



STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

133 State Street  
MONTPELIER, VERMONT 05633-62001  
802-828-2301  
[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)

## SEALED BID REQUEST FOR PROPOSAL

### CONSULTANT SERVICES FOR PROCUREMENT OF RETIREMENT BENEFIT ADMINISTRATION AND IMAGING SYSTEMS

DATE: September 22, 2004  
QUESTIONS DUE BY: October 11, 2004  
DATE OF BID OPENING: October 27, 2004  
TIME OF BID OPENING: 2:00 P.M.  
LOCATION OF BID OPENING: 133 State Street, Montpelier, VT, 2nd Floor

ALL NOTIFICATIONS, RELEASES AND AMENDMENTS WILL BE POSTED AT:  
[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)

THE OFFICE OF THE STATE TREASURER WILL MAKE NO ATTEMPT TO CONTACT CONTRACTORS WITH UPDATED INFORMATION. IT WILL BE THE RESPONSIBILITY OF EACH CONTRACTOR TO PERIODICALLY CHECK THIS SITE FOR THE LATEST DETAILS.

CONTACT: Donna Holden  
TELEPHONE: (802) 828-3708  
E-MAIL: [dholden@tre.state.vt.us](mailto:dholden@tre.state.vt.us)  
FAX: (802) 828-2772



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## SEALED BID INSTRUCTIONS

All bids must be sealed and must be addressed to the Office of the State Treasurer, 133 State Street, Montpelier, VT 05633-6200. **BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE REQUISITION NUMBER AND/OR PROPOSAL TITLE, OPENING DATE AND NAME OF BIDDER.**

All bidders are hereby notified that sealed bids must be in the office of the Office of the State Treasurer by the time of the bid opening. Bidders are cautioned that it is their responsibility to originate the sending of bids in sufficient time to insure receipt by the Office of the State Treasurer prior to the time of the bid opening. Hand carried bids shall be delivered to a representative of the Office of the State Treasurer prior to the bid opening. Bids not in possession of the Office of the State Treasurer at the time of the bid opening will not be considered.

The Office of the State Treasurer may, for cause, change the date and/or time of the bid opening. If a change is made, the Office of the State Treasurer will make a reasonable effort to inform all bidders.

All bids will be publicly opened. Any interested party may attend the bid opening. Bid results may be requested in writing and are available once an award has been made.



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DATE: September 22, 2004

REQUEST FOR PROPOSAL  
THIS IS A SEALED BID RESPONSE  
BIDS MUST BE RECEIVED BY October 27, 2004 at 2:00 P.M.

This form must be completed and submitted as part of the response for the bid to be considered valid.

The undersigned has read, understood and accepted all provisions, terms and conditions of this proposal.

## VERMONT TAX CERTIFICATE

To meet the requirements of Vermont Statute 32 V.S.A. § 3113, by law, no agency of the State may enter into, extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes, 32 V.S.A. § 3113.

In signing this bid, the bidder certifies under the pains and penalties of perjury that the company/individual is in good standing with respect to, or in full compliance with a plan to pay, any and all taxes due the State of Vermont as of the date this statement is made.

Quotation Valid for \_\_\_\_ Days      Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Name of Company: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Federal Identification Number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Signature (Proposal Not Valid Unless Signed)

(Type or Print)



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## **1 OVERVIEW**

### **1.1 Scope**

The Vermont Office of the State Treasurer is soliciting proposals for consulting services to design and procure for its Retirement Division a new packaged automated retirement administration system with integrated imaging and workflow components. Specifically, the consultant will: (1.) perform a detailed needs assessment analysis; (2.) assess the potential for early implementation of the imaging system (including backfile conversion) as a standalone system, to be integrated later; (3.) develop either a combined RFP for the complete system or separate RFP's for the retirement administration and imaging systems; and (4.) assist with all phases of the bid and award process. Reference ATTACHMENT C.

### **1.2 Single Point of Contact**

All communications concerning this Request For Proposal (RFP) are to be addressed in writing to the attention of: Donna Holden, Office of the State Treasurer, 133 State Street, Montpelier, VT 05633-7601. Ms. Holden is the sole contact for this proposal. Attempts by bidders to contact any other party could result in the rejection of their proposal.

### **1.3 Attachments to the RFP**

- A. Retirement Operations Information and Current System Specifications
- B. Summary of Recent (Maximus) Retirement Operations Management Study
- C. Scope of Work
- D. Standard State Contract Provisions – June 12, 1996
- E. Cost Proposal Form
- F. Table of Organization for the Office of the State Treasurer

### **1.4 Time Requirements**

The consultant must provide a recommended work plan and proposed timeline for completion of this project as part of the RFP.

### **1.5 Bidding Restrictions**

The Vermont Office of the State Treasurer reserves the right to purchase any hardware or software required for the project from existing State contracts, or from an independent bid process. Such a decision will be based on what is deemed to be in the best interests of the State. The independent consultant assisting with RFP development and evaluations would consequently

be disqualified from competing for the purchase of all software, hardware, and professional services required to install and implement the chosen systems. A consultant contracted by a pre-implementation RFP may, however, bid on various quality assurance and project support, assessment, and oversight consulting projects associated with the Office of the State Treasurer's ongoing supervision of the system implementation.

### **1.6 Minimum Qualifications**

The selected consultant must have demonstrated at least five years of experience in the areas of business process reengineering, information technology and project management. Experience with design and/or implementation of imaging systems is highly desirable. The contractor must have demonstrated experience in a similar application of equivalent size and scope and must have completed at least one successful implementation of a public sector retirement re-engineering project. The contractor must provide a list of public sector engagements over the past three years, including all additions and terminations.

### **1.7 Additional Requirements**

The selected bidder will attest that its firm and key professionals do not have or anticipate having a potential conflict of interest with the Office of the State Treasurer or the Boards of Trustees of the Vermont State Employees' Retirement System, Vermont State Teachers' Retirement System, or the Vermont Municipal Employees' Retirement System.

### **1.8 Confidential Information**

The bidder agrees that all discussions or information gained during an engagement shall be considered confidential, and that no information gathered by the bidder shall be released without prior consent of the Treasurer's Office. The successful response will become part of the contract file and will become a matter of public record as will all other responses received. If the response includes material that is considered by the bidder to be proprietary and confidential under 1 VSA, Chapter 5, the bidder shall clearly designate the material as such, explaining why such material should be considered confidential. The bidder must identify each page or section of the response that it believes is proprietary and confidential with sufficient grounds to justify each exemption from release, including the prospective harm to the competitive position of the bidder if the identified material were to be released. Under no circumstances can the entire response or price information be marked confidential. Responses so marked may not be considered.

### **1.9 Staffing**

Using all information contained in or referenced in this RFP and its prior experience, the selected bidder must provide a staffing plan that identifies key personnel and their qualifications.

### **1.10 Office Space**

The Treasurer's Office will make on-site space available as needed by the consultant. Copier, fax, and telephone access will be provided.

## **2 GENERAL INFORMATION**

### **2.1 Statement of Rights**

The State of Vermont reserves the right to obtain clarification or additional information necessary to properly evaluate a proposal. Contractors may be asked to give a verbal presentation of their proposal after submission. Failure of contractor to respond to a request for additional information or clarification could result in rejection of that contractor's proposal. The State reserves the right to accept or reject any and all bids, in whole or in part, with or without cause. The State also reserves the right to make purchases outside of the awarded contracts where it is deemed in the best interest of the State.

The cost of developing and submitting the proposal is entirely the responsibility of the contractor. This includes costs to determine the nature of this engagement, preparation of the proposal, submitting the proposal, negotiating for the contract, and other costs associated with this RFP. All responses will become the property of the State of Vermont and will be a matter of public record subsequent to signing of the contract or rejection of all bids. This RFP does not guarantee any minimum expenditure of dollars related to the completion of the duties. The State does not guarantee that an award will be made as a result of this RFP.

Under Vermont statute, any information technology project exceeding \$150,000 must undergo a cost/benefit analysis and any information technology project exceeding \$500,000 must undergo an independent review. Any other information technology contract must undergo review as described in Agency of Administration Bulletin 3.5 and/or by the Office of the CIO. If a project undergoes an independent review, the final decision on a contract award rests with the Secretary of Administration.

Pricing must be a firm fixed price for deliverables that includes all expenses. The State will not accept any open-ended, time and materials bids.

The contract negotiated with the selected vendor will include financial penalty clauses related to lack of performance. The vendor will be measured by both the quality of the delivered products and their ability to maintain their stated schedule. An incomplete deliverable will not be considered as a deliverable. Allowances will be made for delays caused by the State.

If the contractor proposes the use of subcontractors, the contractor must clearly state the scope of responsibility in terms of type and amount of work to be performed by each. The State of Vermont will only enter into contracts with the primary contractor. However, the State must approve any subcontractor contract in writing (See ATTACHMENT D #13). The selected

contractor must assume responsibility for subcontractor performance and payment. Subcontractors must abide by all conditions set forth in the contract with the primary contractor. The successful consultant will be expected to execute sub agreements for each subcontractor named in the proposal upon award of this contract. The contractor must provide a brief description in the cost proposal in regard to the basis for selecting each subcontractor (low bid, competitive negotiation, technical capabilities, etc.). The prime contractor must provide subcontractor cost estimates in the contractor's cost proposal.

The contractor awarded this contract shall, upon notification of award, apply for registration with the Vermont Secretary of State's Office to do business in the State of Vermont, if not already so registered. The registration form may be obtained from the Vermont Secretary of State, 109 State Street, Montpelier, VT 05609-1104. The telephone number is (802) 828-2386. The Treasurer's Office will not execute the contract until the contractor is registered with the Secretary of State's Office.

If any contractor is aggrieved by the proposed award of the contract, the contractor may appeal in writing to Donna Holden. The appeal must be postmarked within fourteen (14) calendar days following the date of the written notice to award the contract.

Vendor Performance Guarantee: All bidders will be held to specific Performance review criteria over the life of the project to ensure that project deliverables as outlined in the RFP and attested to in the Scope of Work (SOW) are being met. Review of project deliverables at predetermined benchmarks will occur at intervals agreed upon by both the designated project manager and or process owner representing the State of Vermont and the Vendor.

Incomplete or missed deliverables as specified in the SOW and illustrated in the project plan without prior notification to and agreement by the designated project manager and /or process owner will result in remedial action which may include but is not limited to:

- a) Adjustment of overall project cost basis
- b) Re-engineering of solution to correct inconsistencies by vendor at their cost.

### **3 METHOD OF AWARD**

#### ***3.1 Contract Award***

Awards will be made pursuant to laws of the State of Vermont.

#### ***3.2 Evaluation Criteria***

The Office of the State Treasurer will conduct a fair and impartial evaluation of the proposals received in response to this RFP.

Fees and compensation will be an important factor in the evaluation of responses. However, the Office of the State Treasurer is not required to select the low cost bidder, but may select the bid that demonstrates the “best value” overall, including proposed alternatives, and that meets the objectives of this RFP. The Office of the State Treasurer reserves the right to negotiate a change in any element of contract performance or cost identified in the RFP.

