

REQUEST FOR PROPOSAL (RFP)

ISSUE DATE: March 8, 2017

RFP NUMBER / TITLE: TRSDHRM17-01 / Actuarial Services

COMMODITY CODES: 91869

ISSUING AGENCY: Commonwealth of Virginia
Department of Human Resource Management
James Monroe Building, 13th Floor
Richmond, VA 23219

USING AGENCIES:

Commonwealth of Virginia
Department of Treasury
Division of Risk Management
PO Box 1879
Richmond, VA 23218-1879

Commonwealth of Virginia
Department of Human Resource Management
Workers' Compensation Services
101 North 14th Street, 6th Floor
Richmond, VA 23219

Initial Period of Contract: From May 1, 2017 through April 30, 2020 (\*Renewable).

Sealed Proposals Will Be Received Until 2:00 PM Wednesday, April 5, 2017 For Furnishing The Goods/Services Described Herein.

All Inquiries For Information Should Be Directed To: Todd Hopkins E-Mail: todd.hopkins@dhrm.virginia.gov.

IF PROPOSALS ARE MAILED, SEND DIRECTLY TO ISSUING AGENCY SHOWN ABOVE. IF PROPOSALS ARE HAND DELIVERED, USE SAME ADDRESS.

In compliance with this Request For Proposals (RFP) and all conditions imposed in this RFP, the undersigned firm hereby offers and agrees to furnish all goods and services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation, and the undersigned firm hereby certifies that all information provided below and in any schedule attached hereto is true, correct, and complete.

\*Virginia Contractor License No. \_\_\_\_\_

\*DSBSD-certified Small Business No. \_\_\_\_\_

Class: \_\_\_\_\_ Specialty Codes: \_\_\_\_\_

Name and Address of Firm:

Form fields for Name and Address of Firm, Date, By (PRINTED NAME), (SIGNATURE IN INK), Title, Zip Code, Fax Number, and Telephone.

\* PREPROPOSAL CONFERENCE: An OPTIONAL pre-proposal conference will be held at 10:00 AM on Thursday, March 23, 2017 in Conference Room B, 1st floor, 101 N. 14th Street, Richmond, VA 23219. If special ADA accommodations are needed, please contact Monica Cousins at (804) 225-2131 by March 16, 2017. (Reference: Paragraph 5.10 herein). Note: This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia, § 2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

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## I. PURPOSE:

The purpose of this Request For Proposals (RFP) is to solicit proposals to establish a contract through competitive negotiation to provide actuarial services to the Department of the Treasury, Division of Risk Management (TRS/DRM) and the Department of Human Resource Management, Workers' Compensation Services (DHRM/WCS). Actuarial services include assisting in the evaluation of funding, reserving, claim payment, premium allocation and dividend calculation practices for its various programs. TRS/DRM's programs include automobile liability, general liability, medical malpractice, fidelity, property, local government liability, Constitutional Officer and commuter rail liability. DHRM/WCS's program is workers' compensation.

## II. BACKGROUND

All programs are self-insured except property. The actuarial work performed under the expiring contract is identical for the programs, although there were special studies conducted periodically. Copies of previous studies, exposures, premium and loss exhibits will be provided to the Contractor if necessary after the award.

## III. STATEMENT OF NEEDS:

A. **CONTRACT REQUIREMENTS:** The Contractor shall perform actuarial studies for TRS/DRM and DHRM/WCS with the objective of providing information leading to fiscally sound risk management programs. The Contractor shall, in addition, provide advisory and consulting services as may be required by TRS/DRM and DHRM/WCS. These services should include, but are not limited to:

1. Development of financial requirements related to the maintenance of a stable reserve fund in excess of individual program funds.
2. An annual actuarial analysis and recommendations performed as of December 31 and June 30 of each year and should include elements listed below for each program. The December 31 report should contain the estimated reserve and reserve position as of June 30 of the following year. TRS/DRM and DHRM/WCS will not require the formal December 31<sup>st</sup> analysis except as needed as a special project.
  - a. Estimated unpaid loss and allocated loss adjustment expenses (ALAE). Estimates are to be provided on a nominal basis and discounted basis. Estimates are to be provided on an expected value basis and at various confidence levels.
  - b. Projections of prospective year losses and ALAE.

