

CITY OF PITTSBURGH

Office of Management & Budget

on behalf of the

Department of Finance



Request for Proposal

for

Actuarial Audit

RFP No. 2017-0019

Release Date: May 8, 2017

Submittal Deadline: May 29, 2017
no later than 3:00pm EST

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1 Introduction

May 8, 2017

To All Prospective Bidders:

The City of Pittsburgh Office of Management and Budget on behalf of Department of Finance invites you to submit a proposal for an independent Actuarial Audit. The audit will be on the City's current actuary, who currently prepares Actuarial Valuation Reports for the City's three pension plans under generally accepted actuarial principles and practices. The valuations are also prepared to satisfy the funding and disclosure requirements of Act 205 of 1984. The valuations also include the cost components used to compute the City's Minimum Municipal Obligation (MMO) in accordance with Act 205.

Any questions in regard to this RFP should be submitted in writing **no later than** by 12PM EST May 22, 2017 and directed to:

Thoryn Simpson
Senior Procurement Analyst
Office of Management and Budget
City-County Building, Room 502
Pittsburgh, PA 15219
Email: thoryn.simpson@pittsburghpa.gov

All proposals will be due by **May 29, 2017 by 3PM EST** as described in the Timeline section of this RFP. The Committee will announce the Awardee on or about June.

Sincerely,



Jennifer L. Olzinger
Assistant Director/Procurement Manager
Office of Management and Budget

2 Background

The Department of Finance is seeking proposals from qualified individuals or firms to provide an actuarial audit of the City's current actuary, who prepares Actuarial Valuation Reports on the City's three pension plans.

The City of Pittsburgh was incorporated on July 20, 1816 and chartered as a home-rule municipality on January 5, 1976. The City is the largest of 130 municipalities in Allegheny County with a population of approximately 305,704 (2010 Census). It operates under a strong mayor form of government and provides the following services as authorized by its charter: public safety, sanitation, cultural and recreational, public improvements, planning and zoning, and general administrative services.

In 2017, the City of Pittsburgh has a total budgeted payroll of roughly \$214 million annually covering approximately 3,330 employees. The accounting and financial reporting functions of the City of Pittsburgh are centralized. All pension issues are managed in the Department of Finance. The City's fiscal year begins on January 1 and ends on December 31.

More detailed information on the government and its finances can be found in:

- 2017 Operating Budget – available online at http://apps.pittsburghpa.gov/omb/2017_Operating_Budget_for_online.pdf
- 2015 City of Pittsburgh Comprehensive Annual Financial Report – available online at http://apps.pittsburghpa.gov/co/City_of_Pittsburgh_CAFR_2015.pdf

The City of Pittsburgh is responsible for the funding of retirement benefits for three pension plans: The Municipal Pension Fund, The Policemen's Relief and Pension Fund, and the Firemen's Relief and Pension Plan. All three are defined benefit plans. The most recent actuarial valuation reports can be viewed on the City's pension website: <http://pittsburghpa.gov/pension/>.

3 Tentative Schedule of Events

The following represents the tentative schedule for this project. Any change in the scheduled dates for the Pre-Proposal Conference (if applicable), Deadline for Submission of Written Questions, or Proposal Submission Deadline will be advertised in the form of an addendum to this RFP. The schedule for the evaluation process and other future dates may be adjusted without notice.

RFP released:	May 8, 2017
Cut-off for questions:	May 22, 2017 by 12PM EST
Proposal submission deadline:	May 29, 2017 by 3PM EST
Proposal Review & Supplier Scoring	Week of May 29, 2017
Contract award:	June
EORC Approval	June 12, 2017
Council Approval	July 3, 2017
Project start date:	Date of Contract Execution

4 Scope of Services

4.1 Scope Detail

4.1.1 Audit Levels

The City is requesting separate cost estimates for three different levels of actuarial auditing as follows:

Level One

A full-scope, actuarial audit whereby the reviewing actuary fully replicates the original actuarial valuation, based on the same census data, assumptions and actuarial methods used by the City's current actuary. In addition, the reviewing actuary will examine the City's current actuary's methods and assumptions for reasonableness and internal consistency and compliance with actuarial standards of practice.

