



**DEPARTMENT OF
BUDGET & MANAGEMENT**

ROBERT L. EHRLICH, JR.
Governor

MICHAEL S. STEELE
Lieutenant Governor

CECILIA JANUSZKIEWICZ
Secretary

JOHN M. WASILISIN
Deputy Secretary

**QUESTIONS AND RESPONSES # 2
PROJECT NO. F10R7200001**

**Consultant and Actuarial Services for State Employee and Retiree Benefits Program
July 24, 2006**

Ladies/Gentlemen:

This List of Questions and Responses #2, questions 52 through 54 is being issued to clarify certain information contained in the above named RFP. The statements and interpretations of contract requirements, which are stated in the following questions of potential offerors, are not binding on the State, unless the State expressly amends the RFP. Nothing in the State's responses to these questions is to be construed as agreement to or acceptance by the State of any statement or interpretation on the part of the vendor asking the question as to what the contract does or does not require.

Questions and Responses

52. Over what period of time will the performance of the use of MBEs be evaluated? For example, if in year 1 there were fewer task orders and in year 2 there were many more task orders that mapped in to the project staffing that used MBEs, would the prime contractor be required to pay MBEs 27% of the total fees each year, or would they be permitted to pay MBEs for work performed, even if that led to 22% in year 1 and 32% in year 2, averaging 27% through the life of the contract?

RESPONSE:

The period of time will be during the life of the contract, for a total of up to 5 years, for evaluating the use of and payments to MBE's. The prime contractor will be obligated to attempt to achieve the goal of providing 27% of the contract dollars paid to the prime to all of its MBE subcontractors. The Department will be monitoring performance on a monthly basis during the life of the contract. The prime contractor and its MBE subcontractors are required to submit monthly reports to the Department's MBE officer. Through these submissions, the Department will be able to determine whether the prime contractor is achieving its promised goal of 27%. The Department recognizes that there may be monthly fluctuations in the amount of subcontract work but the overall goal will be to achieve the 27% MBE participation.

53. Some of the tasks under Section 3.2 will require the use of specialist staff (e.g. qualified actuaries for the GASB 45 work). As the prime contractor, we will be taking responsibility for the quality of the professional work, and for these types of tasks we will be constrained to use our internal staff who have been trained on our proprietary valuation software and work

~Effective Resource Management~

45 Calvert Street • Annapolis, MD 21401-1907

Tel: (410) 260-77570 • Fax: (410) 974-3274 • Toll Free: 1 (800) 705-3493 • TTY Users: call via Maryland Relay

<http://www.dbm.maryland.gov>

directly under the supervision of the qualified actuary. If in a particular year, the State of Maryland issued several task orders for these types of projects, how would this affect the 27% MBE goal?

RESPONSE:

The MBE goal is 27% regardless of how your firm chooses to accomplish the goal. Each offeror is required to structure its proposal to achieve the overall MBE goal of 27%. If in a particular year, the State issues several task orders for these types of projects, it is expected that the prime contractor must keep in mind the overall goal and determine how it can best achieve that goal. The State of Maryland encourages team building and fostering relationships between Prime Contractors and MBE subcontractors to accomplish these goals.

54. For Attachment F, Price Proposal, we are assuming that the 14,100 consulting hours shown represent the total estimated hours for the term of the contract. That is, not 14,100 hours per year. Can you confirm that our assumption is correct?

RESPONSE:

Your assumption is not correct. The 14,100 consulting hours shown on Attachment F, Price Proposal, are intended for evaluation purposes and to establish the financial ranking of the offers only. The pricing model does not reflect the actual hours projected for this contract or hours worked over the past contract term. Actual hours of effort during the life of this contract are not guaranteed and will be based on actual task orders issued. However, the hourly labor rates (with adjustments as stated in the RFP §(1.4.2) will be fixed for the contract period. The figures were based on a review of the actual hours invoiced over the past three years on the current contract and extrapolated to a 5 year period using the Department's expectation regarding the changes in the scope of work.

Remember offers are due on August 8, 2006 no later than 2:00 p.m. If there are questions concerning this solicitation, please contact me via e-mail at jepstein@dbm.state.md.us or call me at (410) 260-7570 as soon as possible.

Date Issued: July 31, 2006

By _____
Joy Epstein
Procurement Officer