- c. Cash flow projections based on anticipated receipt of funds and payment of financial obligations.
  - d. Total funding requirements for claims, loss control and administrative expenses under various scenarios as directed by the Commonwealth.
  - e. Pro-forma accounting exhibits for five years under various funding scenarios.
  - f. Benchmark graphs.
3. The contractor shall provide estimates and exhibits to meet GASB requirements.
4. Premium allocations and individual premium statements among approximately 134 state agencies and 600 local governmental entities annually. The draft is due by August 1 and the final by August 20. Premium allocations are based on a combination of individual agency loss experience and exposures for programs. Programs annually include
- a. DHRM/WCS - Workers' compensation
  - b. TRS/DRM - Automobile liability, general liability, medical malpractice, fidelity, property, local government liability, Constitutional Officer and commuter rail liability
5. Special projects involving premiums, funding, legislation initiatives and studies.
- B. CONTRACTOR PERFORMANCE:** The requirements of this contract should be performed in the most cost-effective manner following good business practices and procedures. In order to ensure effective communications the Contractor should meet with Commonwealth staff and officials no less than three times per year. These meetings should involve a discussion and explanation of aspects of the various reports submitted by the Contractor, as well as current situations and other information. At the discretion of TRS/DRM or DHRM/WCS, these meetings may be in person or via teleconferencing.
- C. INFORMATION TO BE PROVIDED BY TRS/DRM and DHRM/WCS:** TRS/DRM and DHRM/WCS will provide the Contractor with reserve, payment, administrative expenses, exposure and third party administrators reports by August 15 of each year. Projections of future year's administrative expenses, exposure data, and payroll data will also be provided as needed.

#### IV. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS:

##### A. GENERAL REQUIREMENTS:

1. RFP Response: In order to be considered for selection, Offerors should submit a complete response to this RFP. It is desired that one original and four copies of each proposal be submitted to the Issuing Agency. The Offeror shall make no other distribution of the proposals. Additionally, an electronic redacted version shall be submitted on disk. The redacted version shall be labeled with your "company name, RFP # TRSDHRM17-01Redacted". The electronic redacted version of the proposal shall contain all information included in the original proposal, except for information that is deemed proprietary and confidential as allowed in Section 2.2-4342 of the Code of Virginia. The entire submission shall be delivered in a sealed box, and labeled as a proposal, with the words "**Do Not Open**" and "**Actuarial Services**" and "**TRSDHRM17-01**"
2. Proposal Preparation:
  - a. An authorized representative of the Offeror shall sign proposals. All information requested should be submitted. Failure to submit all information requested might result in the Issuing Agency requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Mandatory requirements are those required by law or regulations or are such that they cannot be waived and are not subject to negotiation.
  - b. All information requested by this RFP on the ownership, utilization and planned involvement of small businesses; women-owned businesses and minority-owned businesses must be submitted. If an offeror fails to submit all information requested, the Issuing Agency may require prompt submission of missing information after the receipt of the proposal.
  - c. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content.
  - d. Proposal should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal should be numbered. Each paragraph in the proposal should reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number, sub letter and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number and sub letter should be repeated at the top of the next page. The proposal should contain a table of contents, which cross-references the RFP requirements.

Information which the Offeror desires to present that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed.

- e. Each copy of the proposal should be bound in a single volume where practical. All documentation submitted within the proposal should be bound in that single volume.
- f. Ownership of all data, material and documentation originated and prepared for the State pursuant to the RFP shall belong exclusively to the State and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of Section 2.2-4342 of the Code of Virginia, in writing, either before or at the time the data is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection and return of the proposal.