Level Two

The reviewing actuary does not fully replicate the City's current actuary's valuation, but instead uses a sampling of the City's participant data to test the results of the valuation. In addition, the reviewing actuary will examine the City's current actuary's methods and assumptions for reasonableness and internal consistency and compliance with actuarial standards of practice.

Level Three

The reviewing actuary examines the City's actuary's methods and assumptions and valuation results as shown in the report for reasonableness and internal consistency and compliance with actuarial standards of practice, but does not perform actuarial calculations.

4.1.2 Deliverables

After completion of the audit, the City will require the selected firm to send five (5) copies of their report to the Director of Finance, as well as an electronic copy of the report. The selected firm may also be required to present their findings to the Comprehensive

Municipal Pension Trust Fund Board (CMPTF) at one of their regularly scheduled board meetings.

4.1.3 Rights in data

All data development pursuant to this Agreement shall belong solely and exclusively to the City of Pittsburgh, and the City of Pittsburgh shall have the full right to use such data for any official purpose and in whatever manner is deemed desirable and appropriate, including making it available to publish, disclose, distribute and otherwise use, in whole or in part, any data developed or prepared under this agreement.

4.1.4 Debarment from future contracts

The selected firm will be prohibited from bidding on any actuarial work for the City post-audit for two years.

The City reserves the right to modify the scope of services at any time before execution of a contract to add, delete, or otherwise amend any item(s), as it deems necessary, in its sole judgment, and in the best interest of the City.

5 General Terms & Conditions

5.1 Examination of Proposal Documents

The submission of a proposal shall be deemed a representation and certification by the Respondent that they:

- 5.1.1 Have carefully read and fully understand the information that was provided by the City to serve as the basis for submission of the proposal
- 5.1.2 Have the capability to successfully undertake and complete the responsibilities and obligations of the proposal being submitted.
- 5.1.3 Represent that all information contained in the proposal is true and correct.
- 5.1.4 Did not, in any way, collude; conspire to agree, directly or indirectly, with any person, firm, corporation or other proposer in regard to the amount, terms or conditions of this proposal.
- 5.1.5 Acknowledge that the City has the right to make any inquiry it deems appropriate to substantiate or supplement information supplied by a proposer, and proposer hereby grants the City permission to make these inquiries, and to provide any and all related documentation in a timely manner.

No request for modification of the proposal shall be considered after its submission on the grounds that the proposer was not fully informed to any fact or condition.

5.2 RFP Term

Respondent's proposal shall remain firm and effective, subject to the City's review and approval, for a period of one hundred twenty (120) days from the closing date for the receipt of proposals.

The City may enter into negotiations with one or more Respondents during the one hundred twenty (120) day period during which all proposals will stay effective. The purpose of such negotiations will be to address questions and identify issues as the parties move towards the execution of a final contract or contracts.

5.3 RFP Communications

Unauthorized contact regarding this RFP with employees or officials of the City of Pittsburgh other than the RFP Coordinator named in Section 1 of this document may result in disqualification from this procurement process.

Neither Respondent(s) nor any person acting on Respondent(s)'s behalf shall attempt to influence the outcome of the award by the offer, presentation or promise of gratuities, favors, or anything of value to any appointed or elected official or employee of the City of Pittsburgh, their families or staff members. All inquiries regarding the solicitation are to be directed to the designated RFP Coordinator identified in Section 1 of this document.

5.3.1 Interested parties must direct all communications regarding this RFP as outlined in this document.

5.3.2 The City shall not be responsible for nor bound by any oral instructions, interpretations or explanations issued by the City or its representatives.

