor does it obligate the Town to pay for any costs incurred in preparation and submission of quotes or in anticipation of a contract. The Town reserves the right to:

- Make the selection based on its sole discretion;
- Reject any and all quotes;
- Issue subsequent Request for Quotes;
- Remedy technical errors in the Request for Quotes process;
- Accept other than the lowest quote if it is determined to be in the best interest of the Town;
- Waive informalities and irregularities in the Quotes and/or
- Enter into an agreement with other Bidders in the event the originally selected Bidder defaults or fails to execute an agreement with the Town.
- An agreement shall not be binding or valid with the Town unless and until it is executed by authorized representatives of the Town and of the Bidder.

**4) INFORMATION TO BE SUBMITTED**

These instructions outline the guidelines governing the format and content of the quote and approach to be used in its development and presentation. The intent of the RFQ is to encourage responses that clearly communicate the Bidder's understanding of the Town's requirements and its approach to providing the products and/or services on time and within budget. Only that information which is essential to an understanding and evaluation of the quote should be submitted. Items not specifically and explicitly related to the RFQ, e. g. brochures, marketing material, etc. will not be considered in the evaluation.

All quotes shall address the following items in order listed below and shall be numbered 1 through 5 in the quote document.

1. Summary

This section shall discuss the highlights, key features, and distinguishing points of the quote, and a list of contacts and how to communicate with them.

2. Profile on the Firm(s)

This section shall include a brief description of the Prime Bidder's firm. Include a discussion of the firm's financial stability, capacity, and resources. Include all other firms participating in the project, and similar information about the firms.

Additionally, this section shall include a listing of any lawsuits or litigation and the result of that action resulting from (a) any public project undertaken by the Bidder or by its subcontractors where litigation is still pending or has occurred within the last five years or (b) any type of project where claims or settlements were paid by the consultant or its insurers within the last five years.

3. Qualifications of the Firm

This section shall include a brief description of the Bidder's qualifications and previous experience on similar or related projects. Includes resumes of company personnel assigned to conduct this valuation and their related experience with this type of actuarial valuation. Also, identify the supervising actuary and responsibilities of other actuaries and personnel who will have key roles in the valuation. This section should include the resumes of any backup team members that may be assigned to this valuation should the original team member not be able to complete the assigned tasks during the contract term.

Experience with similar projects must include the name of other municipalities for which a similar study was conducted, the name of a contact person and their phone number. Give a brief statement of the firm's adherence to the schedule and budget for the project.

4. Work Plan

This section shall present a well-conceived work plan for the project. Include a full description of major tasks and subtasks. This section of the quote shall establish that the Bidder understands the Town's objectives, work requirements, and Bidder's ability to satisfy those objectives and requirements. Succinctly describe the approach for addressing the required services and the firm's reliance on Town resources, outlining the approach that would be undertaken in providing the requested services.

- i) Approach – State the overall approach of the valuation, including objectives, scope of work to be performed, and methodologies to be used.
- ii) Describe how the firm will work with the Town 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. Some key assumptions to consider as part of this discussion are:
  - Turnover
  - Retirement Age
  - Disability retirement age

- Mortality
  - Projected salary increases
  - Inflation rate
  - Healthcare cost trend data for appropriate region
  - Amortization timeframe
  - Investment return
  - Post retirement benefit changes
  - Actuarial assumptions associated with the method (projected unit credit, entry age normal, etc.)
- iii) Provide an analysis of allowed actuarial methods and amortization methods with the pros and cons of each method and recommend the most appropriate or commonly used one or two methods for this type of study.
- iv) Describe how the firm would assist in interpreting the plan and value the associated costs in situations where there is ambiguity related to the substantive plan.
- v) Timeline – The firm will identify the major tasks in the valuation engagement and suggested timeline for completion.
- vi) Data Requirements – The actuarial firm should list all data requirements, that they require to complete the valuation and in what type of format that the data must be provided.
- vii) Support – Provide a description and estimate of hours of any support that may be required of the Town’s staff.
- viii) Sample Report – Include in an Appendix of the firm’s response a sample report.

## 5. Project Costs

The fee information is relevant to a determination of whether the fee is fair and reasonable in light of the services to be provided. Provision of this information assists the Town in determining whether the firm understands the project.

This section shall include the cost to provide the services desired. Include any other cost and price information that would be contained in a potential agreement with the Town. The hourly rates may be used for pricing the cost of additional services outlined in the Scope of Services.

