

VENTURA COUNTY TRANSPORTATION COMMISSION

**REQUEST FOR PROPOSALS
FOR
PROFESSIONAL ACTUARIAL SERVICES FOR
ACTUARIAL VALUATION, ANALYSIS, REPORT AND CAFR COMPLIANCE ON OTHER
POST-EMPLOYMENT BENEFITS (OPEB)
AND
GASB 68 ACTUARIAL INFORMATION FOR CALPERS COST-SHARING (RISK POOL)
PLANS AND GASB 68 CAFR COMPLIANCE**



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July 12, 2019

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INTRODUCTION and BACKGROUND

General Information

The Ventura County Transportation Commission (VCTC) is requesting proposals from qualified Actuaries to perform professional actuarial services of its retiree healthcare program through CalPERS and actuarial services of its pension cost-sharing plans through CalPERS. The actuary will need to prepare a bi-annual actuarial valuation for VCTC's Other Post-Employment Benefits/retiree health benefits and provide the associated information required to comply with Governmental Accounting Standards Board (GASB) Statements 75. The actuary will also need to provide information for VCTC's cost sharing (risk pool) pension plans required to comply with GASB Statement 68.

The GASB sets reporting standards for the preparation of financial reports for state and local governments. VCTC seeks assistance in the calculation of the actuarial accrued liability of its OPEB as defined and adopted within Statement 75. The actuary will also provide VCTC an actuary valuation and the information needed to present the appropriate assumptions and schedules in its financial statements as required by GASB 75. The valuation will be performed bi-annual but the supplemental information to comply with GASB 75 will be performed annually. Furthermore, the actuary will provide annually, the information needed to present the appropriate assumptions and schedules in its financial statements as required by GASB 68 based on the CalPERS actuarial valuation for VCTC's Classic miscellaneous and PEPRAs miscellaneous plans Cost-Sharing (risk pools).

VCTC is contemplating a multi-year (four years) contract with a renewal option for two additional two-year terms to perform actuarial services as specified below.

To be considered, four (4) printed copies and one electronic copy (usb) of the proposal and bids must be submitted by 3:00 PM on Wednesday, August 7, 2019 to:

Ventura County Transportation Commission
Sally DeGeorge, Finance Director
950 County Square Drive, Suite 207
Ventura, CA 93003.

There is no expressed or implied obligation for VCTC to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Proposals submitted are subject to public inspection and will be evaluated by a review committee.

During the evaluation process, VCTC reserves the right, where it may serve the agency's best interest, to request additional information or clarification from proposers, or to allow corrections of errors and/or omissions. At the discretion of VCTC, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

VCTC reserves the right to retain all proposals submitted and to use any idea(s) in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the VCTC and the firm selected.

It is anticipated the selection of a firm will be completed by August 31, 2019. Following the notification of the selected firm, it is anticipated that a recommendation and proposed contract will be prepared for review and approval by the Commission at its September 6, 2019 meeting. VCTC reserves the right to reject any or all proposals, to waive any non-material irregularities or information in any proposal, and to accept or reject any items or combination of items.

Description of Government

The Ventura County Transportation Commission was created by Senate Bill 1880 (Davis), Chapter 1136 of the Public Utilities Code in September of 1988. On January 1, 1989 VCTC became operational and assumed the resources and transportation responsibilities of the Ventura County Association of Governments (VCAG) as well as existing OPEB and pension liabilities.

The Commission is responsible for establishing transportation policies, setting priorities and coordinating activities between the various transportation operators, agencies, cities and the County. Its mission is to improve mobility within the county and increase funding to meet transportation needs.

The VCTC is currently governed by a seventeen-member board composed of one elected official from each of the ten cities, all five supervisors and two citizens. In addition to the above membership, the Governor appoints an Ex-Officio member to the Commission, usually the Caltrans District Director. The Board is not included in the OPEB and pension liabilities.

The Commission has two tiers of retiree health insurance. The first tier provides single premium retiree health care coverage for the retiree. This tier was closed by Commission action in 2010 and will be eliminated over time as existing "grandfathered" employees separate from VCTC. Grandfathered employees only receive this benefit if they retire directly from VCTC. If an employee separates from VCTC before retirement, this benefit is forfeited. Currently, there are eleven retirees in this tier. The second tier provides retiree health care coverage for the retiree at the minimum required CalPERS contribution. If an employee separates from VCTC before retirement, this benefit is forfeited. Currently, there are no retirees in this tier. VCTC also contributes to an OPEB trust with the California Employer's Retiree Benefit Trust (CERBT).