5.3.3 Each proposer shall assume the risk of the method of dispatching any communication or proposal.

5.3.4 The RFP Coordinator must receive all written comments, including questions and requests for clarification, no later than the Deadline for Submission Questions listed in the tentative project schedule.

5.3.5 The City reserves the right to determine, at its sole discretion, the appropriate and adequate responses to written comments, questions, and requests for clarification. The City's official responses and other official communications pursuant to this RFP shall constitute an addendum of this RFP.

5.3.6 The City will publish all official responses and communications pursuant to this RFP to the City of Pittsburgh procurement website. It is the responsibility of each proposer to check the site and incorporate all addenda into their response.

All addenda for this RFP will be distributed via the City of Pittsburgh procurement website at procurement.pittsburghpa.gov/beacon/opportunities

5.3.7 Only the City's official, written responses and communications shall be considered binding with regard to this RFP.

5.4 Addenda/Clarifications

Should discrepancies or omissions be found in this RFP or should there be a need to clarify this RFP, questions or comments regarding this RFP must be put in writing and received by the City as outlined in Section 8.2 of this document

5.5 Withdrawal of Proposals

A proposer may withdraw its proposal at any time before the expiration of the time for submission of proposals as provided in this RFP by delivering a written request for withdrawal signed by, or on behalf of, the proposer.

5.6 Public Record

Respondent, by submittal of a proposal, acknowledges that all proposals may be considered public information in accordance with the Commonwealth of Pennsylvania Right to Know laws. Subject to award of this RFP, all or part of any submittal may be released to any person or firm who may request it. Therefore, proposers shall specify in their Cover Letter if any portion of their submittal should be treated as proprietary and not releasable as public information. Proposers should be aware that all such requests may be subject to legal review and challenge.

Any information considered proprietary should be indicated as such or not included in the response.

5.7 Non-Conforming Proposal

A proposal shall be prepared and submitted in accordance with the provisions of these RFP instructions and specifications. Any alteration, omission, addition, variance, or limitation of, from or to a proposal may be sufficient grounds for non-acceptance of the proposal, at the sole discretion of the City.

5.8 Disqualification

Factors such as, but not limited to, any of the following may be considered just cause to disqualify a proposal without further consideration:

5.8.1 Evidence of collusion, directly or indirectly, among proposers in regard to the amount, terms or conditions of this proposal;

5.8.2 Any attempt to improperly influence any member of the evaluation team;

5.8.3 Existence of any lawsuit, unresolved contractual claim, or dispute between the proposer and the City;

5.8.4 Evidence of incorrect information submitted as part of the proposal;

5.8.5 Evidence of proposer's inability to successfully complete the responsibilities and obligation of the proposal; and

5.8.6 Proposer's default under any previous agreement with the City, which results in termination of the agreement.

5.9 Restrictions on Gifts and Activities

The City of Pittsburgh Ethics Code and Chapter 198 of the City Code (Code of Conduct) was established to promote public confidence in the proper operation of our local government. These resources outline the requirements for disclosure of interests and restricted activities as related to public procurement processes. Proposers are responsible to determine the applicability of these requirements to their activities and to comply with its requirements.