<b>3.2.1.1 Technical Evaluation of Proposals</b>	<b>Percentage</b>	<b>Reference Section</b>
Project Understanding Approach Clarity Creativity of proposal Responsiveness to SOW	20%	ATTACHMENT C
B. General Qualifications of Firm Projects and references of staff assigned	15%	7
C. Project Team and Resources Assigned personnel and their resumes Any other resources assigned to project	15%	7
D. Experience <ul style="list-style-type: none"> <li>• Project management ability</li> <li>• Proven record of successful and timely implementation of similar projects.</li> </ul>	20%	7
E. Project Plan and schedule: <ul style="list-style-type: none"> <li>• Bar chart indicating timetable</li> <li>• Hours and team members assigned to each task</li> </ul>	15%	7
D. Cost	15%	ATTACHMENT E
<b>Total</b>	100%	

Once the technical proposal is discussed and ranked, the cost proposal will be reviewed for consistency with, and in light of, the evaluation of the technical proposal. The Office of the State Treasurer reserves the right to seek clarification of any proposal submitted and to select the proposal considered to best promote the public interest.

The State of Vermont is conscious of and concerned about collusion. It should therefore be understood by all that in signing bid and contract documents they agree that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitive company. If there is sufficient evidence to warrant investigation of the bid/contract process by the Office of the Attorney General, all bidders should understand that this paragraph might be used as a basis for litigation.

## 4 BACKGROUND AND ENVIRONMENT

An overview of the Retirement Operations division and specifications of the current retirement system are presented in ATTACHMENT A.

## 5 SUPPORTING STUDY

A summary of a recent Retirement Operations Management Study completed by Maximus is presented in ATTACHMENT B.

## 6 QUESTION AND ANSWER PERIOD

Any contractor requiring clarification of any section of this proposal or wishing to comment or take exception to any requirements or other portion of the RFP must submit specific questions in writing no later than October 11, 2004.

Questions may be e-mailed or sent through the mail only to [dholden@tre.state.vt.us](mailto:dholden@tre.state.vt.us) or faxed to (802) 828-2772. Inquiries should be addressed to the attention of: Donna Holden, Office of the State Treasurer, 133 State Street, Montpelier, VT 05633-6200.

Any objection to the RFP or to any provision of the RFP, that is not raised in writing on or before the last day of the question period is waived. At the close of the question period a copy of all questions or comments and the State's responses will be posted on the State's web site [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov). Every effort will be made to have these available as soon as possible after the question period ends, contingent on the number and complexity of the questions.

## 7 PROPOSAL SUBMISSION

The instructions and format for the submission of proposal information are designed to ensure the provision of data considered essential to the understanding and comprehensive evaluation of the bidders proposal. There is no intent to limit the content of the proposals or in any way to inhibit a presentation in other than the contractor's favor. The contractor may include such additional information or data as may be appropriate, or offer alternate solutions but should not exclude any portion requested in this document. All proposals should contain the following information.

At a minimum, the proposal must contain the following information:

### **7.1 Cover Letter**

The response should contain a cover letter and introduction, including: the company name and address, and the name, e-mail address, and telephone number of the person or persons authorized to represent the respondent regarding all matters related to the response. The cover letter must contain the following statement:

“We have read the State’s Request for Proposals (RFP) to Provide Consulting Services for Procurement of Retirement Benefits Administration and Imaging Systems and fully

understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the State's requested services that we have indicated we can meet. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Office of the State Treasurer."

A person authorized to bind the firm to all commitments made in its response shall sign this letter.

In addition, the cover letter must certify that:

1. The response is genuine, and is not collusive or a sham.
2. The response is not made in the interest of or on the behalf of any person not named therein.
3. The bidder has not directly or indirectly induced or solicited any person to submit a false or sham response or to refrain from submitting a proposal.
4. The bidder has not in any manner sought by collusion to secure an advantage over any other respondent.
5. The bidder has thoroughly examined the RFP requirements and proposed fees cover all the services that we have indicated.
6. The bidder acknowledges and accepts all terms and conditions included in the RFP.
7. The bidder agrees to provide consultant services in a manner acceptable to the Treasurer's Office, and as stipulated in the RFP and subsequent contract.
8. The bidder and key professionals do not have or anticipate a potential conflict of interest with the Office of the State Treasurer or the Board of Trustees of the three retirement systems.
9. The bidder and key professionals do not accept fees and derive no benefit from relationships with any hardware or software vendors that may be involved in the project.
10. The bidder has completed and submitted, with the RFP response, the Vermont Tax Certificate, provided in this RFP.
11. The bidder has submitted financial information. Publicly owned businesses agree to provide their most recent annual report, current balance and income statement, and D&B report. Privately owned businesses agree to provide company financials. Proprietary and/or confidential materials must be marked accordingly.

## **7.2 Executive Summary**

All responses from bidders must include a summary of the methodology or approach to be used for completing all of the required tasks and deliverables outlined in ATTACHMENT C, Scope of Work. The Executive Summary for your Technical Proposal may not mention costs. You must have a separate Executive Summary for your Cost Proposal package.

## **7.3 Methodology**

All responses from bidders must include a detailed description of the methodology or approach to be used for completing each of the required tasks and deliverables outlined in ATTACHMENT C, Scope of Work as well as a recommended work plan and proposed timeline for completion of each task and deliverable. The detailed description must indicate for each required task and deliverable the name(s) of the individual(s) with primary responsibility for ensuring successful completion of each respective task and deliverable.

Your proposal must provide a draft Project Plan in MS Project 2003 to include the major tasks you propose, the length of time each deliverable will take (delivery of a deliverable will be a Milestone), the relationships between the tasks you propose, and the names or types of resources required for each task.

## **7.4 Corporate Background & Experience**

All responses from bidders must include company background and corporate experience to date. Bidders must provide a minimum of three references and a description of the bidder's experience in completing a similar application of equivalent size and scope including a description of at least one successful implementation of a public sector retirement re-engineering project. All bids must also include a staffing plan that identifies key personnel and their qualifications and experience.

## **7.5 References**

All responses must submit at least two names and contact information (names, phone, e-mail) of customers for whom you have successfully completed a project with tasks similar to this one, including at least one public sector engagement.

## **7.6 Cost Proposal**

The format of the required Cost Proposal is contained in ATTACHMENT E. You must provide a firm, all-inclusive, fixed price, for the completion of the tasks and deliverables you will complete in response to the requirements detailed in ATTACHMENT C (Scope of Work). Please note that your payment schedule must be in terms of deliverables; unless otherwise noted, the State will only make payments based on the State's signoff of the successful completion of deliverables. Please remember to submit 9 copies of your cost proposal, clearly marked as such, and separated from your technical proposal.

### **7.7 Formal Presentation**

Finalists may be asked to present a formal oral presentation or demonstration to the State. Bidders will be notified if this is necessary. The State will not be responsible for any costs or expenses incurred. Finalist bidders may be asked to submit revisions to their proposals for the purpose of obtaining their best and final offers.

### **7.8 Bids Must Fully Comply with Requirements**

Bids that do not fully comply with the Proposal Submission requirements outlined above in this section will be deemed unresponsive and will not be considered.

## **8 DELIVERY OF PROPOSALS AND SCHEDULE**

### **8.1 Closing Date**

The closing date for the receipt of proposals is October 27, 2004 at 2:00 P.M.

### **8.2 Delivery Instructions**

Bid must be delivered to: Office of the State Treasurer, 133 State Street, Montpelier, VT 05633-6200 prior to 2:00 P.M. Proposals or unsolicited amendments submitted after that time will not be accepted and will be returned to the contractor. Contractors are cautioned that it is their responsibility to originate the mailing of bids in sufficient time to ensure receipt prior to closing time on the date specified at the appointed place of the bid opening.

Faxed bids will not be accepted.

The bid opening will be held at 2:00 P.M. in the Office of the State Treasurer, Floor 2, 133 State Street, Montpelier, VT and is open to the public.

Submit nine (9) copies of the technical proposal in a single envelope, and nine (9) copies of the cost proposal in a *separate* envelope; each envelope must be clearly marked “technical” or “cost”. Proposals that do not separate technical from cost data may be considered unresponsive to this RFP.

Also please submit one unbound master copy including separate technical and cost proposals and one electronic copy using MS Office for Windows 2000 (or higher) tools with as few separate files as possible. All documents shall be submitted in a sealed package and must be clearly marked as follows:

- name and address of the prime consultant
- due date and time – October 27, 2004 2:00 P.M.
- envelope contents (i.e. technical proposal or cost proposal)

If bids are being sent via an express delivery service, be certain that the “RFP for Treasurer’s Office Consulting Services” designation is clearly shown on the outside of the delivery envelope or box.

### **8.3 RFP Process Schedule**

Below is the proposed RFP schedule. With the exception of the questions due, answers posted and RFP response date, all other dates are subject to change at the discretion of the Treasurer.

Date Posted:	September 22, 2004
Questions due:	October 11, 2004
Answers posted:	October 14, 2004
RFP Responses due:	October 27, 2004 2:00 P.M.
RFP Reviews Completed:	November 10, 2004
Finalist Presentations:	November 16, 17, 18, 2004
Contract Negotiations and Award	November 30, 2004
Project Start Date:	December 6, 2004

## **9 UPDATES TO THIS RFP WILL BE POSTED**

All notifications, releases and amendments will be posted at:

[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)

The State will make no attempt to contact contractors with updated information. It will be the responsibility of each contractor to periodically check this site for the latest details

## 10 ATTACHMENT A –

# Retirement Operations Information And Current Systems Specifications

### **10.1 Retirement Operations Information**

The Retirement Office is a division of the Vermont State Treasurer's Office. The Office administers the three retirement systems authorized by State Statute:

[Vermont State Retirement System \(VSRS\)](#) 3 V.S.A. Chapter 16  
[State Teachers' Retirement System \(STRS\)](#) 16 V.S.A. Chapter 55  
[Vermont Municipal Employees' Retirement System \(VMERS\)](#) 24 V.S.A. Chapter 125

As of June 30, 2004, there were 31,916 active, inactive, or vested members and 9,287 retired members in the three systems.

In addition, the Office administers two deferred compensation (457) programs -- one for VSRS state employees and another for VMERS municipal employees, through a third-party administrator. A single depository investment account (SDIA), a tax-sheltered account funded through employee transfers from a non-contributing system, is also administered by a third-party vendor.

Administration of the Retirement Operations Division is conducted by the Office of the State Treasurer, under the direct supervision of the Director of Retirement Operations. The Retirement Operations Division is comprised of 12 staff. The primary function of the staff is to serve the needs of the active contributing members and retired members who are receiving benefits payments. On the active member side, the Retirement Operations Division oversees enrollments, transfers, refunds, and adjustments to members' accounts. On the retiree side, the Division oversees the issuance of the payroll, changes to dependents, adjustments to payments, and replacement checks. Other responsibilities include employee re-instatements, calculation of buybacks and refunds, disability retirements, and determination of survivor benefits. There is an extremely high volume of inquiries by phone, e-mail, and face-to-face by appointment or walk-in. The four retirement counselors provide one-on-one counseling to prospective retirees. Counselors provide estimates of pension and beneficiary payments by verifying a member's creditable service, salaries, and personal information (i.e., date of birth, beneficiary date of birth, etc.). Counselors and supervisory staff also conduct informational seminars.