VCTC belongs to the California Public Employee's Retirement System (CalPERS) and has three pension tiers. The first tier includes "CalPERS Classic" employees hired before May 1, 2015 receiving the 2% at 60 retirement formula with the employee portion paid by the Commission. This tier was closed by Commission action in 2015 and will be eliminated over time as existing "grandfathered" employees separate from VCTC. There are currently ten active employees in this tier. The second tier includes the "CalPERS PEPR" employees receiving the 2% at 62 retirement formula with employee paying the employee portion. Currently there are eight

employees within this tier. The third tier includes the “CalPERS Classic” employee hired after May 1, 2015 receiving the 2% at 60 retirement formula with the employee paying the employee portion. Currently there are three employees in this tier. As turnover occurs and vacant positions are filled, the new employees will either fall into tier two or three depending on their CalPERS status.

For more information about VCTC, please visit our website at www.goventura.org.

Scope of Work

VCTC is seeking proposals from qualified actuaries to provide actuarial services for the agency’s Other Post-Employment Benefits (OPEB) as required by GASB 75 and a report for information required by GASB 68.

GASB 75 establishes standards for recognizing and measuring net OPEB liabilities, related deferred outflows of resources and deferred inflows of resources, and OPEB expenses in the financial reports of the Commission. All requirements of GASB 75 including note disclosure and required supplementary information about the defined benefit OPEB plan must be included in the actuary reports.

The actuary must (at a minimum):

- Ensure compliance with GASB 75.
- Prepare the next two valuations for
 - June 30, 2019 that will provide recommended contributions/plan funding for Fiscal Years 2020/2021 and 2021/2022 and GASB 75 roll forward accounting information for the Commission’s audited Comprehensive Annual Financial Report (CAFR) Fiscal Years 2019/2020 and 2020/2021.
 - June 30, 2021 that will provide recommended contributions/plan funding for Fiscal Years 2022/2023 and 2023/2024 and GASB 75 roll forward accounting information for the Commission’s audited Comprehensive Annual Financial Report (CAFR) Fiscal Years 2021/2022 and 2022/2023.
- Information shall include but not be limited to:
 - Actuarial present value of total value of total projected benefits
 - Actuarial accrued liability
 - OPEB assets both market value and actuarial value
 - Unfunded actuarial accrued liability
 - Normal cost
 - Annual required contributions as a dollar amount and as a percentage of payroll
 - Annual OPB costs
 - Net OPEB obligation
 - Implied subsidy
 - Funding projections (ten years)
 - Summary of data used for the valuation
 - Summary of actuarial methods and assumptions
 - Summary of upcoming OPEB and CalPERS issues.
 - Detailed participant statistics
 - Historical valuation results and demographic information
 - Historical asset information including returns
 - Gain and loss analysis with changes in Actuarial Accrued Liability since the prior valuation

- Projection of contributions and benefit payments (ten years)
- Additional information needed for VCTC to prepare the financial notes to be included in the Commission's audited financial statements including but not limited to notes, required supplementary information
- Provide all documents and information (including the actuarial certification, funding policy certification, and Excel valuation information spreadsheet) required by CalPERS for agencies funding with the California Employers' Retiree Benefit Trust (CERBT) along with a certified final valuation results outline.
- Meet with VCTC (and its auditors if necessary) to discuss and review the report.
- Assist in implementing any new GASB statement and other financial pronouncements related to OPEB and providing ongoing professional consultation.
- The June 30, 2019 actuarial valuation shall be provided by December 15, 2019.
- The annual reports for information necessary to prepare the Commission's audited CAFR shall be provided by August 31st each year.

Several items are included with this RFP to assist the proposer.

- Attachment A - The current OPEB valuation from Bartell and Associates dated June 2017
- Attachment B - The GASB 75 report (Bartell and Associates dated June 2018), and
- Attachment C - The Fiscal Year 2017/2018 CAFR (see Note. 8 of the Notes to the Basic Financial Statement)

GASB 68 establishes standards for recognizing and measuring pension liabilities, related deferred outflows of resources and deferred inflows of resources, and pension expenses in the financial reports of the Commission. Although VCTC relies on the actuary valuation prepared by CalPERS for its Classic and PEPRA miscellaneous cost-shared plans, additional information is required for note disclosure and required supplementary information about pension benefits.