5.10 Rights of the City of Pittsburgh

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

- A.** Reject any and all proposals;
- B.** Issue subsequent Requests for Proposals;
- C.** Cancel this RFP with or without issuing another RFP;
- D.** Remedy technical errors in the Request for Proposals process;
- E.** Approve or disapprove the use of particular sub-consultants;
- F.** Make an award without further discussion of the submittal with the proposer (therefore, the proposal should be submitted initially on the most favorable terms that the firm or individual might propose);
- G.** Meet with select proposers at any time to gather additional information;
- H.** Make adjustments to the scope of services at any time if deemed by the Office of Management and Budget to be in the best interest of the City;
- I.** Accept other than the lowest offer.
- J.** Waive any informality, defect, non-responsiveness, or deviation from this RFP that is not material to the Respondent's proposal;
- K.** Reject the proposal of any Respondent who, in the City's sole judgment, has been delinquent or unfaithful in the performance of any contract with the City;
- L.** Reject the proposal of any Respondent who, in the City's sole judgment, is financially or technically incapable of performing in accordance with this RFP;
- M.** Negotiate with any, all, or none of the Offerors and to enter into an agreement with another Offeror in the event that the originally selected finalist defaults or fails to execute an agreement with the City.
- N.** Award a contract to the firm(s) that presents the best qualifications and whose proposal best accomplishes the desired results; and/or
- O.** Enter into an agreement with another proposer in the event the originally selected proposer defaults or fails to execute an agreement with the City.
- P.** Require a performance bond and/or other "failure to deliver" agreement by the awardee at time of contracting.

6 Miscellaneous Requirements

6.1 Acknowledgements

A. Conflict of Interest

By submission of a proposal to this RFP, Respondent agrees that it presently has no interest and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the services required under this RFP.

B. Code of Ethics

By submission of a proposal to this RFP, Respondent agrees to abide by the Code of Ethics of The City of Pittsburgh. The full Ethics Handbook can be found here:
http://pittsburghpa.gov/personnel/files/policies/10_Ethics_Handbook.pdf

C. Fair Trade Certification

By responding to this RFP, the Respondent certifies that no attempt has been made, or will be made, by the Respondent to induce any other person or firm to submit or not to submit a submission for the purpose of restricting competition.

D. Non-Disclosure

By responding to this RFP, the Respondent acknowledges they may be required to sign a Non-Disclosure Agreement during the contracting process if they are the successful bidder.

E. Debarment

This RFP is also subject to Section 161.22 of the City of Pittsburgh Code related to debarment from bidding on and participating in City contracts.

F. Financial Interest

No proposal shall be accepted from, or contract awarded to, any individual or firm in which any City employee, director, or official has a direct or indirect financial interest in violation of applicable City and State ethics rules. Entities that are legally related to each other or to a common entity which seek to submit separate and competing proposals must disclose the nature of their relatedness.

G. Full Fee Disclosure

Pursuant to Section 161.36 of the Pittsburgh City Code, a Respondent must include a disclosure of any finder's fees, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements of the firm that could present a real or perceived conflict of interest.

7 Equal Opportunity

7.1 MWE/DBE

The City of Pittsburgh is committed to the ideal of providing all citizens an equal opportunity to participate in City and its Authorities' contracting opportunities. It is therefore the City's goal to encourage increased participation of women and minority groups in all City contracts.

The City requires that all bidders demonstrate good faith efforts to obtain the participation of Minority-Owned Business Enterprises (MBE's) and Women-Owned Business Enterprises (WBE's) in work to be performed under City contracts. The levels of MBE and WBE participation will be monitored by the City of Pittsburgh's Equal Opportunity Review Commission (EORC).

In order to ensure that there are opportunities for historically disadvantaged minority groups and women to participate on Covered Contracts, and consistent with the City's current equal employment opportunity practice and goals, the EORC will review contracts to include an evaluation of a developer/contractor's employment of minority groups and women, and encourages goals of eighteen (18) percent and seven (7) percent participation respectively.

7.2 Veteran-Owned Small Business

It is also the City's goal to encourage participation by veteran-owned small businesses in all contracts. The City of Pittsburgh shall have an annual goal of not less than five (5) percent participation by veteran-owned small businesses in all contracts. The participation goal shall apply to the overall dollar amount expended with respect to the contracts.

The City requires that all bidders demonstrate good faith efforts to obtain the participation of veteran-owned small business in work to be performed under City contracts. The levels of veteran-owned participation will be monitored by the City of Pittsburgh's EORC.

7.3 Good Faith Commitment

In order to demonstrate good faith commitment to these goals, all bidders are required to complete the attached MDE/WBE/Veteran-Owned Solicitation and Commitment Form (which details the efforts made by the bidder to obtain such participation). Failure to submit this form may result in rejection of the bid.