PLEASE NOTE: The Town of Scituate does not pay for services before it receives them. Therefore, do not propose contract terms that call for upfront payments or deposits.

## **5) REVIEW AND SELECTION PROCESS**

Town staff will evaluate the quotes provided in response to this RFQ based on the following criteria:

- Quality and completeness of quote;
- Bidder's experience, including the experience of staff to be assigned to the project, the engagements of similar scope and complexity;
- Cost to the Town;
- Bidder's proposed timeline and need for/use of Town resources;
- Bidder's prior record of performance with other municipalities or government agencies.

## **6) ORAL INTERVIEWS**

Bidders may be required to participate in an oral interview as part of the review process.

## **7) NON-CONFORMING QUOTES**

A quote shall be prepared and submitted in accordance with the provisions of these RFQ instructions and specifications. Any alterations, omissions, addition, variance, or limitation of, from, or to a quote may be sufficient grounds for non-acceptance of the quote, at the sole discretion of the Town.

## **8) QUESTIONS**

Please direct any questions regarding this RFQ to Nancy Holt, Finance Director/Town Accountant, Town of Scituate, 600 Chief Justice Cushing Highway, Scituate, MA 02066, [nholt@scituatema.gov](mailto:nholt@scituatema.gov), (781) 545-8711.

**Town of Scituate  
Request for Quotations  
Scope of Services**

**1) PROJECT PURPOSE**

The Town of Scituate is seeking an actuarial review of the Town's post employment benefits obligation for current and retired employees. The Town needs an estimate of the outstanding and future liabilities associated with providing its post-employment benefits. The Town will also require a roll forward calculation for the next two fiscal years.

**2) BACKGROUND**

The Town of Scituate, incorporated in 1636, is located in Southeastern Massachusetts approximately 26 miles from Boston. It serves a population of roughly 18,000 people. The town is governed by an open town meeting form of government. The governing body is a five-member board of selectmen, who appoint a Town Administrator.

The town has approximately 776 full and part-time employees, of which 78 percent are organized into 11 bargaining units. Each union negotiates a collective bargaining agreement with the Town. Changes to health care benefits must be bargained with each unit before implementation. The non-union groups are governed by the personnel by-laws of the Town.

**3) INFORMATION ABOUT HEALTH CARE BENEFITS**

The Town of Scituate offers health care benefits to all active employees who work 20 or more hours per week and to their spouses and eligible dependents. The town contributes between 50% and 73% toward the premium cost of active employee plans. Currently 442 or approximately 64% of eligible active employees are enrolled in health care plans.

The town provides post-retirement health insurance to all vested retirees, their spouses and eligible dependents. The town contributes between 50% and 73% of the retiree premium cost. Currently 442 retirees are enrolled in health care plans. The Town funds all OPEB costs on a Pay-As-You-Go basis.

The town offers three types of plans, a PPO, an HMO, and, for eligible retirees age 65 and over, a Medicare supplement plan. Co-payments have been consistent across all employee plans.

The town provides an open enrollment period before the start of each fiscal year wherein all employees and retirees have the opportunity to register for one of the medical plans or to make changes to their medical coverage. The fiscal year runs from July 1 to June 30 of the following calendar year.

**4) POST EMPLOYMENT BENEFITS OTHER THAN HEALTH INSURANCE**

The Town offers \$2,000 basic life insurance for all eligible employees and retirees. The town contributes 50% toward the basic life insurance premium for active employees and 50% of the premium cost for retirees. Active employees may elect optional life insurance up to their annual salary, less the \$2,000 basic insurance, but the premium is fully borne by the employee.

For fiscal year 2015, the annual premium for basic coverage is \$19.44. For active employees, the town pays \$.81 per month. For retirees, the town pays \$.81 per month.

**5) EMPLOYEE INSURANCE STATISTICS (as of 5/31/15)**

# of Employees Eligible for Insurance: 695  
 # of Employees Currently Enrolled in Health Insurance: 442  
 # of Employees Currently Enrolled in Life Insurance: 272

<u>EE Individual</u>	<u>#</u>	<u>Family</u>	<u>#</u>
PPO	4	PPO	12
HMO	229	HMO	197

**6) RETIREE INSURANCE STATISTICS (as of 5/31/15)**

# of Retirees Currently Enrolled in Health Insurance: 434  
 # of Retirees Currently Enrolled in Life Insurance: 338

<u>Retiree Individual</u>	<u>#</u>	<u>Retiree Family</u>	<u>#</u>
PPO	8	PPO	2
HMO	46	HMO	14
Medex	364		