The actuary must (at a minimum):

- Ensure compliance with GASB 68.
- Prepare a report (annually) that provides the associated GASB 68 information necessary based on the CalPERS GASB 68 valuations miscellaneous cost-share risk pools for Classic and PEPRA.
- Information shall include but not be limited to:
 - VCTC's proportionate share of net pension liability, NPL sensitivity and deferral amounts.
 - All employer-specific deferrals and associated amortization schedules.
 - Net pension expense.
 - All actuarial amounts required for the note disclosures and required supplementary information.
 - Supporting calculations.
 - Journal entries for CAFR
 - Reconciliation of deferred outflows and inflows.
- Meet with VCTC (and its auditors if necessary) to discuss and review the report.
- Assist in implementing any new GASB statement and other financial pronouncements related to pensions and providing ongoing professional consultation.
- The annual report for information necessary to prepare the Commission's audited CAFR shall be provided by August 31st each year.

Several items are included with this RFP to assist the proposer.

- Attachment C - The Fiscal Year 2017/2018 CAFR (see Note. 8 of the Notes to the Basic Financial Statement
- Attachment D - The current GASB 68 report from Bartell and Associates dated June 2018

Working Paper Retention

All working papers and reports must be retained, at the actuary's expense, for a minimum of seven (7) years after the last year of the contract, unless the actuary is notified in writing by the VCTC of the need to extend the retention period. The actuary will be required to make working papers available, upon request, including, but not limited to the Ventura County Transportation Commission or its designees. The actuary shall work with VCTC's staff and financial auditors as needed to comply with GASB 68 and 75 requirements and CAFR preparation and audits.

In addition, the actuary shall respond to the reasonable inquiries of successor actuaries and allow successor actuaries to review working papers relating to matters of continuing GASB and accounting significance, if needed.

Irregularities and Illegal Acts

Actuaries shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware of to the following parties: Executive Director; Agency Attorney and the Finance Director.

Use of Valuations and Reports

VCTC shall be free to publish the valuations and reports as they see fit without obtaining prior permission from the actuary as long as they are not used in a potentially misleading manner and no material subsequent event has occurred that might render the valuation and reports potentially misleading.

Term of Engagement

It is the intent of VCTC to contract for the services presented herein for a term of four (4) years. VCTC reserves the right to extend the term of this contract for two (2) additional two-year terms subject to the satisfactory negotiation of terms, including a price acceptable to both the agency and the selected firm.

The proposal package shall present all-inclusive actuarial fees for each year of the contract term and optional extensions. VCTC requires the total costs be stated as a "not to exceed" basis and provide total estimated staff hours. The "not to exceed" fee shall be inclusive of labor, travel, report preparation, printing, and all other expenses incurred by the actuary.

Fees shall be billed monthly based on work completed. Payments will be made in arrears. VCTC shall reimburse the actuary within 30 days of approval as practical after receipt and acceptance of invoices that detail the expenses and the period for which payment is requested.

PROPOSAL REQUIREMENTS

Proposer Representation

By submitting a proposal, each proposer represents that it:

- Has thoroughly examined and become familiar with the work described in the Scope of Work
- Understands the requirements, nature of work and matters that could affect the work as indicated in the proposal
- Has reviewed the sample contract
- Agrees to comply with all requirements set forth in this RFP and in the ensuing contract, if awarded.

Addenda

VCTC reserves the right to revise or amend the RFP documents prior to the stated proposal submitted deadline. Any such revisions will be made by written addenda to this RFP and posted on the Commission's website. Since such postings of addenda on the Commission's website is considered constructive notice of the document change, potential proposers are encouraged to check the Commission's website routinely for relevant postings.

Questions

All requests for clarification and/or additional information shall be made by proposer in writing by emailing the project manager, Sally DeGeorge, at ssellers@goventura.org. All requests must be submitted before the stated deadline. The Commission will respond to all written questions within a reasonable time. If changes to the RFP document are required, a written addendum will be issued. Questions and responses will be posted on the Commission's website and are considered constructive notice. Potential proposers are encouraged to check the Commission's website routinely for relevant postings.