Administration of the assets of the three retirement systems is through the Office of the State Treasurer under the authority of three separate Boards of Trustees. The Vermont State Treasurer is a member of all three-retirement system boards. The Director of Finance and Investments provides investment advice, administration, and oversight to the Office of the State Treasurer.

New England Pension Consultants is currently retained as investment consultant, and investment managers are retained to manage various portfolios. The investment function is not part of the scope of this contract.

A Table of Organization for the Office of the State Treasurer is included as ATTACHMENT F.

## **10.2 Current System Specifications**

The Retirement Division's legacy retirement system was written between 1976 and 1980, after a design obtained from the State of Montana, and has been maintained and enhanced ever since by the Office of the State Treasurer's staff. It consists of about sixty COBOL programs running on the State's mainframe under MVS. There are three major components – active member administration, pension payroll administration, and a data collection and balancing subsystem. The system is supported by several Focus shadow systems running under VM and CICS, and several Focus and Access shadow systems running on the Treasurer's network, running a Windows 2000 server. The Retirement Division consists of a staff of 12. The Office of the State Treasurer's Technology Services Division, with a staff of three, maintains the system.

Other Existing Systems and Points of Interfaces include:

### **10.2.1 Payroll (PeopleSoft HCM)**

HCM (Human Capital Management) is managed by the Vermont Department of Human Resources (formerly the Department of Personnel). The system tracks all payroll information of state employees including the distribution of overtime, benefits, and other contract-related items. The HCM system (Payroll Division, Department of Human Resources) supplies a biweekly file of state employee retirement information for posting to the VSRS. It contains member contributions, retirement-eligible salary and service credit information. It is also used to detect new members, terminated and rehired members, and name/address changes.

Retirement plans covered are defined benefit plans A (grandfathered plan), C (law enforcement), D (judges), F (current general plan), members of the STRS who are on state payroll, and the state's defined contribution plan.

The data is input to the mainframe retirement system. A copy is applied to a Treasurer's network database and used for reporting and for office lookup. Payroll also provides the Treasurer's Office with a biweekly electronic defined contribution report for transmission to a third-party record-keeper, and various statistical and informational reports. The Retirement Division also accesses the HCM system directly for employee information lookups.

The existing payroll exports could be incorporated into the new retirement system with little modification. However, the reengineering process will likely consider any changes necessary and desirable to accommodate the methodologies of the new system.

### **10.2.1.1 VISION (PeopleSoft FMS)**

The Vermont Department of Finance and Management manages the VISION system. This PeopleSoft product is the chief accounting software to officially record all financial transactions made by the State's 62 business units. The VISION implementation (on July 1, 2001) included the Financial and Distribution modules contained within PeopleSoft's software suite for Education and Government (E&G) version 7.5 (an upgrade is in process). The individual modules contained in the software suite include:

- General Ledger (GL)
- Payables (AP)
- Purchasing (PO)
- Receivables (AR)
- Billing (BI)
- Inventory (IN)
- Asset Management (AM)
- Order Management (OM) -- Commercial Version 7.5

There are currently no direct interfaces between the Retirement Division computer system and VISION. Retirement and Accounting staff input data manually into the VISION system as needed. Retirement checks are printed by Treasurer's Office Access database system. The input data is supplied by the mainframe system, and includes comprehensive stub information.

Possible interfaces include exporting check and EFT payables (pension payments, refunds, etc.) to VISION, and importing warrant verification data back to the system (eliminating the existing Access check writer system). Care should be taken to ensure that no essential features of the Access system are lost in the conversion, such as comprehensive stub creation, reprint capability, check number management, and positive pay reporting.

### **10.2.2 Other subsystems**

Copies of mainframe databases are kept current on the network to serve a comprehensive system of reporting for member information and statistics, and for ad-hoc reporting.

Entry subsystems exist on the mainframe (Focus) and on the network (Access, Focus) to provide input to the nightly mainframe batch processing.

Processes exist for the receipt and processing of lockbox and ACH deposits to the Municipal and Teachers' defined benefit plans, and the VMERS defined contribution plan. These include automated receipt of daily FTP transmissions from our depository bank into the lockbox database systems.

Transmission to depository bank via FTP of ACH pension payments and prenotes.

Web sites for entry of Municipal and Teacher retirement contribution reporting by payroll officers.

Proposed Web site for member self-service: interactive retirement data lookups, benefit projections, and direct input of certain forms.

Other interfaces could include automated transfer of voucher entries to VISION.

### **10.3 Detailed List of Functions in the Existing Retirement System**

The following outline attempts to exhaustively list each function or process associated with the existing retirement system. It is intended to provide an overview, as well as a starting point for the needs assessment and fit gap analysis. There may be additional functions and processes that were inadvertently omitted.

#### **1. Municipal and Teachers' quarterly payroll data collection process (Hold File data entry, auditing and balancing, prior to posting to master file).**

##### 1.1. Data entry methods.

1.1.1. Accepting electronic files.

1.1.2. Receiving web-entered data.

1.1.3. Manual entry of paper reports.

##### 1.2. Data sources.

1.2.1. Supervisory Unions (overseeing school districts).

1.2.2. Payroll units (municipalities and school districts).

1.2.3. Teachers' members on state payroll (small group).

#### Maintenance func

##### 1.3. tions.

##### 1.3.1. Applying quarterly service, salary and contributions.

1.3.1.1. computer pre-audit and exception report of electronic reports.

1.3.1.2. manual pre-audit of paper reports.

1.3.1.3. balancing report details to report totals.

1.3.1.3.1. problem resolution.

1.3.1.3.1.1. out-of-balance.

1.3.1.3.1.2. delinquent.

1.3.1.3.1.3. adjustments after balance.

1.3.1.4. remittance processing.

1.3.1.4.1. lockbox subsystem.

1.3.1.4.1.1. receipt of bank data.

1.3.1.4.1.2. reconcile paper coupons with data submissions.

1.3.1.4.2. ACH processing.

1.3.1.5. Balancing quarterly report to remittance.

1.3.1.5.1. to quarterly check(s) remitted.

1.3.1.5.2. to Biweekly or monthly lockbox deposits remitted.

##### 1.3.2. Adding new employees.

1.3.2.1. deferred enrollments.

1.3.2.1.1. DB/DC election process.

- 1.3.2.2. automatic enrollment process.
  - 1.3.2.2.1. if SSN not already on file with active membership.
- 1.3.3. Diverting rehired members to existing active account (via SSN match).
- 1.3.4. Recording terminations and leaves of absence.
- 1.3.5. Municipal changes of plan.
- 1.3.6. Payroll unit maintenance.
  - 1.3.6.1. adding new units (assigning entity number).
  - 1.3.6.2. deleting units.
  - 1.3.6.3. changing unit name.
  - 1.3.6.4. maintenance of contact information.
  - 1.3.6.5. teacher supervisory unions associated with units.
- 1.3.7. Web Reporting.
  - 1.3.7.1. Remittance history (lockbox, ach and wire).
  - 1.3.7.2. Reports history (previous quarters (direct entry and electronic uploads)).
  - 1.3.7.3. Forms, electronic signatures.
    - 1.3.7.3.1. new employee enrollment notification (form or electronic signature).
    - 1.3.7.3.2. beneficiary designation form.
- 1.4. Annual functions.
  - 1.4.1. June quarter over and under reports (TRS).
  - 1.4.2. Annual clearing of Hold File (YTD amounts and terminations).

## **2. State Employees' payroll data collection process.**

- 2.1. Biweekly electronic file from state payroll system.
  - 2.1.1. Distinguishing TRS members on state payroll.
    - 2.1.1.1. accumulate data for TRS quarterly report.
  - 2.1.2. Distinguishing existing VSERS DC members.
  - 2.1.3. Creating posting transactions from ERS salary and contribution data.
  - 2.1.4. Automatic enrollment process (not already active on master file).
  - 2.1.5. Identifying re-hires (recognition not to create new account) .
  - 2.1.6. Identifying terminations.
  - 2.1.7. Identifying plan (and change of plan) from position type and class title codes.
    - 2.1.7.1. Judges, state police troopers and other eligible enforcement workers, old plan A, etc.
  - 2.1.8. Identification of VSERS DC candidates (exempts) and DC member terminations.
  - 2.1.9. Exception reports – conflicts between payroll and retirement data.
  - 2.1.10. Keeping biweekly detail transactions in database for lookup and reporting.
- 2.2. 'Towns and colleges' reporting process (members not on state payroll reporting directly).
  - 2.2.1. Identify by group code: L through Z.
  - 2.2.2. Now reporting annually - could be quarterly or biweekly.

**3. Posting contributions, salary and service data to active master file (from 1. and 2. Above).**

3.1. Totals and proofs.

3.1.1. Prove posting total to Hold File totals (MRS and TRS).

3.1.2. Prove posting totals to Payroll totals and payroll funds transfers (ERS, TRS on Payroll).

3.2. Exception reports.

3.2.1. Name changes.

3.2.2. 10% salary increases.

3.2.3. Variances (ERS only).

3.2.4. Special group changes.

3.2.5. Closing discrepancies unresolved.

3.2.6. Posting to non-active members.

3.2.7. Judge service report (ers annual).

3.2.8. Special group listing (ers annual).

3.2.9. Out of service (AO) too long.

3.2.10. Non contributory (plan E) out of service.

3.2.11. Employee terminations.

3.2.12. 25 year plan "a" employees (ers and trs).

3.2.13. Master records built (postings to un-enrolled members).

3.2.14. Annual service exceptions.

3.2.15. Municipal inactive members on 'reduced hours' status ('R' term employ code).

3.3. State biweekly 'instant' interest calculation on YTD contributions.

**4. Active Member Administration.**

4.1. Enrollment of new members.

4.1.1. Automatic enrollment process.

4.1.2. Manual enrollment process.

4.1.2.1. requesting new active number.

4.1.3. Use of unique self-generated 10 digit active ID number with modulus 10 check digit.

4.2. Maintenance of master file fields.

4.2.1. Personal information.

4.2.2. Designation of beneficiaries.

4.2.3. Salary, service, contribution and interest adjustments.

4.2.4. Various dates, codes and fields.

4.2.5. Previous plan history.

4.3. Office inquiry and reporting.

4.3.1. Online inquiry.

4.3.2. Standard reports.

4.3.3. Ad-hoc reporting.

4.4. Withdrawal/transition processes.

4.4.1. Retirements.

4.4.1.1. final benefit process.

4.4.1.2. disability eligibility.