B. **SPECIFIC REQUIREMENTS:** Proposals should be as thorough and detailed as possible so that TRS/DRM and DHRM/WCS may properly evaluate your capabilities to provide the required services. Offerors are requested to submit the following items as a complete proposal:

- 1. The return of the cover page to this RFP and all subsequent addenda, if applicable, signed and filled out as required.
- 2. A written narrative statement describing your experience and qualifications to perform the work described in the Statement of Needs in this RFP; in addition, if the Offeror anticipates using a subcontractor, the same information must be submitted concerning the proposed subcontractor. The narrative statement should include:
  - a. The number of years performing actuarial services for organizations involved with claims payment and investigation. This includes workers' compensation, automobile liability, medical malpractice, fidelity, various public entity errors and omissions, general liability and property exposures. If studies have been conducted for state governments, this

should be stated, including the subject, date and the name and phone number of a point of contact.

- b. A list of at least three current and three terminated accounts of similar size and exposure. Provide names, addresses and phone numbers for the points of contact for these accounts.
  - c. Resumes of staff personnel to be assigned to the contract by office, including office location. Identify the person who will be the principal contact for contract administration. Provide the name of the principal actuary and any other actuaries that will support the different products covered by this RFP. Include any professional certifications held by these persons.
3. Proposed billing cycle for providing services. All charges must incorporate routine office and administrative expenses, travel, reproduction, office supplies, telephone charges, etc.
  4. Specimen copies of reports, premium recommendations and analysis, and graphs provided to clients for same lines of coverage. This will enable TRS/DRM and DHRM/WCS to evaluate the readability of the Offeror's reports. These may be sanitized to protect the identity of the client.
  5. Participation of Small, Women, and Minority Owned Businesses

It is the policy of the Commonwealth of Virginia to contribute to the establishment, preservation, and strengthening of small businesses and businesses owned by women and minorities and to encourage their participation in state procurement activities. The Commonwealth encourages contractors to provide for the participation of small businesses and businesses owned by women and minorities through partnerships, joint ventures, subcontracts, and other contractual opportunities. Submission of a report of past efforts to utilize the goods and services of such businesses and plans for involvement on this contract are required. By submitting a proposal, offerors certify that all information provided in response to this RFP is true and accurate. Failure to provide information required by this RFP will ultimately result in rejection of the proposal.

All information requested by this RFP on the ownership, utilization, and planned involvement of small businesses, women owned businesses, and minority owned businesses must be submitted. If an offeror fails to submit all information requested, the purchasing agency will require prompt submission of missing information after the receipt of vendor proposals in order for a non-compliant proposal to be considered.

V. EVALUATION AND AWARD CRITERIA:

A. EVALUATION CRITERIA: Proposals shall be evaluated using the following criteria:

25% Innovation, Qualifications and experience of the Offeror in providing the desired services.

35% Qualifications and experience of personnel who will be assigned to provide the desired services.

10% References.

10% Readability of reports and other information submitted.

20% Proposed participation of Small Businesses and Businesses Owned by Women and Minorities in the contract.

B. AWARD: The purchasing agency shall engage in individual discussions with two or more Offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews shall be permissible. Such Offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the proposed project, as well as alternate concepts. At the discussion stage the purchasing agency may discuss non-binding estimates of price for services. Proprietary information from competing Offerors shall not be disclosed to the public or to competitors. At the conclusion of the informal interviews, on the basis of evaluation factors published in the Request for Proposals and all information developed in the selection process to this point, the purchasing agency shall select, in the order of preference, two or more Offerors whose professional qualifications and proposed services are deemed most meritorious. Negotiations shall then be conducted; beginning with the Offeror ranked first. If a contract satisfactory and advantageous to the purchasing agency can be negotiated at a price considered fair and reasonable, the award shall be made to that Offeror. Otherwise, negotiations with the Offeror ranked first shall be formally terminated and negotiations conducted with the Offeror ranked second, and so on, until such a contract can be negotiated at a fair and reasonable price. Should the purchasing agency determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that Offeror.