For further information, including definitions and additional requirements, please see Chapter 177A (Sections 177A.01 *et. seq.*) of the City Code and Section 161.40 of the City Code.

8 Format & Submittal Requirements

8.1 Format Requirements

Each response to this RFP shall include the information described in this section. Provide the information in the specified order. Failure to include all of the elements specified may be cause for rejection. Additional information may be provided, but should be succinct and relevant to the goals of this RFP. Excessive information will not be considered favorably.

The proposal should be bound or contained in a loose leaf binder. Document pages shall be 8-1/2 inches by 11 inches in size or folded to such a size. Use section dividers, tabbed in accordance with this Section as specified below.

8.1.1 Cover Letter

A cover letter should be submitted with the following information:

- Title of this RFP
- Name and Mailing Address of Firm (including physical location if mailing address is a PO Box)
- Contact Person, Telephone Number, Fax Number, and Email Address
- A statement that the submitting firm will perform the services and adhere to the requirements described in this RFP, including any addenda (*reference the addenda by date and/or number*)
- Acknowledgement that all proposals may be considered public information in accordance with the Commonwealth of Pennsylvania Right to Know Laws as described in Section 5 of this document.
- The Cover Letter must be signed by an officer empowered by the firm to sign such material and thereby commit the firm to the obligations contained in the RFP response. Further, the signing and submission of a response shall indicate the intention of the proposer to adhere to the provisions described in this RFP and a commitment to enter a binding contract.
- If you, as an individual, or if any principal or employee of your firm, has a relationship or knowledge of, or contact with any official or employee of the City or any of the City's labor unions; that relationship, knowledge, or contact should be stated and described in your Letter of Transmittal.

8.1.2 TAB A: Firm's Qualifications, Experience & References

Describe the firm and provide a statement of the firm's qualifications for providing the scope of services. Identify the services which would be completed by your firm's staff and those that would be provided by sub-consultants, if any. Identify any sub-consultants you proposed to utilize to supplement your firm's staff.

Provide a summary of the firm's experience in providing these or similar services. Provide a minimum of three references for related projects, including dates, contact person, phone number, email, and a brief description of the project or scope of work.

Provide an affirmative statement that the firm is independent of the City of Pittsburgh and all of the authorities and labor unions of the City of Pittsburgh. Also state whether the firm is licensed to practice in Pennsylvania.

8.1.3 TAB B: Qualifications of Team

Provide a brief summary of the qualifications and experience of each team member assigned to this project, including length of service with the firm and resume/bio, and the qualifications /experience of any sub-consultant staff on your project team. Also provide any credentials relative to this engagement, such as a Fellow of the Society of Actuaries (FSA) or an Associate of the Society of Actuaries (ASA).

8.1.4 TAB C: Project Approach and Plan

Provide a detailed discussion of your firm's approach to the successful completion of the scope of services outlined in this RFP. Include thorough discussions of methodologies you believe are essential to accomplishing this project or completing the scope of services. Include a proposed work schedule to accomplish all of the required tasks within the desired timeline. Identify the staff roles who would be assigned to each major task, including sub-consultants.

8.1.5 TAB D: Cost Proposal

Provide a separate total cost proposal for each of the three levels described in the Scope of Services. Include all services to be delivered, and a breakdown of costs delineated by major phase and/or deliverable as described in your project plan. Include a schedule of hourly rates for all proposed staff and the amount of time each person will be devoted to this project. Define any reimbursable expenses (e.g., travel) requested to be paid by the City. Note: if travel expenses are included, the rate assumptions generally should not exceed the United State General Services Administration (GSA) rates for Pittsburgh.

If it should become necessary for the City of Pittsburgh to request additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost quote.