- 4.4.2. Refunds and rollovers.
    - 4.4.2.1. check-writing process.
      - 4.4.2.1.1. deductions.
      - 4.4.2.1.2. manual checks.
      - 4.4.2.1.3. warrant reports.
      - 4.4.2.1.4. check recon data file creation.
      - 4.4.2.1.5. rollover creation
    - 4.4.2.2. Discrepancies.
      - 4.4.2.2.1. contributions after withdrawal.
      - 4.4.2.2.2. second refunds.
      - 4.4.2.2.3. Un-withdrawals.
  - 4.4.3. Deferred Statuses.
    - 4.4.3.1. Vested deferred status.
      - 4.4.3.1.1. Establishing.
      - 4.4.3.1.2. Returns to service.
    - 4.4.3.2. Inactive status.
      - 4.4.3.2.1. Establishing.
      - 4.4.3.2.2. tracking AO's (statutory grace period after leaving service).
        - 4.4.3.2.2.1. AO too long process (mandatory withdrawal).
        - 4.4.3.2.2.2. suspense status (if not located).
        - 4.4.3.2.2.3. due diligence and Abandoned Property submission.
        - 4.4.3.2.2.4. Don't consider Municipal members with 'reduced hours' status.
    - 4.4.3.3. Municipal 'reduced hours' status – doesn't meet minimum requirements to continue, but need to track for entire period of employment. No retirement allowed unless restored to fulltime status first.
  - 4.4.4. Automated maintenance of registers: active, withdrawal, vested, retired, and their unique numbers.

Now used to track issuance and continuity at FY end.

    - 4.4.4.1. Note withdrawal numbers issued for vested-deferred, then abandoned when member returns to service (now a problem). Question need for this numbering scheme.
- 4.5. Benefit calculations.
  - 4.5.1. Estimates.
    - 4.5.1.1. break out service by plans worked, particularly MRS plans a1, a2, a3, b, c and d.
    - 4.5.1.2. show salary, contrib. and service history by year.
  - 4.5.2. Finals.
  - 4.5.3. Benefit recalculations.
  - 4.5.4. Archive of previous estimates and finals.
- 4.6. Annual Processes.
  - 4.6.1. Interest and service calculations.

- 4.6.1.1. Review service credit methods – MRS: hours (2080), ERS: pay periods (26 or 27), TRS: FTE (100).
  - 4.6.1.1.1. Improve TRS FTE method? Research pay period method, hrs worked vs. hrs expected or standard hours, or ytd salary vs contracted annual.
  - 4.6.1.1.2. Need to factor in different school year lengths for different districts
  - 4.6.1.1.3. Need to identify part-time employees (for more accurate benefit projections).
- 4.6.1.2. Judge 12 year service special calculations.
- 4.6.2. Actuarial reporting.
- 4.6.3. Benefit and balance statements.
  - 4.6.3.1. Corrected previous year statements during following year.
- 4.6.4. Fiscal year closing.
- 4.6.5. Purging files and archiving old accounts to history.
- 4.6.6. Unclaimed balances to Abandoned Property.
- 4.6.7. Calendar year end tax reporting (1099R).
  - 4.6.7.1. Reconcile 12 monthly IRS reports with annual report from 1099R production.
- 4.7. Fund Accounting.
  - 4.7.1. Transfers.
  - 4.7.2. Bank reconciliation.
- 4.8. Investment Accounts.
  - 4.8.1. SDIA (single deposit investment account).
    - 4.8.1.1. Office co-ordination with ATR.
    - 4.8.1.2. Name/address maintenance.

## **5. Pension Payroll Administration.**

- 5.1. File Maintenance.
  - 5.1.1. Maintenance run/report.
    - 5.1.1.1. each add/change/delete transaction listed, accepted/rejected status, error messages.
    - 5.1.1.2. file totals at end, compared with control totals for balancing.
    - 5.1.1.3. report of automatic changes to federal tax deduction, before and after amounts, reason.
  - 5.1.2. New retirees.
    - 5.1.2.1. use of self-generated 6-digit unique retiree ID number.
  - 5.1.3. Personal information.
    - 5.1.3.1. address.
      - 5.1.3.1.1. alternate address (direct deposit or seasonal).
        - 5.1.3.1.1.1. Method of recording alternate addresses for seasonal movers, toggle between.
        - 5.1.3.1.1.2. Keeping seasonal addresses current for quarterly SDIA n/a updates.
      - 5.1.3.1.2. Foreign addresses – marking, proper format, postal codes.

- 5.1.3.1.3. marking invalid (previously returned) addresses.
  - 5.1.4. Dates, codes and active history.
  - 5.1.5. Deductions, current and year-to-date.
    - 5.1.5.1. health Insurance.
      - 5.1.5.1.1. balancing all health plans and classes.
      - 5.1.5.1.2. Medicare-eligibility (age 65) processing.
      - 5.1.5.1.3. dependent management (show each dependant's premium separately).
      - 5.1.5.1.4. reconciliation of premiums with carrier's billing (Teachers Blue Cross).
      - 5.1.5.1.5. monthly data extract to carrier (CIGNA).
      - 5.1.5.1.6. prepay processing.
    - 5.1.5.2. federal tax.
      - 5.1.5.2.1. Fixed deduction or tax table withholding from W4.
      - 5.1.5.2.2. exclusion ratio method calculation.
        - 5.1.5.2.2.1. predicting expiration of exclusions.
      - 5.1.5.2.3. exemptions from and additions to withholding.
    - 5.1.5.3. state tax.
      - 5.1.5.3.1. Fixed deduction or tax table withholding from W4.
      - 5.1.5.3.2. exemptions from and additions to withholding.
      - 5.1.5.3.3. Option to link with changes to Fed (use same exems, m or s, and additions)?
    - 5.1.5.4. credit union.
      - 5.1.5.4.1. deductions with positive net.
      - 5.1.5.4.2. full net credit union (zero net – all 'net' to credit union).
    - 5.1.5.5. VRSEA (ERS only).
    - 5.1.5.6. SECCA (new).
    - 5.1.5.7. general deduction automation features.
      - 5.1.5.7.1. Automated individual changes triggered by date (or other logic).
      - 5.1.5.7.2. Global deduction changes, including 'no deduction' periods (rate holidays).
  - 5.1.6. Payment categories (pension, annuity, stipend, etc).
  - 5.1.7. Electronic deposit process.
    - 5.1.7.1. pre-notification of new or changed accounts.
    - 5.1.7.2. monthly transmission of ACH file.
  - 5.1.8. Termination and beneficiary creation.
  - 5.1.9. QDRO's.
- 5.2. Monthly payment process.
- 5.2.1. check writing.
    - 5.2.1.1. warrant listings with totals.
      - 5.2.1.1.1. alphabetical for Retirement office.
      - 5.2.1.1.2. check number sequence for Accounting.
    - 5.2.1.2. monthly recon warrant file.
    - 5.2.1.3. daily recon warrant file (positive pay).
    - 5.2.1.4. data export to check printing subsystem (own existing, or VISION accts payable).

- 5.2.1.5. possible internal check reconciliation system, or export/import to external check recon.
- 5.2.2. electronic deposits.
  - 5.2.2.1. warrant listings with totals.
  - 5.2.2.2. produce mailers for electronic banking
    - 5.2.2.2.1. controlled – print only if first payment, December or change in amount.
- 5.2.3. credit union deposits.
  - 5.2.3.1. warrant listings with totals.
  - 5.2.3.2. produce mailers for full-net credit union
    - 5.2.3.2.1. controlled - print only if first payment, December or change in amount.
- 5.3. Tracking Functions.
  - 5.3.1. Disability tracking.
  - 5.3.2. Level income tracking.
  - 5.3.3. Child and student beneficiary tracking.
  - 5.3.4. Expiration of federal tax exclusions.
  - 5.3.5. Age 65 Medicare-eligible notification.
- 5.4. Data Exports.
  - 5.4.1. Monthly pre-notifications to bank.
  - 5.4.2. Monthly ACH transmission of electronic deposits to bank.
  - 5.4.3. Monthly deposits to Vermont State Employees' Credit Union.
  - 5.4.4. Monthly health insurance report to CIGNA (data extract).
  - 5.4.5. Quarterly SDIA name/address reporting to ATR (actives too).
- 5.5. Annual processes.
  - 5.5.1. Actuarial reporting.
  - 5.5.2. Calendar year closing.
  - 5.5.3. Archiving old accounts to history.
  - 5.5.4. Calendar year end tax reporting (1099R).
    - 5.5.4.1. Reconcile 12 monthly IRS reports with annual report from 1099R production.
  - 5.5.5. COLA increases.
  - 5.5.6. Federal Tax table changes.
  - 5.5.7. State Tax changes.
- 5.6. Fund Accounting.
  - 5.6.1. Transfers.
  - 5.6.2. Account reconciliation.
- 5.7. Investment Accounts.
  - 5.7.1. SDIA (single deposit investment account).
    - 5.7.1.1. Office co-ordination with ATR.
    - 5.7.1.2. Name/address maintenance.
  - 5.7.2. Deferred Comp.

## **11 ATTACHMENT B**

### **SUMMARY OF MAXIMUS STUDY**

The workload of retirement staff has increased steadily over the years, as plans have increased in complexity and the number of members has increased. Over the next five years, the volume of retirements to be processed and client contacts is expected to mushroom. There are indications that these stresses have already created and will likely continue to exacerbate unwanted results. These include high caseload volumes, the inability to meet client needs in a timely manner and a decline in customer satisfaction. Historical staff turnover has been high, creating additional stress. Less time is available for staff training despite the need to actually increase training in a period of changing benefit plan administration. In addition, there has been a lack of investment in software applications to assist in managing the caseload. As a result, many functions are currently done manually and are more prone to error and take additional time.

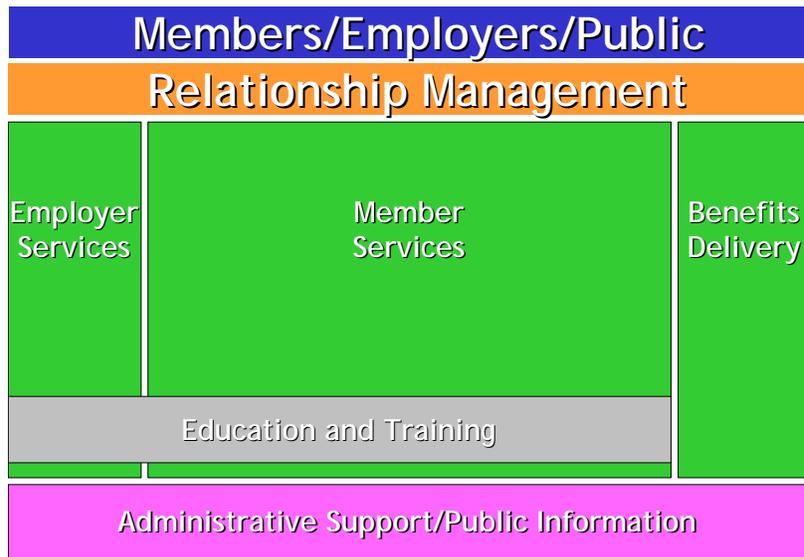
An RFP was issued in October 2003 to obtain the services of a management consultant to assess the current organizational and operational structure of the Retirement Operations Division. Maximus was selected to provide the service and was charged with the responsibility to review the day-to-day operations and procedures in the Retirement Operations Division of the Office of the State Treasurer and make recommendations on the productivity, cost-effectiveness, and internal control safeguards of the department. The objectives were as follows:

- Assess the current operations of the Retirement Operations Division.
- Assist senior management in defining and prioritizing operational and structural issues.
- Conduct workflow analyses.
- Assess organizational structure and communication between management and staff.
- Review customer response time and level of service to active employees and retirees.
- Assess the level of productivity and effectiveness of current business practices.
- Review internal control and quality assurance procedures.
- Work with senior management to increase effectiveness in the following areas:
  - Leadership and management development
  - Defining action steps for change
  - Operational measurements
  - Designing accountability methods.
- Define resources needed to achieve increased performance and effectiveness.
- Make recommendations in above areas, as needed.

