



Dedicated to Community Service
2554 Sweetwater Springs Blvd., Spring Valley, CA 91978-2004

REQUEST FOR PROPOSAL ACTUARIAL VALUATION FOR GASB OPEB AND ADDITIONAL SERVICES FY27-2331-1009

1. INVITATION AND INSTRUCTIONS

Otay Water District invites proposals from qualified actuarial firms to prepare an OPEB actuarial valuation as of June 30, 2026; provide the related GASB Statement No. 75 accounting schedules and disclosures for the fiscal years specified in this RFP; and perform the separately priced supplemental analyses described below. The District may extend the agreement for a June 30, 2028, valuation and its related reporting services.

This Request for Proposal (RFP) does not constitute an offer or commitment by the District to purchase goods or services or to enter into a contract.

1.1 Respondent Registration

Prospective respondents must register online with PlanetBids at <https://vendors.planetbids.com/portal/63777/bo/bo-detail/146666> to participate in this procurement. Registration is free. All solicitation documents, addenda, and related information are available through PlanetBids.

1.2 Questions & Answers; Solicitation Contact

Requests for clarification or questions to the solicitation must be submitted in writing via PlanetBids prior to the Q&A Due date/time as specified in PlanetBids. All questions and answers thereto shall be provided to all registered prospective Respondents/Bidders via automatic notification.

The procurement contact is the sole point of contact for this solicitation and, unless otherwise directed, all communications regarding this solicitation shall be directed via PlanetBids.

1.3 Addenda

Any material changes to this solicitation resulting from either a request for clarifications, questions & answers, or a business decision of the District will be issued in written form and distributed as addenda and posted via PlanetBids. All changes in such addenda shall supersede or supplement this solicitation. Respondents are solely responsible for determining whether any addenda have been issued prior to submitting a response. The District will not be responsible for oral interpretations given by any District employee, representative, or agent. Respondents are cautioned that any statements made that materially change any portion of the solicitation documents shall not be relied upon unless subsequently ratified by a formal amendment, addendum, or response to the solicitation document. Any addenda or bulletins issued shall constitute a part of the contract documents.

1.4 Withdrawal of Proposal

Respondents may withdraw their proposals through PlanetBids before the proposal submission deadline. The District reserves the right to extend the submission deadline.

1.5 Ink or Typewritten

All information, prices, notations, signatures, and corrections must be in ink or typewritten. Mistakes may be crossed out and corrections typed or printed adjacent to the mistake and initialed in ink by the person signing the proposal or required forms.

1.6 About the Otay Water District

The District is a water, recycled water, and sewer service provider. The State Legislature authorized the establishment of the Otay Water District in 1956 as a California Special District under the provisions of the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code of the State of California. The District is a “revenue neutral” public agency where each end user pays only his or her fair share of the District’s costs of acquiring, treating, transporting, or the operation and maintenance of the public water, recycled water, or sewer facilities.

The District provides water service to customers within roughly 125 square miles of southeastern San Diego County, California. Its facilities serve the water, recycled water, and sewer needs of customers residing in the communities of eastern Chula Vista, Bonita, Jamul, Spring Valley, Rancho San Diego, unincorporated areas of El Cajon and La Mesa, and eastern Otay Mesa along the international border with Mexico.

Additional information about the District is available at <https://www.otaywater.gov/about-otay/>.

2. **SCOPE OVERVIEW**

The consultant shall prepare an actuarial valuation of the District’s retiree medical and dental benefits as of June 30, 2026, in accordance with applicable GASB 75 requirements and actuarial standards of practice. The consultant shall identify the valuation date, measurement date, and employer reporting year in each deliverable; document significant assumptions and methods; reconcile material changes from the prior valuation; and provide schedules and explanations suitable for the District’s financial reporting and annual auditor. The consultant shall also separately calculate and explain an actuarially determined contribution for funding purposes.

3. **BACKGROUND**

The District established an OPEB fund on July 1, 2004, to fund the medical benefits of qualified retirees as outlined below. The associated liability was funded in accordance with the GASB OPEB Valuation Report dated July 1, 2003. In March 2008, the District enrolled in the California Employers’ Retiree Benefit Trust (CERBT) of the California Public Employees’ Retirement System (CalPERS) as a means of investing the funds to satisfy this ongoing liability. The District’s most recent full actuarial study was valued as of June 30, 2024, to comply with GASB 75 reporting requirements. To date, the District has funded a significant portion of the Actuarial Accrued Liability (AAL) in the CERBT Fund.

The District currently has 63 active employees that could be eligible for OPEB when they retire and 91 retirees receiving OPEB.