8.1.6 TAB E: Required Statements

Include statements of assurance regarding the following requirements detailed in Section 7 of this document:

- Applicable completed MWE/DBE & Veteran-Owned Small Business Solicitation & Commitment Form (Appendix B)

8.1.7 TAB F: Exceptions

Describe any and all proposed exceptions, alterations, or amendments to the Scope of Services or other requirements of this RFP, including the City of Pittsburgh Sample Professional Services Agreement. This section shall be clearly marked "Proposed Exceptions" in your submittal. The nature and scope of your proposed exceptions may affect the evaluation of your submittal and the City's determination of whether it is possible to successfully negotiate a contract with your firm.

8.2 Submittal Requirements

- A.** Your submittal package, to be returned by the date and time outlined in Section 3 of this document, shall include the following:
- One (1) original and five (5) printed copies of your proposal; and
 - One (1) electronic copy of your proposal in either MS Word or PDF format to be delivered via email.
- B.** Submittals shall be sent by U.S. Mail, commercial delivery service or Hand Delivery. Submissions may not be sent by fax.
- C.** Responses should be delivered **ONLY** to the OMB RFP Coordinator:
- Thoryn Simpson
Senior Procurement Analyst
Office of Management and Budget
City-County Building, Room 502
Pittsburgh, PA 15219
thoryn.simpson@pittsburghpa.gov
- D.** The City of Pittsburgh shall not be responsible for proposals delivered to a person or location other than that specified herein.
- E.** Late proposals shall not be accepted or considered.
- F.** All submittals, whether selected or rejected, shall become the property of the City of Pittsburgh and will not be returned.
- G.** All costs associated with proposal preparation shall be borne by the Respondent.

9 Evaluation & Selection

9.1 Selection Procedure

- A. Your Proposal will be evaluated by a Proposal Committee comprised of the Director or other supervisor of the Using Department, one or more members of the Director's staff, at least one member of the Office of Management & Budget and any other department representatives as deemed necessary.

- B. Submittals will be reviewed for responsiveness, and responsive submittals will further be screened by a selection committee in accordance with the criteria listed below. The firm(s) submitting the highest rated proposal may be invited for interviews.

9.2 Criteria

All proposals will be evaluated using the following criteria:

- Firm's Independence, Qualifications, Experience and References
- Qualifications of Team
- Project Approach and Plan
- Cost Proposal
- MWDBE/VOSB Good Faith Effort

10 Award & Contract

10.1 Award

After the City has received all Proposals and conducted its initial Evaluation, described above, the Proposal Committee may invite one or more Respondents to a follow-up interview to further discuss their Proposal(s).

The Proposal Committee may decide to accept the Proposal of one or more Respondents. It may decide to reject all proposals. Once a Proposal is accepted, the contract negotiation process will commence. This RFP and your response to it, in the form of your entire Proposal, will become part of the Contract. If a real or apparent conflict should arise between this RFP/Proposal and other language contained in the final Contract, the language of the final Contract shall control.

10.2 Contracting Process

Successful Respondents will be required to enter into a Contract with the City of Pittsburgh, contingent upon the approval of City Council. This Contract will be directed and managed by the issuing department and the Office of Management & Budget. A copy of the City's Standard Professional Services Contract is attached for your review.

Work cannot commence on the Scope of the RFP until it a contract is fully executed. The City cannot process invoices nor approve payments until this Contract has been fully executed by the Respondent and all required City signatories, including the issuing department, the Law Department, and the City Controller.

City laws and policies mandate the incorporation of various terms and conditions into all City contracts (see Appendices). For this reason the City will not sign any standard contract proffered by the Respondent.

An agreement shall not be binding or valid with the City unless and until it is fully executed by authorized representatives of the City and of the Proposer. Once the Contract is fully executed the City will notify Respondent in writing and give the order to proceed.

11 Appendices

11.1 Attachment(s) Listing

Appendix A – Sample Professional Services Agreement

Appendix B – MWDBE and Veteran-Owned Solicitation and Commitment Form