A number of recommendations were made in the areas of organizational structure, staffing, business process streamlining, training, phone systems, performance measurement and short and long term technology improvements. Below is background information and recommendations from the report as they relate to the retirement system organizational model (provided as a frame of reference) and imaging needs.

### **11.1 Adopted Retirement System Model**

As a result of the management study a new model for service delivery was adopted. The model is currently in the initial stages of implementation. The model is displayed graphically and detailed below.

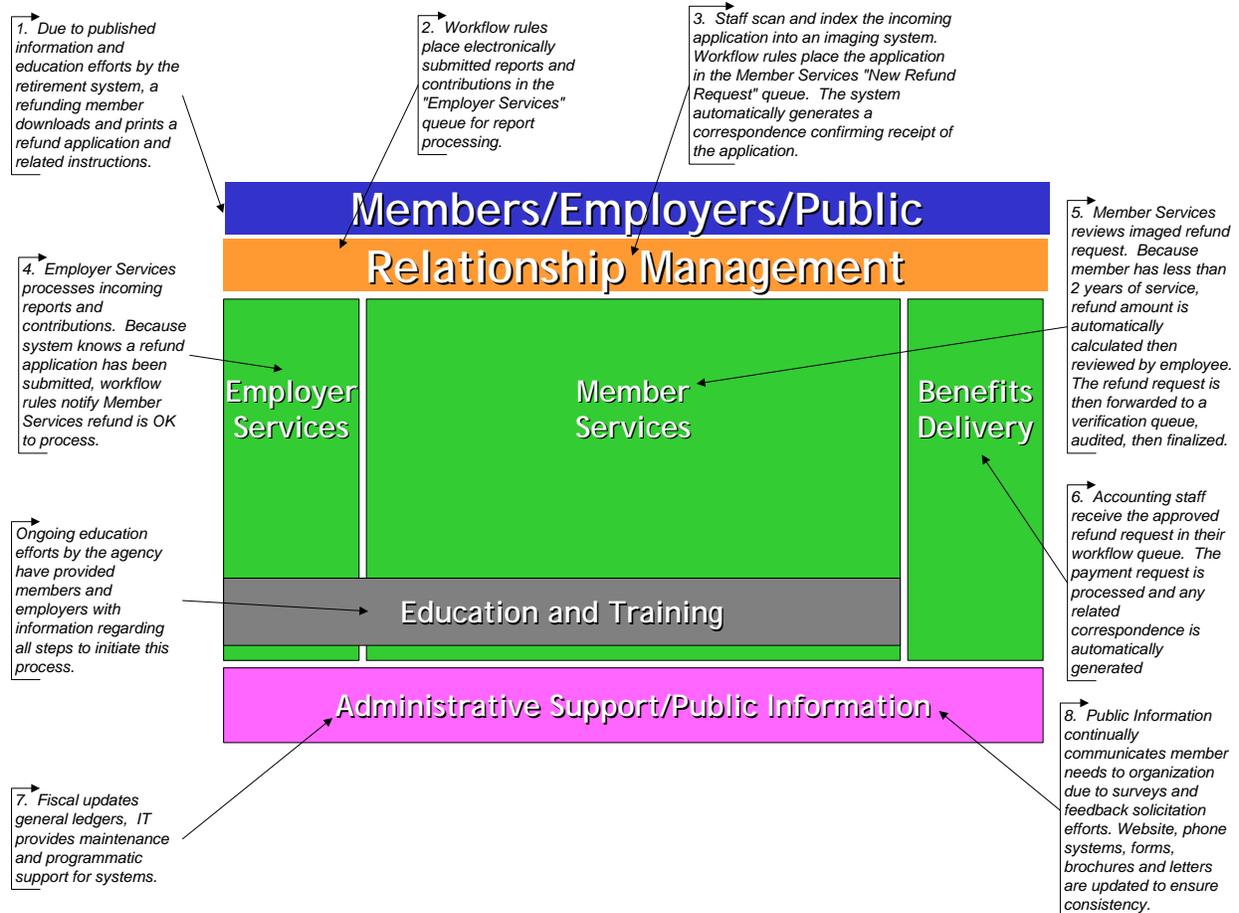


Currently, many VRS processes are based on the specific retirement system being served at the time and tasks are divided along these lines as well. Many of the services and benefits provided by the three retirement systems, however, have common processing attributes. The recommended model is designed to focus on three areas across three key areas: Employer Services, Member Services and Benefits Delivery. In addition, Education and Training is embedded in Employer and Member Services and represents the tools, Employer training sessions, field presentations and counseling sessions needed by the organization, while Administrative Support includes those internal departments and functions needed to support VRS employees. Public Information includes any incoming or outgoing information that affects the entire system.

Many of the decisions as to the source of the incoming request are eliminated in this model. For example, a request for an estimate would be handled by the same process whether it be a Teacher, Municipal, or State retirement system estimate.

In this model, members, employers or the public will request information from or provide information to VRS through some form of “relationship management” tool such as the telephone, fax, Interactive Voice Response (IVR), Internet, or U.S. Mail. When the interaction involves a live person, VRS or an automated tool will triage, or quickly categorize, the call in an attempt to assist the caller or forward the caller to a “contact center agent” for further assistance. All other incoming contacts (fax, mail, etc.) will be electronically routed using workflow rules and logic in a proposed imaging system to separate incoming process types and service requests and send those requests to the correct work process.

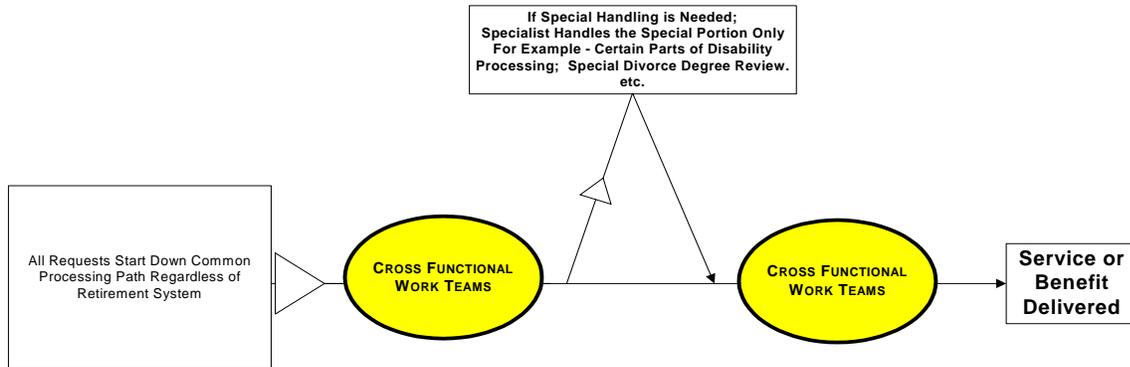
The exhibit below provides an example of the process under the standard retirement system model being proposed for use at VRS. This example follows the steps that might occur for an account refund using this model.



The goal of this model is to dramatically increase the number of requests going down the information systems path. If a system cannot respond to the request, then staff must address the processing needs of the request. The future service delivery methods of VRS should be changed to make this processing more timely, effective, and efficient. As more information is electronically available, it will become much easier and faster to cycle through service and benefit delivery processes. This model is a long-term goal and will evolve over time.

The Treasury's long-term plan is to utilize cross-functional work teams to perform common tasks across all retirement systems. For example a staff member is trained to process a retirement estimate regardless of the retirement system; a death claim for any system may be handed by someone trained in all; and so on.

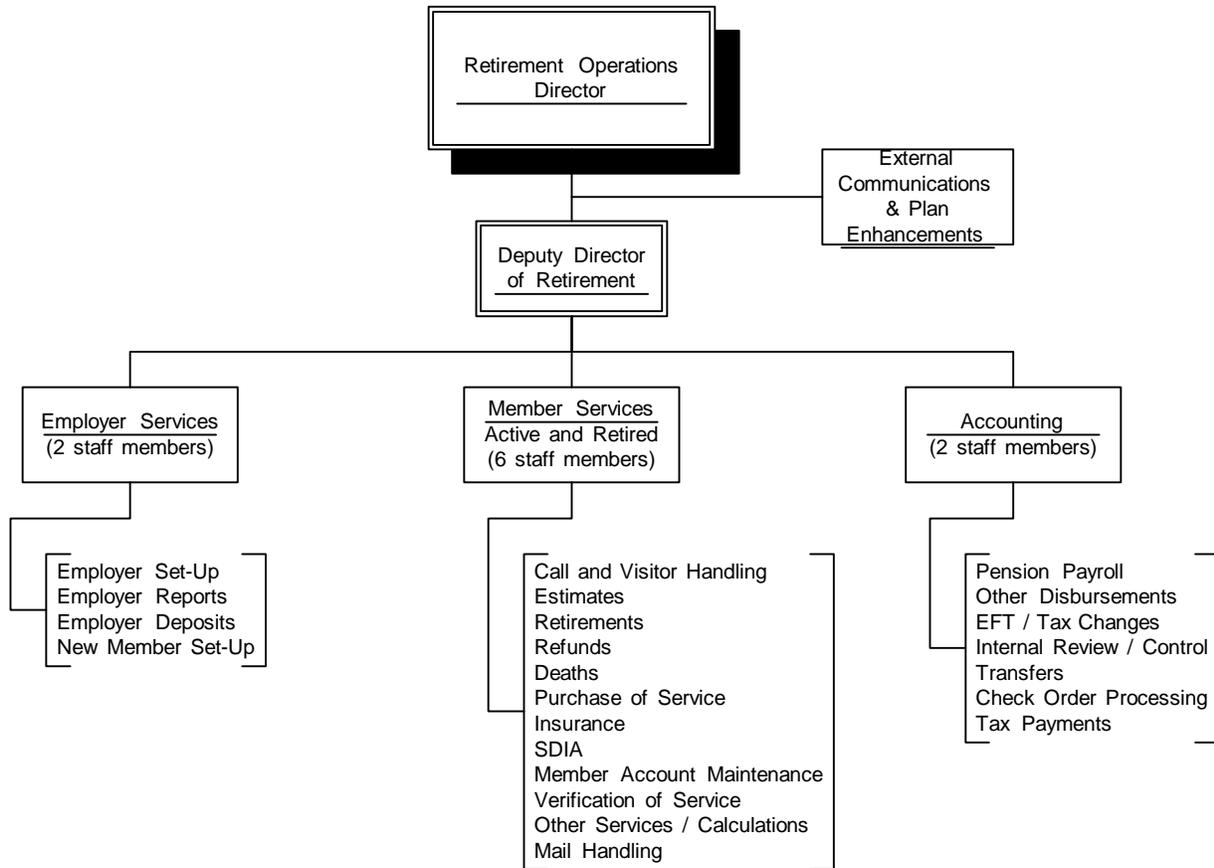
A graphical depiction of this method of processing service requests and benefits would look something like the following:



Due to functional similarities between processes, it would be more efficient to train larger numbers of VRS staff on the basics and to streamline the processes across all three retirement systems. With the change to a fully cross-functional work environment, it will be easier to respond to peaks and valleys inherent in retirement system workloads and would allow for the more consistent training of staff and as a result more consistent service. When special skills are needed, such as specific requirements of disability processing, a specialist would handle these tasks and then return the work to the main processing flow for completion.