VI. REPORTING AND DELIVERY REQUIREMENTS:

- A. INFORMATION TO BE PROVIDED: The Contractor shall submit the information listed below to the TRS/DRM and DHRM/WCS on an annual basis. A separate set of reports shall be provided to each Agency in the number required by each Agency in hard copy or electronic copy as directed by each Agency. All information should be provided no later than September 15 of each year unless otherwise stated or agreed. Information shall also be provided in electronic format.
1. Programs Annual Actuarial Analysis and Recommendations: The contractor shall compile all TRS/DRM programs in one document with the information organized by program. Stability reserve fund status should be included with this information. A separate program document for the Workers' Compensation Program shall be provided to the DHRM/WCS.
  2. Incurred but Not Reported (IBNR): An analysis of factors needed to apply to year-end reserves shall be provided. These factors should reflect claims that have been incurred, but have not been reported to the respective agency (TRS/DRM or DHRM/WCS).
  3. Premium Delivery: Premium allocations and individual premium statements are due in draft before August 1 and in final form by August 20 for TRS/DRM and in draft before September 1 and in final form by September 20 for DHRM/WCS.
- B. READABILITY OF INFORMATION: Any information or reports submitted by the Contractor must be readable by a varied audience. Emphasis is placed on the fact that the reports will be read by non-insurance, non-financial, as well as, financial persons. It is imperative that reports and other information be presented in a straightforward, non-technical manner.

- VII. PRE-PROPOSAL CONFERENCE: An optional pre-proposal conference will be held in Conference Room B, Lobby Level at 10:00 a.m. on Thursday March 23, 2017 at 101 North 14<sup>th</sup> Street, Richmond, VA 23219. The purpose of this conference is to allow potential Offerors an opportunity to present questions and obtain clarification relative to any facet of this solicitation.

While attendance at this conference will not be a prerequisite to submitting a proposal, Offerors who intend to submit a proposal are encouraged to attend. Any changes resulting from this conference will be issued in a written addendum to the solicitation. Please bring a copy of the solicitation with you.

VIII. GENERAL TERMS AND CONDITIONS:

- A. VENDORS MANUAL: This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this contract in their entirety. The

procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at [www.eva.virginia.gov](http://www.eva.virginia.gov) under "Vendors Manual" on the vendors tab.

- B. **APPLICABLE LAWS AND COURTS:** This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The agency and the contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, § 2.2-4366). ADR procedures are described in Chapter 9 of the *Vendors Manual*. The contractor shall comply with all applicable federal, state and local laws, rules and regulations.
- C. **ANTI-DISCRIMINATION:** By submitting their proposals, offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and § 2.2-4311 of the *Virginia Public Procurement Act (VPPA)*. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, § 2.2-4343.1E).

In every contract over \$10,000 the provisions in 1. and 2. below apply:

1. During the performance of this contract, the contractor agrees as follows:
  - a. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
  - b. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.

- c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.
  2. The contractor will include the provisions of 1. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.
- D. **ETHICS IN PUBLIC CONTRACTING**: By submitting their proposals, offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.
- E. **IMMIGRATION REFORM AND CONTROL ACT OF 1986**: By entering into a written contract with the Commonwealth of Virginia, the Contractor certifies that the Contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.
- F. **DEBARMENT STATUS**: By submitting their proposals, offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.
- G. **ANTITRUST**: By entering into a contract, the contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.
- H. **MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS FOR RFPs** :

Failure to submit a proposal on the official state form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

I. **CLARIFICATION OF TERMS:** If any prospective offeror has questions about the specifications or other solicitation documents, the prospective offeror should contact the buyer whose name appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the buyer.

J. **PAYMENT:**

1. **To Prime Contractor:**

- a. Invoices for items ordered, delivered and accepted shall be submitted by the contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the state contract number and/or purchase order number; social security number (for individual contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).
- b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
- c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the contractor at the contract price, regardless of which public agency is being billed.
- d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
- e. **Unreasonable Charges.** Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges which appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Commonwealth shall promptly notify the contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with

respect to those charges which are not in dispute (*Code of Virginia*, § 2.2-4363).

2. To Subcontractors:

a. A contractor awarded a contract under this solicitation is hereby obligated:

(1) To pay the subcontractor(s) within seven (7) days of the contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or

(2) To notify the agency and the subcontractor(s), in writing, of the contractor's intention to withhold payment and the reason.

b. The contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier contractor performing under the primary contract. A contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.

3. Each prime contractor who wins an award in which provision of a SWAM procurement plan is a condition to the award, shall deliver to the contracting agency or institution, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the SWAM procurement plan. Final payment under the contract in question may be withheld until such certification is delivered and, if necessary, confirmed by the agency or institution, or other appropriate penalties may be assessed in lieu of withholding such payment.