Proposal Dates

The following is a list of key dates. VCTC reserves the right to modify this schedule if it is in their best interest to do so. If VCTC does modify the schedule, it shall provide written notice of such to all parties known to have received copies of this RFP.

Activity	Date
Proposal Release	July 12, 2019
Question deadline/cut-off	July 22, 2019 at 3:00 p.m.
Response to questions posted	July 24, 2019
Proposal due date	August 7, 2019 at 3:00 p.m.
Optional Interviews (if necessary)	TBD*
Proposer selection/Commission approval	September 6, 2019*

*Tentative dates subject to change at VCTC's discretion.

General Proposal Requirements

Any inquiries concerning the request for proposals should be directed to Sally DeGeorge, Finance Director, via email at ssellers@goventura.org. Questions and answers will be posted on the VCTC website at www.goventura.org on the "Work with VCTC – Contracts" page. Contact with personnel of the agency other than the above regarding this request for proposals may be grounds for elimination from the selection process.

In response to the RFP, each proposer shall submit four (4) printed copies and one electronic copy (usb) of the proposal and bids. Facsimiles, emails and electronic media shall NOT be accepted as submittal of printed copies. Materials shall be received at the VCTC office at 950 County Square Drive, Suite 207, Ventura, CA 93003 no later than 3:00 p.m. on August 7, 2019 for a proposing actuary to be considered. The proposal shall include:

1. Introduction/Background – Briefly introduce your firm and provide:
 - a. The RFP you are responding to
 - b. The person(s) authorized to make representations for and to bind the firm including their titles, mailing addresses, e-mail addresses and telephone numbers
 - c. The size of the firm, the size of the actuary staff, and the principal supervisory and management staff you are anticipating assigning
 - d. An affirmation that the proposer and all assigned key professional staff are properly licensed for actuarial services in the State of California
 - e. A statement committing to perform the work within the time period specified in the RFP
 - f. A signed statement that the proposal is a firm and irrevocable offer for 90 days
2. Qualifications/Credentials – Briefly explain:
 - a. Your understanding of the work to be performed and why the firm believes it to be best qualified to perform the engagement
 - b. Brief biographies of key staff and relevant credentials held
 - c. Experience with California government agencies, GASB 68 and 75, CalPERS pension cost-sharing plans, CERBT and similar experience performing work as described in this RFP
 - d. Your on-going efforts to keep your staff current and knowledgeable in Actuarial and GASB 68 and 75 requirements as well as CERBT requirements
 - e. The name, qualifications and credentials of the actuary signing the valuations and reports submitted to VCTC and as applicable CalPERS CERBT
3. Client Assistance – Explain how you assist your clients with GASB 68 and 75 requirements and how you will offer this service to VCTC throughout the year.
4. References – The actuary's general experience and reputation with the municipal government field are an important part of the firm's qualifications. Please include a minimum of three municipal government agency references with at least one or more references that contributes to a CERBT trust and one governmental auditor reference with contact information, scope of work and dates of service that the firm performed similar services for within the last thirty-six (36) months. Also, include a list of all current municipal and special district clients. VCTC reserves the right to contact any or all of the listed references/clients regarding the audit services performed by the proposer.

5. Litigation and Contract History – The firm shall state whether it has been the subject of any disciplinary action within the last five years, or if any such action is pending by state regulatory bodies, professional organizations or current/prior clients. If such conditions exist, information is to be provided as to the circumstances and status of the disciplinary action.
6. Plan Approach – The proposal should set forth a work plan and time line for the requested services of this RFP. The plan at a minimum should include:
 - a. Approach and methodology for the valuation and reports
 - b. Approach and methodology to include compliance with GASB standards
 - c. Data and information required from the Commission for each service
 - d. Project schedule including deadlines for staff, project completion and report issuance
 - e. Sample reports for each deliverable
 - f. Identify any special issues or problems that might be encountered with the requested services identified herein and how you would propose to address or not address them
 - g. Identify any potential hurdles to the delivery of the project
7. Price Proposal – The cost of each year’s engagement should be listed separately as a “not to exceed” basis. All expense reimbursements will be charged against the total all-inclusive maximum price submitted in this proposal. Costs for the valuation and reports should be detailed separately. Estimate hours for should be included by year as well. Price should include the hourly cost of additional services by staff position. See Attachment E – Sample Actuary Cost Proposal and Estimated Hours.