By changing to this cross-functional work environment, VRS will dramatically reduce the complexity of the current work processes, training, and service delivery methods. Presently, the work processes are based on individuals and no two are exactly alike. In the future, many staff members would fit into a generalized workflow with only slight variations.

To accommodate this change in service processing methods, VRS has revised its current organizational structure and will continue to transition to this model. Cross-functional teams can actually work without changing organizational structures, but it is more efficient to align the two. Integrating the concepts illustrated in the proposed VRS Retirement System Model, the following structure is being developed, designed to create cross-functional teams according to the three key areas of a member's lifespan: Employer Services, Member Services and Benefits Delivery (Accounting).



While this chart uses an organizational chart structure, the various boxes depict groups of functions and not specific individuals. Each box more accurately represents a team, with staff members at varying levels of responsibility. That is, all of the functions listed below the box would be grouped into this category and a team would be staffed accordingly.

The organizational structure of the future will also eliminate duplication of similar tasks in multiple departments and clear accountability for the successful delivery of services will be apparent. This increased accountability will be supported by the use of meaningful and focused performance measures throughout the organization.

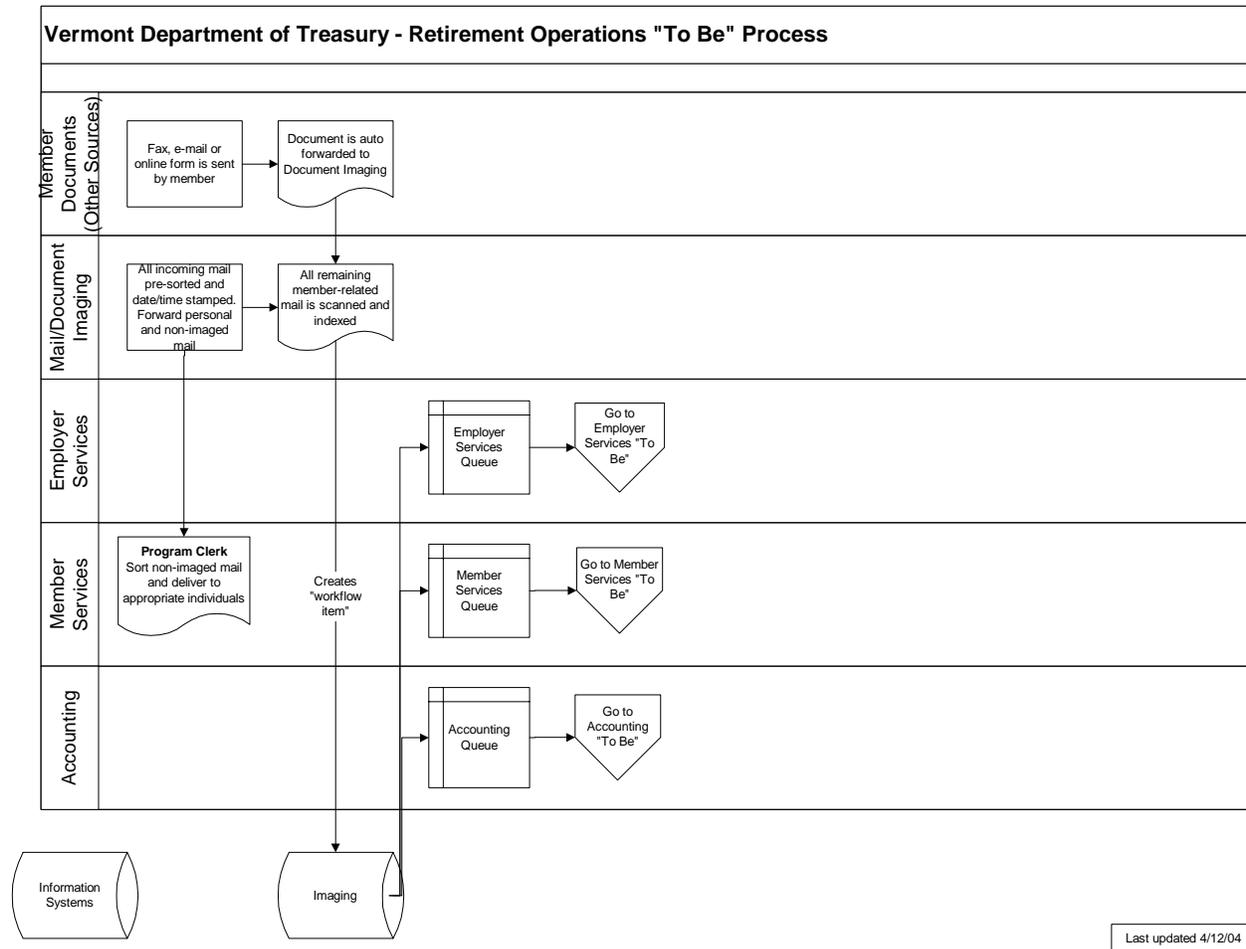
The following section offers a high-level glimpse of what VRS should look like if recommendations are implemented. The “to be” maps encompass all aspects of the proposed VRS Retirement System Model including organizational changes, cross-functional teams and streamlined processes.

The “to be” maps provided in this section are for illustrative purposes only and are presented at a high-level. There are additional steps and processes that have not been included in the maps at this time because additional process reviews will be completed by the vendor, in concert with Treasury staff, selected through this RFP process.

The exhibit below provides an overview of incoming service requests and correspondence planned in the future VRS retirement system. For example, any incoming data or correspondence relating to State of Vermont Employers (i.e. School Districts, State Agencies and Municipal Entities) would be automatically routed to the Employer Services department. In the proposed environment, this department would be responsible for setting up all new Employers, processing and balancing Employer reports and deposits, and new Member set-up. Any incoming data or correspondence related to Member Services or Accounting would be routed in a similar fashion. The remainder of this section focuses on the three key areas of Employer Services, Member Services and Benefits Delivery (addressed in this report as Accounting).

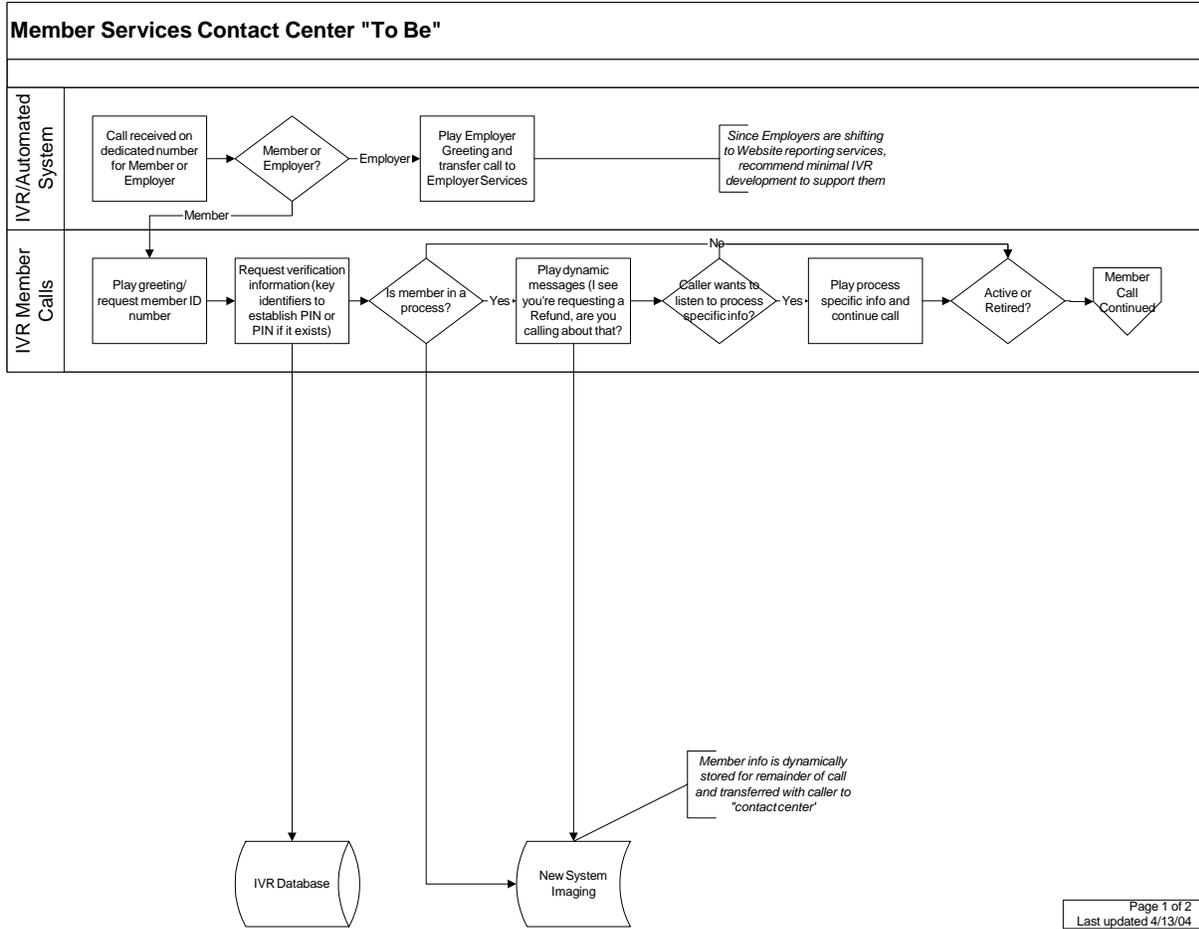
In the “to be” scenario, Employer Services will be handled primarily through the Website Reporting System recently completed by the Office of the State Treasurer. Ultimately, all employer transactions will be submitted electronically. Employers will be required to submit all financial transactions such as contributions via electronic means directly to VRS and banks. Employers will be made aware of errors in data before it is submitted and they will be provided with the tools needed to correct the data before submission. Employers will be granted access to increasing amounts of information over the Internet both on individual records and with respect to overall VRS benefits.