4. The Commonwealth of Virginia encourages contractors and subcontractors to accept electronic and credit card payments.

K. **PRECEDENCE OF TERMS:** The following General Terms and Conditions *VENDORS MANUAL*, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, IMMIGRATION REFORM AND CONTROL ACT OF 1986, DEBARMENT STATUS, ANTITRUST, MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS, CLARIFICATION OF TERMS, PAYMENT shall apply in all instances. In the event there is a conflict between any of the other General

Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

- L. **QUALIFICATIONS OF OFFERORS:** The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the offeror to perform the services/furnish the goods and the offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect offeror's physical facilities prior to award to satisfy questions regarding the offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such offeror fails to satisfy the Commonwealth that such offeror is properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.
- M. **TESTING AND INSPECTION:** The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.
- N. **ASSIGNMENT OF CONTRACT:** A contract shall not be assignable by the contractor in whole or in part without the written consent of the Commonwealth.
- O. **CHANGES TO THE CONTRACT:** Changes can be made to the contract in any of the following ways:
1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
  2. The Purchasing Agency may order changes within the general scope of the contract at any time by written notice to the contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The contractor shall comply with the notice upon receipt. The contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Purchasing Agency a credit for any savings. Said compensation shall be determined by one of the following methods:
    - a. By mutual agreement between the parties in writing; or
    - b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the contractor accounts for the number of units of work performed, subject to the Purchasing Agency's right to audit the contractor's records and/or to determine the correct number of units independently; or

c. By ordering the contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The contractor shall present the Purchasing Agency with all vouchers and records of expenses incurred and savings realized. The Purchasing Agency shall have the right to audit the records of the contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Purchasing Agency within thirty (30) days from the date of receipt of the written order from the Purchasing Agency. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia *Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the contractor from promptly complying with the changes ordered by the Purchasing Agency or with the performance of the contract generally.

P. **DEFAULT:** In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Commonwealth may have.

T. **INSURANCE:** By signing and submitting a bid or proposal under this solicitation, the bidder or offeror certifies that if awarded the contract, it will have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The bidder or offeror further certifies that the contractor and any subcontractors will maintain these insurance coverage during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

**MINIMUM INSURANCE COVERAGES AND LIMITS REQUIRED FOR MOST CONTRACTS:**

1. Workers' Compensation - Statutory requirements and benefits. Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Commonwealth of increases in

the number of employees that change their workers' compensation requirements under the Code of Virginia during the course of the contract shall be in noncompliance with the contract.

2. Employer's Liability - \$100,000.
3. Commercial General Liability - \$1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.

| <u>Profession/Service</u> | <u>Limits</u>  |
|---------------------------|--|
| Accounting                | \$1,000,000 per occurrence,<br>\$3,000,000 aggregate |
| Insurance/Risk Management | \$1,000,000 per occurrence,<br>\$3,000,000 aggregate |

- U. **ANNOUNCEMENT OF AWARD:** Upon the award or the announcement of the decision to award a contract as a result of this solicitation, the purchasing agency will publicly post such notice on the DGS/DPS eVA VBO ([www.eva.virginia.gov](http://www.eva.virginia.gov)) for a minimum of 10 days.
- V. **DRUG-FREE WORKPLACE:** During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "*drug-free workplace*" means a site for the performance of work done in connection with a specific contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

- W. **NONDISCRIMINATION OF CONTRACTORS:** An offeror, or contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the offeror employs ex-offenders



unless the state agency, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

- X. **eVA BUSINESS-TO-GOVERNMENT VENDOR REGISTRATION:** The eVA Internet electronic procurement solution, website portal [www.eVA.virginia.gov](http://www.eVA.virginia.gov), streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with state agencies and public bodies. All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet eprocurement solution either through the eVA Basic Vendor Registration Service or eVA Premium Vendor Registration Service. All bidders or offerors must register in eVA and pay the Vendor Transaction Fees specified below; failure to register will result in the bid/proposal being rejected.