The District's OPEB offers three fully-insured medical Blue Shield plans and one fully-insured Kaiser HMO plan administered by the Special District Risk Management Authority (SDRMA), as well as a self-insured dental plan. The Blue Shield medical plan options include Gold PPO, EPO and HMO 15. Only the Gold PPO and the Kaiser Permanente Senior Advantage plans are available after Medicare eligibility.

Prior to plan agreements signed in 2011, eligibility in the plan was broken into three tiers: employees hired before January 1, 1981; employees hired between January 1, 1981 and July 1, 1993; and employees hired on or after July 1, 1993. The District's governing Board Members elected prior to January 1, 1995, were also eligible under the plan. Plan eligibility carried age and continuous service requirements, which varied by tier.

Benefits included 100% medical and dental premiums for life for Tier I and II employees, and up to 100% spouse premiums for life as long as the retiree was alive, and dependent premiums up to age 19, depending on the tier. The plan also included survivor benefits until Medicare eligibility.

- Tier I employees include those hired prior to January 1, 1981, age 55 or over, with 5 years of continuous service at retirement. The District provides dental and health care benefits and prescription drug coverage.
- Tier II employees include those hired on or after January 1, 1981 and before July 1, 1993. The District provides health care benefits and prescription drug coverage if, at retirement, the employees have either: attained age 60 with age plus years of credited service equal to or greater than 70 (with dental benefits provided); or attained age 55, but not age 60, with age plus years of credited service equal to or greater than 70 (without dental benefits provided).
- Tier III employees hired on or after July 1, 1993, received no District coverage for dental or health benefits, but had the option to remain under the same policy if they self-funded the premiums.
- For retired directors who commenced office prior to January 1, 1995, and attained age 60 with at least twelve years of service as a director, the District provides dental and health care benefits and prescription drug coverage.

Subsequent to the plan agreements signed in 2011 and 2012, all employees were eligible for the plan after 20 years of consecutive service, with unrepresented employees hired before January 1, 2013 being eligible after 15 years of consecutive service, both with Survivor benefits covered beyond Medicare.

The contribution requirements of plan members and the District were established and may be amended by the Board of Directors. Effective January 1, 2013, represented employees hired prior to January 1, 2013 or hired on or after January 1, 2013 from another public agency that had reciprocity without having a break in service of more than six months, contribute .75% of covered salaries. In addition, unrepresented and represented employees hired on or after January 1, 2013, and do not have reciprocity from another public agency, contribute 1.0% and 1.75% of covered salaries, respectively. Additionally, employees that were hired on or after January 1, 2013 and are considered CalPERS PEPRA, may contribute up to 8% of their salaries in excess of the PEPRA pensionable salary.

In September 2024, the District closed its OPEB health plan to all new entrants. New hires instead receive a mandatory Health Reimbursement Arrangement (HRA) plan. Existing OPEB participants

made a one-time election either to remain in the OPEB plan or to opt out. Detailed cost savings estimates and related assumptions support this decision.

The District's annual OPEB cost (expense), and its funding guidance, are based on the actuarially determined values in accordance with the parameters of GASB Statement 75. The Actuarially Determined Contribution (ADC) represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal annual cost. In addition to the ADC, the District contributes cash benefit payments outside the trust (healthcare premium payments for retirees to Special District Risk Management Authority (SDRMA)), which are included in the contributions.

GASB 75 requires the District to conduct full actuarial valuations at least every two years, therefore a new actuarial report is required for District employees and retirees as of June 30, 2026 and we are requesting these services.

4. CONTRACT TERM

This contracted service would include the initial valuation service for year 2026 and possible option of preparing the bi-annual actuarial valuation for an additional one (1) valuation for a total of two (2) subsequent full actuarial valuation studies.

The services must be performed in accordance with the scope of services, terms and conditions of a written contract. A sample of District's standard agreement is attached to this RFP as Exhibit A.

5. SCOPE OF SERVICES

The selected consultant is required to perform an actuarial valuation of the District's retiree health benefits in accordance with GASB 75 OPEB requirements, and perform actuarial valuation of changes to the OPEB plan related to the valuation of the impact of the reduced population and closure of OPEB plan to future entrants in relation to the cost of the plan had it not been closed to new entrants on September 1, 2024.

Deliverables – Initial Term

1. A GASB OPEB actuarial valuation report of the retiree health and welfare benefits as of June 30, 2026 (Valuation Date) in accordance with GASB 75, including the required tasks specified on the attached "Deliverables Checklist". The valuation report is due to the District by January 31, 2027.
2. An accounting expense report for the District's June 30, 2027 fiscal year end (Measurement Date) to comply with GASB 75. An accounting expense report for the District's June 30, 2028 fiscal year end (Measurement Date) to comply with GASB 75.
3. Provide valuation information needed by CERBT for its GASB 74 reporting, and align the District's June 30, 2027, GASB 75 disclosures with CERBT's audited employer asset schedule.
4. Supplemental evaluation of the 2024 OPEB plan change. The District requests a supplemental study evaluating whether the 2024 changes to its health care benefits are producing the savings originally projected when the decision was made. The consultant shall review the original savings projections and the underlying assumptions, the governing plan documents, participant elections, subsequent hiring and retirement experience, OPEB costs, and HRA costs. The consultant shall compare the original projections with actual experience through the most recent practicable date and update the projection of future costs and savings. The report shall separately identify savings realized to date and savings projected for future years, explain

material differences from the original estimate, and present the results in terms the Board can use to assess the financial effect of the 2024 change. The consultant shall identify the records needed, its proposed method, a fixed fee, and a delivery schedule in its proposal.