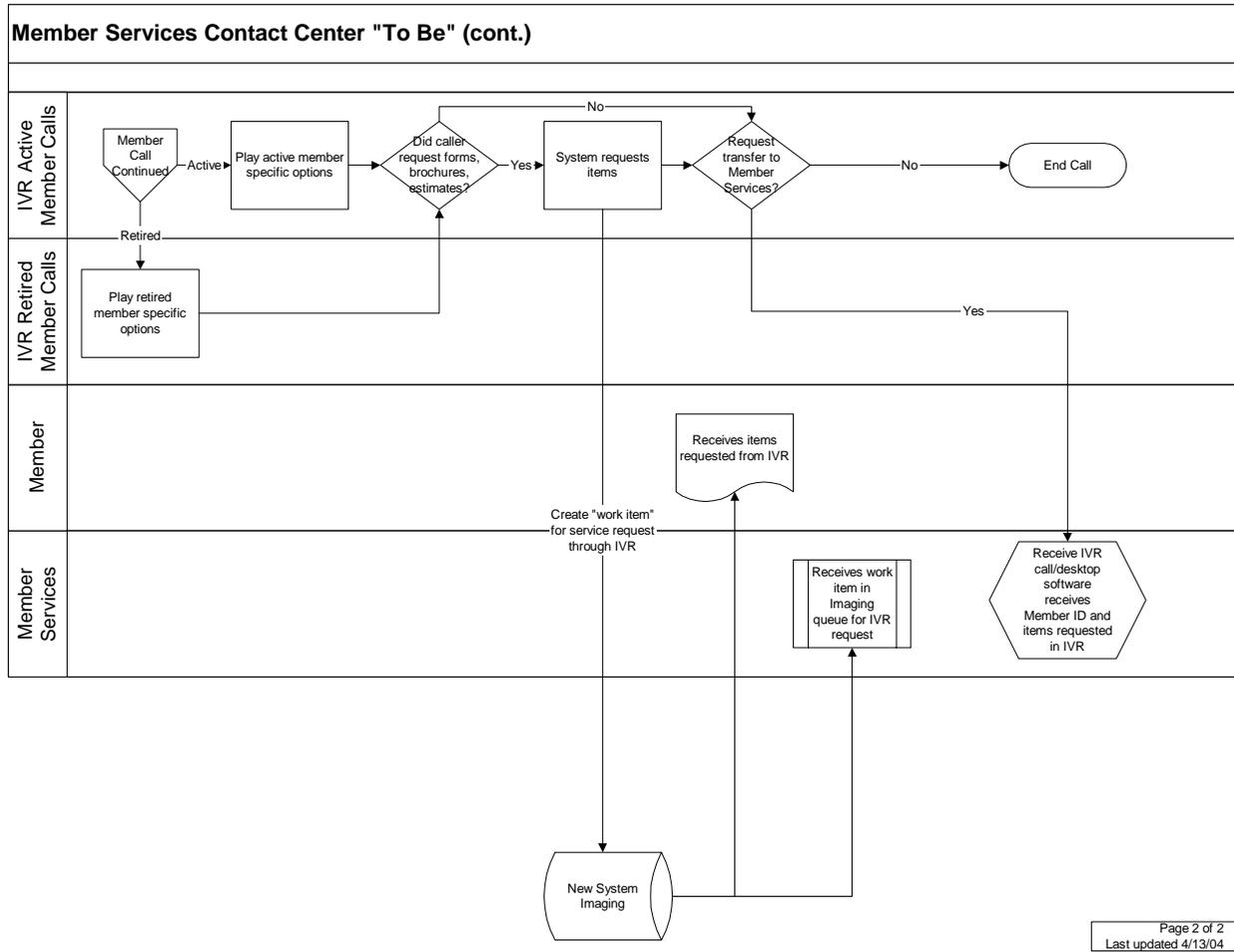
Additional activities, like incoming correspondence, will pass through the workflow illustrated below, and be processed accordingly.



In the proposed “to be” environment, there would be an IVR system that is tightly integrated with its internal systems to provide real-time process-specific information and common forms and brochures request. The system would also be developed to accommodate special recurring events such as insurance open enrollment and 1099 requests during tax season. The objective is to head-off as many repetitive calls in an automated approach as possible and free-up contact center representatives and counselors to assist with more complex requests.

An IVR solution should not be used as a replacement for staff, but rather as a complement to all other services provided by VRS. The proposed the call flow exhibit gives a simplified picture of incoming call management in an IVR system. The IVR attempts to identify the caller, determines the status of the caller and whether or not he or she is in already in a process, and transfers the data to the contact center representative as necessary.



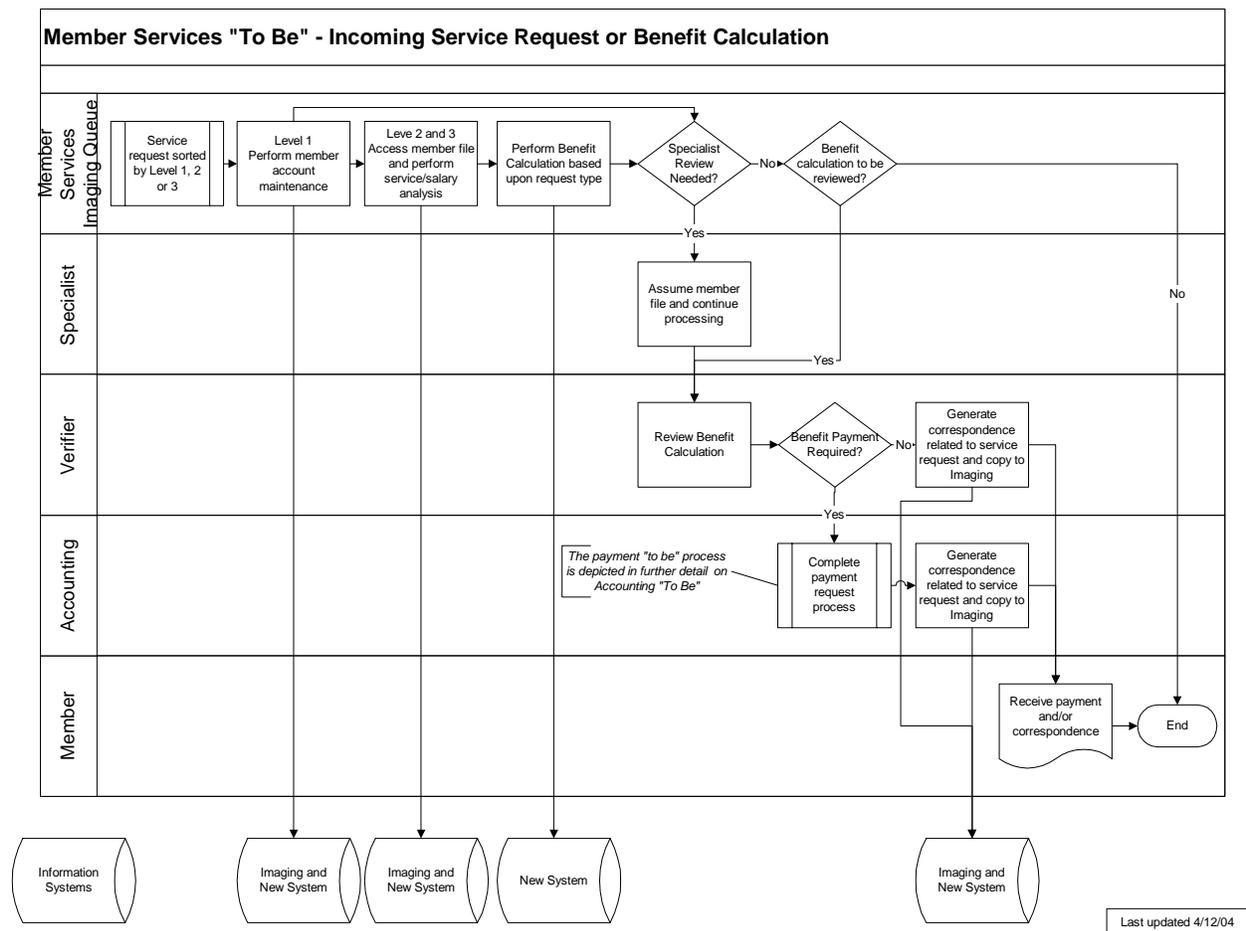


One of the common elements that most retirement systems share is benefit calculations and their corresponding letters or payments. In the proposed “to be” map for Member Services, MAXIMUS is recommending skill levels for processing incoming service requests, consolidating functions previously performed by several specialists, most notably file analysis and calculations, and escalating process types to specialists when needed. As the following map Member Account Maintenance (i.e. address, name, beneficiary changes, etc.) would be performed by staff members having Level 1 skills, currently the Secretary and Program Services Clerk positions. Any staff member at any skill level would be able to perform Member Account Maintenance and the maintenance would not require verification. Periodic file samplings and audits would be performed to assess quality assurance and accuracy, and could be used as a performance management tool.

Level 2 employees would perform file analysis to determine service and salary in order to calculate benefits to be disbursed. When the benefit calculation does not require the skills of a Specialist/Level 3 position and there is no payment involved, it is forwarded to a “verification” queue where the file is completed, forms and letters are automatically generated, and copies are electronically submitted to the member file. When the file requires a benefit disbursement, it is sent first to the “verification” queue then forwarded to Accounting for payment processing. Accounting completes the payment processing then automatically generates correspondence, if

needed. Again, copies are electronically submitted to the member file. Depending upon the system developed, considerable processing time will be saved from the automated generation of correspondence. Examples of this include acknowledgement letters and Certificates of Retirement or Insurance. The Accountant A and Program Services Clerk positions comprise responsibilities of a Level 2 position. The Accounting function is explained in greater detail later on in this narrative.

If the process requires a Specialist to review or assume the service request, the file is escalated to the appropriate Specialist. Some examples of Level 3 processing include disability retirements, insurance and some survivor benefit processing options. For FRS's purposes, Specialist positions consist of the Retirement Specialist 1 and Accountant C. Retirement Specialist 2 positions should be primarily responsible for one-on-one and field counseling but may also be used to supplement Level 2 and 3 processing activities as time and work volume warrant. Regarding Member Services in general, all staff should be trained to answer incoming telephone calls to offset and manage increases in call volume.