Effective July 1, 2011, vendor registration and registration-renewal fees have been discontinued. Registration options are as follows:

- a. eVA Basic Vendor Registration Service: eVA Basic Vendor Registration Service includes electronic order receipt, vendor catalog posting, on-line registration, electronic bidding, and the ability to research historical procurement data available in the eVA purchase transaction data warehouse.
- b. eVA Premium Vendor Registration Service: eVA Premium Vendor Registration Service includes all benefits of the eVA Basic Vendor Registration Service plus automatic email or fax notification of solicitations and amendments.

Vendor transaction fees are determined by the date the original purchase order is issued and are as follows:

- a. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1%, capped at a maximum of \$500 per order.
- b. For orders issued August 16, 2006 thru June 30, 2011, the Vendor Transaction Fee is:
  - (i) DMBE-certified Small Businesses: 1%, capped at \$500 per order.

- (ii) Businesses that are not DMBE-certified Small Businesses:  
1%, capped at \$1,500 per order.
- c. For orders issued July 1, 2011 thru June 30, 2012, the Vendor Transaction Fee is:
  - (i) DMBE-certified Small Businesses: 0.75%, capped at \$500 per order.
  - (ii) Businesses that are not DMBE-certified Small Businesses:  
0.75%, capped at \$1,500 per order.
- d. For orders issued July 1, 2012 and after, the Vendor Transaction Fee is:
  - (i) DMBE-certified Small Businesses: 1%, capped at \$500 per order.
  - (ii) Businesses that are not DMBE-certified Small Businesses:  
1%, capped at \$1,500 per order.

The specified vendor transaction fee will be invoiced, by the Commonwealth of Virginia Department of General Services, approximately 30 days after the corresponding purchase order is issued and payable 30 days after the invoice date. Any adjustments (increases/decreases) will be handled through purchase order changes.

- Y. **AVAILABILITY OF FUNDS:** It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.
- AA. **BID PRICE CURRENCY:** Unless stated otherwise in the solicitation, offerors shall state offer prices in US dollars.
- BB. **AUTHORIZATION TO CONDUCT BUSINESS IN THE COMMONWEALTH:**  
A contractor organized as a stock or nonstock corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if so required by Title 13.1 or Title 50 of the *Code of Virginia* or as otherwise required by law. Any business entity described above that enters into a contract with a public body pursuant to the *Virginia Public Procurement Act* shall not allow its existence to lapse or its certificate of authority or registration to transact business in the Commonwealth, if so required under Title 13.1 or Title 50, to be revoked or cancelled at any time during the term of the contract. A public body may void any contract with a business entity if the business entity fails to remain in compliance with the provisions of this section.

IX. SPECIAL TERMS AND CONDITIONS:

- A. AUDIT: The Contractor hereby agrees to retain all books, records and other documents relative to this contract for five years after final payment, or until audited by the Commonwealth of Virginia, whichever is sooner. Each agency, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period.
- B. AVAILABILITY OF FUNDS: It is understood and agreed between the parties herein that the agencies shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.
- C. CANCELLATION OF CONTRACT: DHRM/WCS and TRS/DRM reserve the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon ninety (90) days written notice to the Contractor. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of the cancellation.
- D. PRICE ADJUSTMENTS:
1. The initial price is to be in effect for three years. Subsequent adjustments shall be as determined below. All adjustments will be effective on the contract anniversary or extension date.
  2. The Contractor shall submit written requests for price adjustments to the TRS/DRM and the DHRM/WCS no less than one hundred twenty days (120) prior to the expiration date of the contract. TRS/DRM and DHRM/WCS will notify the Contractor in writing of any increase approved.
  3. Price adjustment will be based on the Services, category of the CPI-W of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available. If the CPI-W indicates a price decrease for such period, this decrease shall be passed on to the TRS/DRM and the DHRM/WCS.
- E. RENEWAL OF CONTRACT: The initial term of this contract is three years. The contract may be renewed by the Commonwealth for two successive one-year periods under the terms and conditions of the original contract. The price may be adjusted for each additional period by written request in accordance with Section IX.E.

X. METHOD OF PAYMENT AND BILLING:

The standard form of payment utilized by the Commonwealth is by EDI (See Appendix 1 for description). Unless a different method is agreed upon through negotiations, the contractor must complete the EDI agreements required by the

Department of Accounts.