Proposal Evaluation

VCTC staff shall examine and evaluate all proposals for ascertaining their completeness and responsiveness to the provisions of this RFP. The Commission may at its discretion schedule interviews as part of the evaluation process. A “shortlist” of firms to be interviewed will be developed by Commission staff if necessary. Interviews, if held, would occur in August. Firms will be notified as soon as possible if interviews are deemed necessary. Failure to interview will cause the proposer to be eliminated from further evaluation. The top proposer will be invited to participate in contract negotiations with the VCTC for actuary services. If these negotiations should fail to produce an agreement, the second ranked proposer will be invited to participate in contract negotiations.

The VCTC reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected. VCTC also reserves the right, without prejudice, to reject any or all proposals submitted. Award of the contract will be made to the actuary firm, who, based on evaluation of all responses and criteria, is determined to be the best qualified to perform the audits and meet the Commission needs.

Proposals will be evaluated based on the following criteria (See Attachment F - Professional Actuary Services RFP Evaluation Form):

- a) Understanding and approach of the engagement
- b) Completeness and comprehensiveness of the proposal
- c) Background, Experience of staffing and References
- d) Responsiveness to the Commission's issues and ability to meet its needs
- e) Cost Effectiveness

Contract

A sample contract is provided in Attachment G - Sample Contract that is separate from this document. By submitting a proposal, the proposer represents that it has reviewed the attached Sample Contract and, other than through the question and answer process, will not seek to alter or revise its terms and conditions and will comply with all requirements of the contract. Should the proposer have concerns, questions or recommended changes to the Sample Contract requirements, those concerns and requested changes must be specified in detail and submitted in writing to the Commission as set forth in the Questions section

Insurance

All proposers doing business with the Commission are required to obtain appropriate insurance coverage within the prescribed minimum limits set forth in the Attachment G - Sample Contract. The required insurance certificates must comply with all requirements of the standards as shown in the contract and must be provided upon executed contract and prior to commencement of work.

Attachment E – Sample Actuary Cost Proposal and Estimated Hours

The cost proposal should be all-inclusive maximum fees for actuary services by fiscal years ending June 30 and by product. Should the Commission require additional audits be required during the audit period, please specify the cost per hour fee by labor category.

Cost Proposal by Fiscal Year																
	Initial Contract								Optional Contract Extension 1				Optional Contract Extension 2			
Service	2019/2020		2020/2021		2021/2022		2022/2023		2023/2024		2024/2025		2025/2026		2026/2027	
	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours
GASB 75 OPEB valuation	\$	#			\$	#			\$	#			\$	#		
GASB 75 roll forward report to prepare the audited CAFR	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#
GASB 68 report to prepare the audited CAFR	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#
Additional Services by labor category (per hour):																
	\$		\$		\$		\$		\$		\$		\$		\$	
	\$		\$		\$		\$		\$		\$		\$		\$	
	\$		\$		\$		\$		\$		\$		\$		\$	
	\$		\$		\$		\$		\$		\$		\$		\$	
	\$		\$		\$		\$		\$		\$		\$		\$	
	\$		\$		\$		\$		\$		\$		\$		\$	

Attachment F - Professional Actuary Services RFP Evaluation Form

Firm: _____

Date: _____

VCTC staff shall examine and evaluate all proposals for ascertaining their completeness and responsiveness to the provisions of this RFP.

1. Technical Qualifications – Points for technical qualifications will be awarded as follows:

a.	Understanding and approach of the engagement - The proposer demonstrates a clear understanding of the services needed and elements required including an understanding of project issues and potential conflicts; and ability to meet deadlines.	(0-20 points)	
b.	Completeness and Comprehensiveness of the proposal - The proposal addresses the needs and issues in RFP. The information is clearly presented with adequate detail.	(0-20 points)	
c.	Background, Experience of staffing and References - What are the staffing levels and depth, credentials, years of experience with requested work, and involvement with municipal agencies, GASB, CERBT and associated stakeholders as well as references.	(0-20 points)	
d.	Responsiveness to the Commission's issues and ability to meet its needs - The proposer understands the nature of VCTC and its pension and OPEB plans and the associated needs. The information and reports are detailed, clear, and user-friendly.	(0-30 points)	
e.	Cost Effectiveness - The cost proposal is appropriate and reasonable for the time needed/involved, services provided and level of experience and knowledge provided.	(0-10 points)	
Total		Maximum 100	

Prepared by _____