

CITY OF NORMAN, OKLAHOMA

REQUEST FOR PROPOSAL

FOR

PROFESSIONAL ACTUARIAL SERVICES

February 28, 2018

RFP #1718-54

POST OFFICE BOX 370
NORMAN, OKLAHOMA 73070

CITY OF NORMAN, OKLAHOMA
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of Norman is requesting proposals from qualified actuarial firms to (1) calculate claims liability for incurred but unreported on-the-job injuries and (2) perform necessary calculations to satisfy the reporting requirements under Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the fiscal year ending June 30, 2018, with the option of performing these services for each of the four subsequent fiscal years.

There is no expressed or implied obligation for the City of Norman to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, three copies of a proposal must be received by Clint Mercer, Chief Accountant, at 201 West Gray, Building C, Norman, Oklahoma, 73069 by 2:00 p.m. on April 5, 2018. The City of Norman reserves the right to reject any or all proposals submitted.

The City of Norman reserves the right to retain all proposals submitted and to use any ideas 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 City of Norman and the firm selected.

It is anticipated the selection of a firm will be completed by April 12, 2018. Following the notification of the selected firm it is expected a contract will be executed between both parties by April 24, 2018.

B. Term of Engagement

A three-year contract with two one-year renewal options is contemplated, subject to the annual review of the firm's performance over the previous year, the satisfactory negotiation of terms (including a price acceptable to both the City of Norman and the selected firm), the concurrence of the City of Norman Council and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Norman is soliciting the services of qualified actuarial firms to (1) calculate claims liability for incurred but unreported on-the-job injuries and (2) perform necessary calculations to satisfy the reporting requirements under Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the fiscal year ending June 30, 2018, with the option to perform the same actuarial services for each of the four subsequent fiscal years.

B. Scope of Work to be Performed

1. On-The-Job Injury Claims

The City of Norman desires the actuary calculate its outstanding liability for on-the-job injuries incurred but unreported as of the end of its fiscal year (June 30). This information is needed to complete the City's annual financial reporting requirements. This estimate could include a range of values with a high and low point. The City of Norman is self-insured against on-the-job injury claims.

2. Retiree Health Insurance Premium Subsidies

The City of Norman also desires the actuary perform the necessary calculations to provide the needed information to satisfy its financial reporting requirements under GASB Statement No. 75. This statement requires municipalities report the effects of other postemployment benefits (OPEB) within their respective financial statements. Information needed includes (but not limited to) annual required contributions, net OPEB obligation and the Actuarial Accrued Liability. Other actuarial calculations and assumptions will be needed to calculate these items.

The only OPEB provided by the City of Norman is to allow retirees the ability to continue in its health insurance plan (medical and dental) upon retirement but at an increased premium. Currently, the City of Norman and its active employees share the cost of health benefit premiums. Retirees are required to contribute 104% of the combined city/active employee health benefit premium. This situation creates the possibility of an implicit rate subsidy to retirees.

C. Claim Information Provided by the City Norman

The Finance Department of the City of Norman will provide the relevant claim information in a format acceptable to both the actuary and the City of Norman. This information will be provided by August 31, 2018.

D. Reports to be Issued

The final actuary report should include information regarding the scope and methodologies used by the actuary to arrive at its figures as well as the final figures (or range of figures) requested above. The final report should also include any assumptions made and supporting rates or indexes as well as any supporting tables and calculations. The report should be segregated for items B(1) and B(2) above or separate reports for each will suffice.

E. Auditor Inquiries

It may be necessary for the City or Norman's external auditor to make inquiries of the actuary. The actuary agrees to provide any needed information or supporting calculations to the City's auditor when requested by the City.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact Persons and Location of Offices

The actuary's principal contact with the City of Norman will be Clint Mercer, Chief Accountant, or a designated representative, who will coordinate the assistance to be provided by the City of Norman to the actuary.

Address: 201 West Gray, Building C, Norman, Oklahoma, 73069
Telephone: (405) 217-7720

B. Background Information

The City of Norman serves an area of 190 square miles with an estimated population of 122,000. The City of Norman's fiscal year begins on July 1 and ends on June 30.

The City of Norman provides the following services to its citizens:

- Police and fire protection
- Water, wastewater and sanitation utility services
- Cultural and recreational facilities and services
- Street and drainage construction and maintenance services

The City of Norman has a total payroll of approximately \$58 million covering 913 employees.

The City of Norman is organized into thirteen departments. More detailed information on the government and its finances can be found in the FYE 18 Budget Document, the FYE 17 Comprehensive Annual Financial Report, the Personnel Manual, the Affirmative Action and Sexual Harassment Manual, and the City of Norman Code of Ordinances. These documents may be found at the Norman Public Library or by contacting Clint Mercer at 405-217-7720.

C. On-The-Job Injury Information

During fiscal year 2017, the City of Norman experienced 113 new on-the-job injuries, no reoccurrences, and no deaths while 102 on-the-job injury cases were closed during the fiscal year. At June 30, 2017, 29 on-the-job injury cases remained opened. For fiscal year 2017, total on-the-job injury medical payments were \$370,361 and total indemnity payments were \$310,847.

D. Other Relevant Information

The City of Norman is self-insured against on-the-job injury claims and health benefits claims. Currently, the City of Norman has approximately 2,200 participants in its health benefit plan, of which 24 are retirees.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for Proposal issued	February 28, 2018
Due date for proposals	April 5, 2018

B. Notification and Contract Dates

Selected firm notified	April 12, 2018
Contract date	April 24, 2018

C. Date Actuarial Report Due

The City of Norman should be able to provide the necessary loss information to the actuary by August 31, 2018. The final actuarial report should be delivered to the City of Norman by October 15, 2018.

V. PROPOSAL REQUIREMENTS

A. Due Date and Submission Location

Three (3) copies are required of each proposal, and must be received, in sealed form, not later than 2:00 p.m., April 5, 2018, at:

City of Norman
Attn: Clint Mercer
201-C West Gray
P. O. Box 370
Norman, Oklahoma 73070

B. Firm Qualifications, Experience and References

The proposal should state the size of the firm and the location of the office from which the work on this engagement is to be performed. In addition, the proposal should provide reference information for similar types of engagements and indicate any knowledge/experience/special expertise the firm may have with GASB 75.

C. Specific Actuarial Approach

The proposal should set forth a work plan to perform the services requested in this document.

D. Price of Actuarial Services

The proposal should indicate pricing for both sections II(B)(1) and II(B)(2) within this document as well as an overall total.

E. General Requirements

Any variations to specification, terms, and/or conditions to this request must be specifically identified in the proposal with the appropriate response and explanation. The proposal must be completed, signed and returned along with all appendices to be submitted.

The City of Norman reserves the right to not award a contract based on the proposals submitted.

VI. CONSIDERATION FOR AWARD

Award will be based on a review of the information submitted, plus a review of the references provided. The City of Norman reserves the right to award the contract to that proposer who will best serve the interests of the City.