- A. The Contractor's fees shall be paid monthly upon receipt of a valid invoice for services.
- B. Invoices for special projects shall be submitted by the Contractor directly to either TRS/DRM or DHRM/WCS for the services provided respectively. All invoices shall show the state contract number, to whom services were provided, and a summary of the services provided for each time period.
- C. Invoices shall be submitted to the respective using agency as indicated below:

Department of the Treasury  
Division of Risk Management  
Attn: Don LeMond  
P.O. Box 1879  
Richmond, VA 23218-1879

Department of Human Resource Management  
Worker's Compensation Services  
Attn: Kristie McClaren  
101 North 14<sup>th</sup> Street, 6<sup>th</sup> Floor  
Richmond, VA 23219

## Appendix 1

### **ELECTRONIC DATA EXCHANGE (EDI)**

Financial Electronic Data Interchange Guide (EDI). Also found on Web location below, please note you will need Adobe Acrobat Reader Software to view this document.

[http://www.doa.virginia.gov/General\\_Accounting/EDI/AgreementVendor.pdf](http://www.doa.virginia.gov/General_Accounting/EDI/AgreementVendor.pdf)

## Appendix 2

### Appendix 1 Small Business Subcontracting Plan

#### Definitions

**Small Business:** "Small business " means an independently owned and operated business which, together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. Note: DSBSD-certified women- and minority-owned businesses shall also be considered small businesses when they have received DMBE small business certification.

**Women-Owned Business:** Women-owned business means a business concern that is at least 51% owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, and both the management and daily business operations are controlled by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law.

**Minority-Owned Business:** Minority-owned business means a business concern that is at least 51% owned by one or more minority individuals or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

**All small businesses must be certified by the Commonwealth of Virginia, Department of Small Business and Supplier Diversity (DSBSD) by the due date of the solicitation to participate in the SWAM program. Certification applications are available through DSBSD online at [www.dsbsd.virginia.gov](http://www.dsbsd.virginia.gov) (Customer Service).**

**Bidder Name:** \_\_\_\_\_

**Preparer Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

#### Instructions

- A. If you are certified by the Department of Small Business and Supplier Diversity (DSBSD) as a small business, complete only Section A of this form. This shall not exclude DSBSD -certified women-owned and minority-owned businesses when they have received DSBSD small business certification.**
- B. If you are not a DSBSD -certified small business, complete Section B of this form. For the bid to be considered and the bidder to be declared responsive, the bidder shall identify the portions of the contract that will be subcontracted to DSBSD -certified small business in Section B.**

**Section A**

If your firm is certified by the Department of Small Business and Supplier Diversity (DSBSD), are you certified as a (check only one below):

\_\_\_\_\_ Small Business

\_\_\_\_\_ Small and Women-owned Business

\_\_\_\_\_ Small and Minority-owned Business

Certification number: \_\_\_\_\_ Certification Date: \_\_\_\_\_

**Section B**

Populate the table below to show your firm's plans for utilization of DSBSD -certified small businesses in the performance of this contract. This shall not exclude DSBSD -certified women-owned and minority-owned businesses that have received the DSBSD small business certification. Include plans to utilize small businesses as part of joint ventures, partnerships, subcontractors, suppliers, etc.

**Plans for Utilization of DSBSD -Certified Small Businesses for this Procurement**

| Small Business Name & Address<br>DMBE Certificate # | Status if Small Business is also:<br>Women (W),<br>Minority (M) | Contact Person,<br>Telephone & Email | Type of Goods and/or Services | Planned Involvement During Initial Period of the Contract | Percent of Contract Sub-Contracted to DMBE Registered Small Business During Initial Period of the Contract |
|---|---|--------------------------------------|-------------------------------|---|--|
|   |   |                                      |                               |   |  |
|   |   |                                      |                               |   |  |
|   |   |                                      |                               |   |  |
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|   |   |                                      |                               |   |  |
|   |   |                                      |                               |   |  |
|   |   |                                      |                               |   |  |
| <b>Totals</b>                                       |   |                                      |                               |   |  |