**7) SCOPE OF SERVICES**

The study should prepare actuarial valuations following GASB 45 standards for the Fiscal Year Ending June 30, 2015. It should include the following:

- a) Actuarial value of benefits, separately identifying amounts for active employees and retirees, including:
  - Present Value of Future Benefits;
  - Actuarial Accrued Liability;
  - Unfunded Actuarial Accrued Liability (UAAL); and
  - Normal Cost
- b) GASB 45 accounting information required for financial report footnote, including:
  - Annual Required Contribution (ARC), as a dollar amount and percentage of payroll, identifying (1) Normal Cost and (2) the outstanding balance and amortization amount for each component of the UAAL; Annual OPEB Cost (AOC), as a dollar amount and percentage of payroll; and
  - Reconciliation of Net OPEB Obligation (NOO) during the current year, and projected NOO at end of year.
- c) Other GASB Requirements:
  - The actuarial valuation needs to comply with any technical bulletins or guidance issued by GASB to ensure this actuarial valuation provides the data needed to meet GASB 45 financial reporting requirements.
- d) Determine the implicit rate subsidy, if any, and the impact it would have on the OPEB liability.
- e) If requested by the Town, the consultant needs to provide a breakdown of OPEB liability and annual required Contribution (ARC) by Town bargaining unit, unrepresented employees, active employees, and retirees in addition to funding location of town, school and five enterprise funds.
- f) Provide a separate bid for an annual roll forward calculation based on Item (e) for the Town's financial statements for FY15 and between actuarial evaluations.

**CERTIFICATE OF FOREIGN CORPORATION**

The undersigned hereby certifies that it has been duly established, organized, or chartered as a corporation under the laws of:

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(Jurisdiction)

The undersigned further certifies that it has complied with the requirements of Massachusetts General Law Chapter 30, Section 39L and with the requirements of Massachusetts General Law Chapter 181 relative to registration and operation of foreign corporations within the Commonwealth of Massachusetts.

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Signature of individual submitting bid or quote

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Name (please print or type)

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Title (please print or type)

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Name of Corporation (please print or type)

AFFIX CORPORATE  
SEAL HERE

Name and Legal Address of Registered Agent in Massachusetts

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Agent's Name and Title (please type or print)

---

Business Name, if applicable

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Agent's Mailing Address (cannot be a post office box)

**CERTIFICATE OF COMPLIANCE WITH STATE TAX LAWS**

Pursuant to M.G.L.C. 62C, §49A (b) and M.G.L.C. ISIA, §19A, I hereby certify under the penalty of perjury that

\_\_\_\_\_ has complied with all laws of the Commonwealth of Massachusetts relating to taxes, reporting of employees and contractors, and withholding and remitting child support.

\_\_\_\_\_  
SIGNATURE OF INDIVIDUAL OF CORPORATE OFFICE\*

\_\_\_\_\_  
SOCIAL SECURITY NUMBER/FEDERAL IDENTIFICATION NUMBER\*\*

\_\_\_\_\_  
CORPORATE NAME (IF APPLICABLE)

\_\_\_\_\_  
NAME AND TITLE OF CORPORATE OFFICE (IF APPLICABLE)

\* Approval of a contract or other agreement will not be granted unless this certification clause is signed by the proposer. For all corporations, a certified copy of the authorizing vote of the Board of Director must be provided.

\*\* Your social security number will be furnished to the Massachusetts Department of Revenue to determine whether you have met tax filing or tax payment obligations. Providers who fail to correct their non-filing or delinquency will not have a contract or other agreement issued, renewed, or extended. This request is made under the authority of Massachusetts General Laws, Chapter 62C, §49A.

**MUST BE RETURNED SIGNED WITH THE BID PACKET**

**CERTIFICATE OF NON-COLLUSION**

Pursuant to M. G.L. C. 40, §4B 1/2, the undersigned certifies under penalties of perjury that this proposal is in all respects bona fide, fair, and made without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, joint venture, partnership, corporation, or other business or legal entity.

\_\_\_\_\_  
COMPANY NAME

\_\_\_\_\_  
SIGNATURE OF AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
PRINTED NAME OF AUTHORIZED REPRESENTATIVE AND TITLE

\_\_\_\_\_  
DATE

**MUST BE RETURNED SIGNED WITH THE BID PACKET**