5. Two presentations of findings are requested by the Otay Water District: one for the Finance Committee, to be scheduled during mid-February, 2027, and one for the full Board the first Wednesday in March, 2027. The DISTRICT shall confirm exact dates for Committee and Board meetings in advance. The supplemental OPEB study (Item 4 above) will be included in the presentation to the Board at the discretion of the General Manager.
6. As needed actuarial valuation reports on proposed changes to OPEB.

Deliverables – Optional Extension Term

1. A GASB OPEB valuation report of the retiree health and welfare benefits as of June 30, 2028 (Valuation Date) in accordance with GASB 75, including the required tasks specified on the attached “Deliverables Checklist”. The valuation report is due to the DISTRICT in September 2028, or as otherwise directed by District management.
2. Provide valuation information needed by CERBT for its GASB 74 reporting, and align the District’s June 30, 2028, GASB 75 disclosures with CERBT’s audited employer asset schedule.
3. An accounting expense report for June 30, 2028 fiscal year end (Measurement Date) to comply with GASB 75. An accounting expense report for June 30, 2029 fiscal year end (Measurement Date) to comply with GASB 75.
4. A supplemental OPEB Contribution Study determining the net cost or savings of the OPEB plan enhancement versus the increased employee OPEB contributions to PERS. The purpose of the study is to measure the funding adequacy of the member OPEB contributions established in 2011 to fund OPEB benefit enhancements.
5. Two presentations of findings are requested by the Otay Water District: one for the Finance Committee, to be scheduled mid-September, 2028 and one for the full Board the first Wednesday in October, 2028. The DISTRICT shall confirm exact dates for Committee and Board meetings in advance. The supplemental OPEB study (Item 4 above) will be included in the presentation to the Board at the discretion of the General Manager.
6. As needed actuarial valuation reports on proposed changes to OPEB.

6. PROPOSAL SUBMITTAL

Prior to submitting a response, the Respondent must carefully review this RFP and any addenda subsequently issued.

The Respondent is solely responsible for all costs, direct or indirect, incurred responding to this Solicitation. The District will incur no obligation or liability in connection with submitting a response.

Proposals shall be submitted online via PlanetBids no later than the RFP due date and time as stated under the Solicitation Information tab. For assistance, please contact PlanetBids Support at 818- 992-1771.

6.1 Public Records Act Disclosure

All proposals submitted in response to this Solicitation shall become the property of the District and are subject to disclosure under the California Public Records Act (Government Code section 7920.000 et seq.). Respondents claiming that any portion of their proposal contains confidential or proprietary information must clearly identify such portions and provide a written justification for nondisclosure at the time of submittal. The District makes no guarantee that any information will be withheld from disclosure and shall not be liable for disclosures required by law.

Confidential or proprietary designations must be limited to specific portions of the proposal and clearly marked. ***Blanket designations marking the entire proposal or substantial portions as confidential are not acceptable and may result in the proposal being deemed non-responsive.***

If a Respondent designates any information as confidential, a redacted version of the proposal suitable for public release must also be provided. If no redacted version is submitted, the District may disclose the proposal in its entirety in response to a request under the California Public Records Act. Pricing, rates, and cost proposals are generally not considered confidential and may be subject to public disclosure under the California Public Records Act.

6.2 Proposal Format

Respondents shall submit separate Technical and Cost Proposals in PDF format through PlanetBids. Each proposal shall be uploaded to its designated response file in accordance with Sections 6.3 and 6.4. Pricing information shall not be included in the Technical Proposal.

6.3 Technical Proposal

The Technical Proposal shall not exceed 25 pages, excluding the table of contents and required forms. The Cost Proposal shall be submitted separately and is not subject to the Technical Proposal page limit.

