

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: 07/28/2010

Board Item: 2-A-5

Approval of Contracts #13067A and #13167A for Actuarial Services

Action by Consent

Action

Information

Denver Water recently requested proposals to provide actuarial services and benefit statements as part of the normal evaluation of contracts for professional services. This Board item requests approval to award the contract to Milliman, Inc.

The Request for Proposal (RFP) was distributed through BidNet and viewed by 23 firms. Five firms submitted proposals. Four of the firms submitting proposals were invited to interview with members of the Retirement Program Committee (RPC). The services requested by the RFP included preparation of the annual actuarial valuation for the Defined Benefit (DB) Plan and Other Post Employment Benefits (OPEB), preparation of annual employee benefit statements, preparation and annual update of a tool used by Human Resources to calculate pension payments, and other consulting services related to plan design and benefit calculations over a five year period. The firms proposed fees for the basic services ranging from \$241,700 to \$482,800.

After evaluation, the RPC selected Milliman, Inc. as the firm proposing the best combination of services at the best cost for Denver Water. Milliman Inc.'s proposed fee of \$301,000 over five years was \$36,000 lower than the second lowest proposal from Denver Water's current actuary, Benefit Partners. Milliman Inc. is headquartered in Seattle, WA, and has 2,100 employees in 48 offices in the U.S. and worldwide, including a 50-person office in Denver. Milliman serves numerous public sector clients in Colorado and nationwide. The Board has previously retained Milliman to complete a few special projects, including a replication audit of the Retiree Program study.

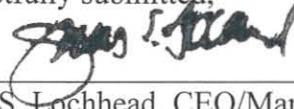
The actuarial valuation costs for the DB Plan will be charged to the Retirement Plan. OPEB valuation, benefit statement preparation and the benefits calculator will be charged to the Water Works Fund. Additional consulting work may be charged to either, depending on the nature of the work performed. The proposed contract with Milliman, will be split into two separate agreements between Finance and Human Resources, depending on the nature of services provided. This contract covers a five-year period ending July 31, 2015. The total not to exceed amounts and services covered are as follows:

Recommendation:

It is recommended that the Board approve the selection of Milliman, Inc. as the actuary for the Retirement Plan, and consultant to the Board, and contract numbers 13067A (Finance) and 13167A (Human Resources) for \$301,000 over a period of 5 years.

Respectfully submitted,

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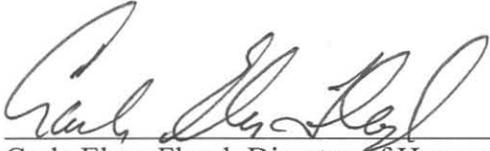


James S. Lochhead, CEO/Manager

Approvals:



Usha Sharma, Acting Director of Finance



Carla Elam-Floyd, Director of Human Resources

APPROVED AS TO FORM:



Patricia Wells, General Counsel