Upload the Technical Proposal to the Response File in PlanetBids. Include a table of contents. Information shall be provided in the following order and sections:

- a) Type of firm & Organizational Structure: Individual, partnership, corporation, or subsidiary. Organizational structure of the firm, history, including number of years in existence, number, and location of offices, total number of employees.
- b) Scope of Services and Methodology: Respondent shall provide a clear, concise response to the scope of service requirements set forth above including objectives, scope of work to be performed and methodology to be used.
- c) Statement of Qualifications & Staff Assigned: Provide a brief statement of qualifications of your firm's ability to perform the work described in the Scope of Services. List supervising actuary, principal and staff assigned to perform the services including professional qualifications and certificates to perform this valuation as well as experience in valuations performed in conformance with GASB 75. Other related qualifying experiences shall be provided, if applicable.
- d) Conflict of Interest: Identify any business relationship that the Respondent believes may give rise to a conflict of interest if selected to provide the Services in this Solicitation.
- e) Sub-consultants: Provide a list of sub-consultants, if any.

- f) Exceptions to Agreement: Identify any exceptions to the District's standard Consulting Services Agreement. If no exceptions are taken, include a statement of full acceptance. Proposals containing excessive or substantial exceptions to the District's standard agreement may be deemed non-responsive or rejected at the District's sole discretion.
- g) Required Forms: Submit the following completed forms:
 1. Reference Form
 2. Company Background Questionnaire Form
- h) Other Relevant Information: Any other relevant information that Respondent believes would assist the District in evaluating the submittal.

6.4 Cost Proposal

Respondent shall provide a list of itemized fees for each deliverable for both the Initial Term and Optional Extension Term in Price Schedule #1 and Price Schedule #2 and upload to Cost File in PlanetBids. The Price Schedules should include a fixed price for GASB OPEB valuation and an hourly rate schedule for staff assisting in the valuation and additional services. COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF CONSULTANT FOR ACTUARIAL SERVICES. See Selection Criteria below.

7. **EVALUATION CRITERIA AND SELECTION PROCESS**

Proposals will be evaluated based on the criteria below. The total possible score is 100 points.

Evaluation criteria	Maximum Points
Qualifications and Experience of Firm and Proposed Team	30
Responsiveness and Project Understanding	25
Technical and Management Approach	30
Proposed Fees	15
Total	100

Based on the written proposals, the District may, at its sole discretion, invite one or more Respondents to participate in interviews. If interviews are conducted, selected Respondents will receive separate instructions outlining the interview format, evaluation criteria, and assigned points. Interviews may be conducted in person or by videoconference. The District reserves the right to proceed directly to contract award based solely on the written proposal evaluations without conducting interviews.

The District intends to award a contract to the highest-ranked Respondent based on the evaluation criteria set forth in this Solicitation. The District reserves the right to negotiate the scope of services, pricing, and contract terms with the highest-ranked Respondent prior to final award. If negotiations are unsuccessful, the District reserves the right to terminate negotiations and proceed with the next highest-ranked Respondent.

7.1 Disclaimers

District anticipates a single Respondent will be selected as a result of this Solicitation. The District reserves all rights, including, but not limited to:

- The District reserves the right to cancel this Solicitation at any time.
- Accept or reject any or all proposals, or alternative proposals, in whole or in part, that do not

conform with the instructions herein.

- Waive, or not waive, informalities or irregularities in terms or conditions of any proposal if determined by the District to be in its best interest.
- Request additional information from any or all Respondents.
- Reject any proposal that it determines, in its sole discretion, to be non-responsive or deficient in any of the information requested in the solicitation.
- Determine whether the scope of the project will be entirely as described in the solicitation, a portion of the scope, or to revise the scope at any time before award.
- The District reserves the right, in its sole discretion, to request Best and Final Offers (BAFOs) from one or more Respondents and to conduct negotiations prior to final selection.
- Retain all proposals submitted and use any ideas in a proposal regardless of whether that proposal is selected.
- Negotiate all final terms and conditions of any agreement entered into.
- Check references.

8. TERMS & CONDITIONS

8.1 Firm Price: Respondent's prices shall remain firm for a period of 120 days from the Submissions Due Date, unless otherwise specified in this RFP.

8.2 Informed Respondent: Before submitting proposal, Respondents must fully inform themselves of the conditions, requirements and specifications of the work to be furnished. Failure to do so will be at the Respondent's own risk and they cannot secure relief on the plea of error.

8.3 Agreement: Submission of a proposal constitutes the Respondent's acknowledgment and acceptance of the terms and conditions of this RFP and any addenda, subject to any exceptions expressly identified in the proposal. Selection of a Respondent or acceptance of a proposal shall not create a binding contract. A binding agreement shall exist only upon full execution of a written contract by the District and the selected Respondent. A sample of the District's standard Consulting Services Agreement is attached as Exhibit A.

8.4 License, Insurance and Certification: The awarded Consultant shall possess all licenses and certifications required to perform the services. The Consultant shall also maintain the required insurance coverage, including professional liability (errors and omissions), commercial general liability, automobile liability, and workers' compensation insurance, as specified in the District's standard Consulting Services Agreement, attached as Exhibit A.