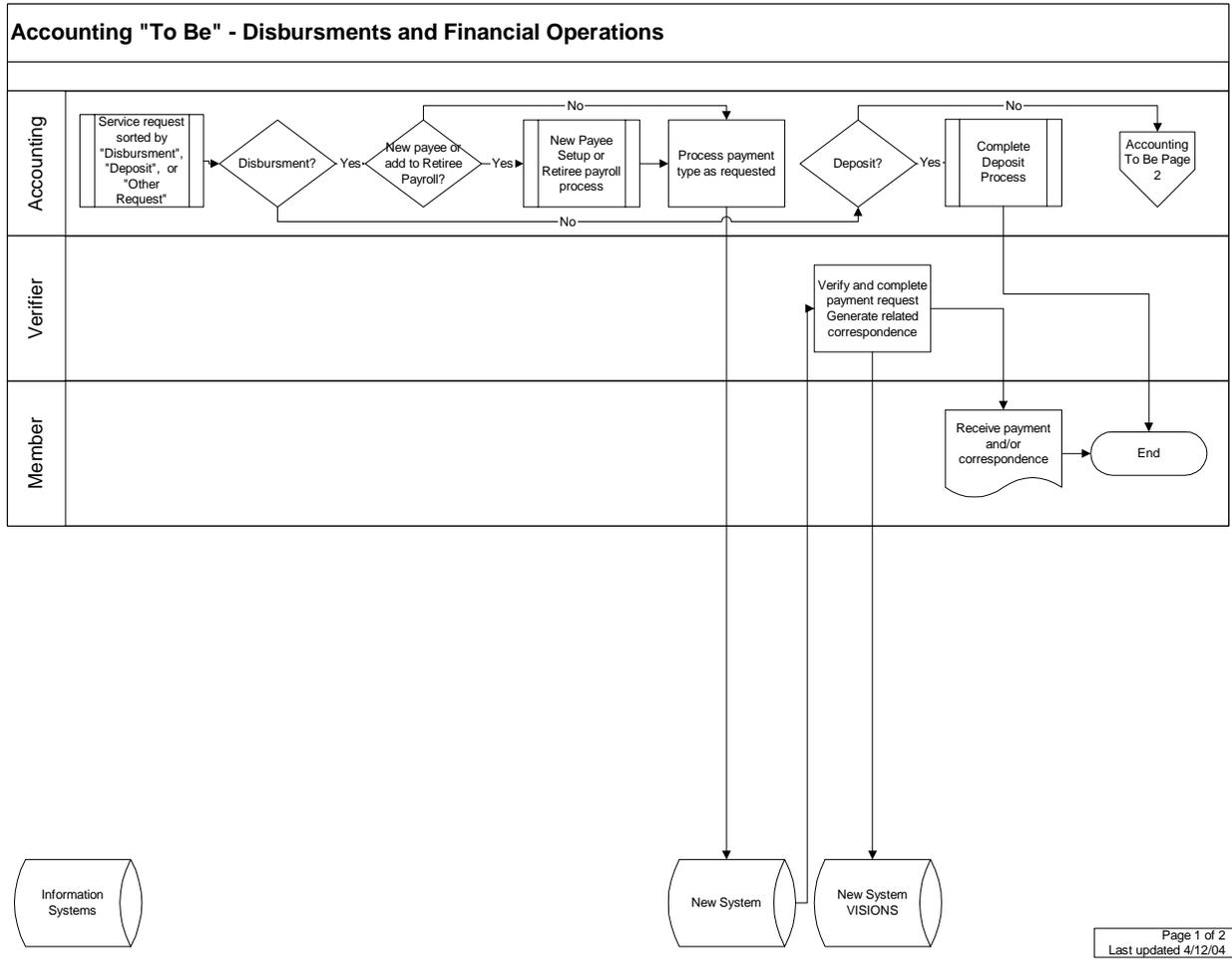


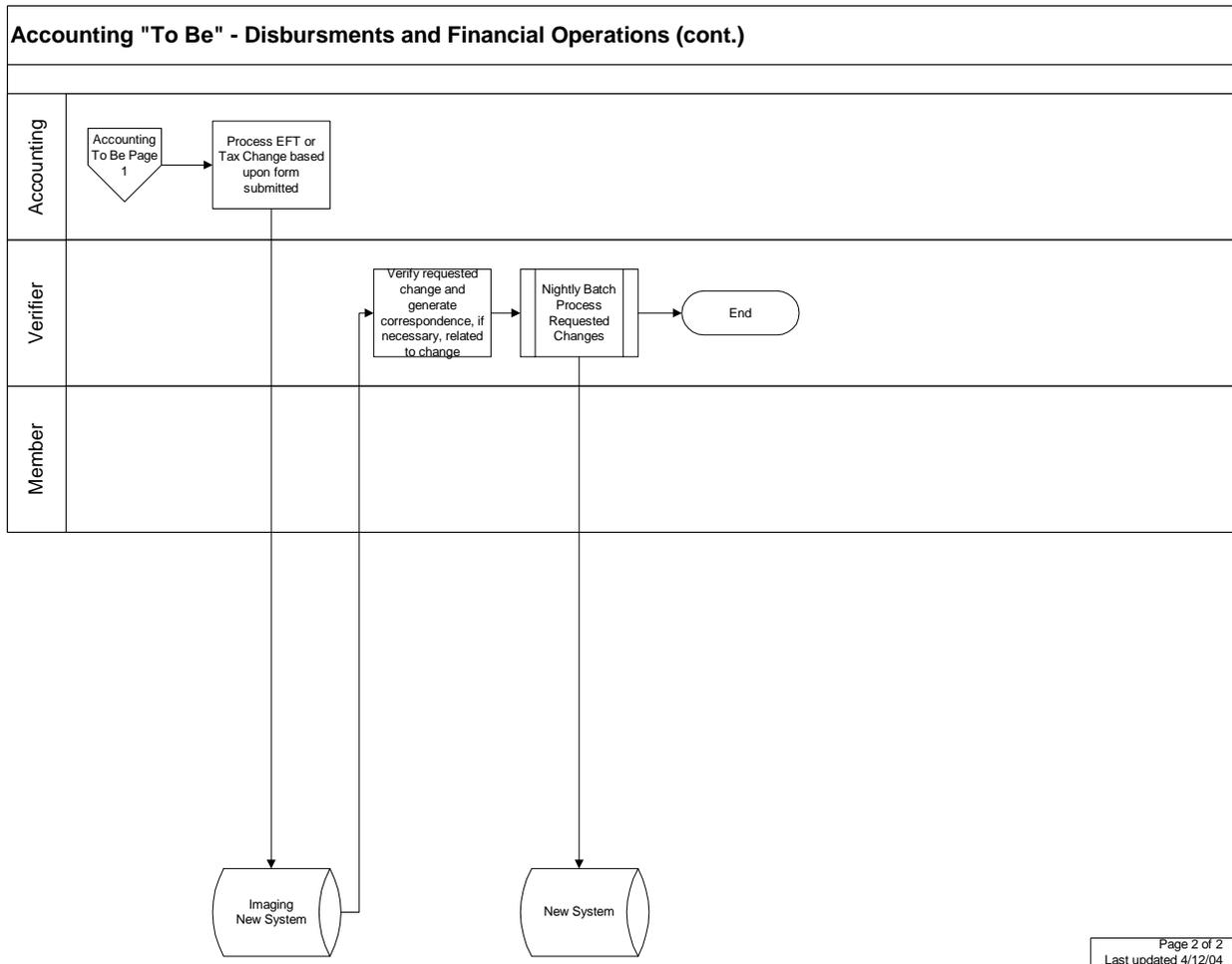
The Accountant or financial operations department currently consists of one primary employee who is responsible for not only accounting functions, but also Employer Services functions. In the recommended “to be” scenario, these functions are separated to ensure proper internal review

and control. Some degree of cross training will be necessary, however, to allow for backup staffing.

For VRS' purposes, the Accountant C position would be responsible for processing all disbursements including pension payroll and tax payments. This department would also perform Member Account Maintenance related to disbursements only such as EFT setup and tax changes. Since benefit calculations would be created and verified within Member Services under the proposed "to be" scenario, processing payments and other such activities would require far less review and approval cycles by the time these processing activities are handed-off to the Accountant. Rather, periodic audits would be completed to comply with internal control and review procedures. Extensive procedural reviews will need to be conducted and updated procedures implemented to accommodate these new process flows.

Deposits in the "to be" Accounting process would follow today's process although additional process reengineering efforts could uncover additional recommendations. The objective is to have a separate department submit deposits then have the process completed by the Accounting function. In the depicted Disbursement "to be" map all payment requests follow the same process, with the exception of the extra steps required for a new payee setup or addition to retiree payroll. Payment vouchers are reviewed and/or periodically audited. Regarding EFT and retiree payment tax changes, forms are submitted to the Accounting imaging queue, processed, verified then submitted for nightly batch processing.





While the proposed organizational changes and corresponding “to be” process maps are vital to the future service enhancements of VRS, there are additional process-related improvements that will also be needed. The following sections outline the remaining process recommendations.

## **11.2 Imaging**

Vermont Retirement System (VRS) divisions receive and distribute a large volume of paper documents on a regular basis. Staff manually separate, organize and distribute the mail throughout the retirement division. The paper documents pass from person to file and, in some cases, to other departments and back to the retirement division. Although there is a paper filing system in place, inconsistencies and large volumes of file drawers require individuals to use excessive amounts of time searching for files when they have been misplaced or have not been properly color-coded to indicate who possesses the file.

There are approximately 365 completely full file drawers throughout VRS containing employment service and salary information about active, retired and deceased teachers, beneficiaries, municipal and state employees. In addition, there is data about insurance,

disability investigations, child benefits, special pensions, optional retirements, defined contribution plans, school districts and quarterly reports. Each file drawer contains approximately 3,000 documents. Cumulatively, the paper documents stored at the VRS location total approximately 1.1 million documents. The approximate floor space consumed by the files is 2,200 square feet.

As in all pension funds or retirement systems, these paper files span the entire career of the members and are the only records of their employment with the State of Vermont for use by VRS. All of these documents could be required at some point during their career whether it is to verify an account balance for an employee who is requesting an account refund, or a teacher with thirty-five years of State service who is retiring. The data is invaluable and irreplaceable. The heavy reliance on only paper documents creates a considerable risk with respect to continuing business operations during a disaster.

VRS is considering replacing its current paper filing systems as soon as possible to address customer service, work process inefficiencies, and disaster recovery risks. The imaging systems are anticipated to be implemented with basic file and retrieve capabilities until a new comprehensive benefit administration information system may be implemented. Then, electronic workflow may be integrated between the benefits and the imaging systems to automate many of the routing and processing steps required in delivering VRS benefits and services. Today, VRS staff expends approximately 30% of their time receiving, sorting, processing, sending, copying and filing paper records. With the implementation of imaging, paper record handling would be substantially modified. Because not all documentation can be imaged, nor is it cost-effective to image everything, incoming mail would be sorted by documents to be imaged versus not imaged. However, MAXIMUS estimated that approximately 95% of VRS' mail could be imaged based upon initial review and analysis.

## **12 ATTACHMENT C**

### **SCOPE OF WORK**

The Vermont Office of the State Treasurer is soliciting proposals for consulting services to design and procure for its Retirement Division a new packaged automated retirement administration system with integrated imaging and workflow components. Specifically, the consultant will: (1.) perform a detailed needs assessment analysis; (2.) assess the potential for early implementation of the imaging system (including backfile conversion) as a standalone system, to be integrated later; (3.) develop either a combined RFP for the complete system or separate RFP's for the retirement administration and imaging systems; and (4.) assist with all phases of the bid and award process.

The Office of the State Treasurer sees the possibility of one or two RFP cycles: one for the Retirement software product, and, if the first RFP does not include the imaging piece, a separate RFP for the Imaging system and backfile conversion of member file documents. The consultant will provide technical assistance for each, and provide estimates for each of the two scenarios, and any others that appear likely in their experience. The consultant will assist the Office of the State Treasurer with each RFP cycle by performing a review of existing technology; defining and documenting hardware, software, and design specifications for development of the RFP; writing the RFP (subject to approval of the Office of the State Treasurer); and assisting in all phases of the RFP process; assisting in the evaluations of the proposals; and assisting in the contract negotiation process.

The Office of the State Treasurer would like to implement the imaging and records management phase first, providing a stand-alone system for immediate benefit to the Retirement Division. Its design must be sufficient to integrate fully with the subsequently developed retirement administration system and its workflow processes. The consultant will identify and inventory the IT environment at a high-level (hardware, software, interface, degree of integration among the components of the system, environments, data issues – synchronization, completeness, degree of accuracy, etc.) and provide a recommendation on whether implementation of the imaging system prior to procurement of the benefit administration system is advisable.

The purpose of the new retirement administration system is to provide the Retirement Division with the tools necessary to support an increase in the quality of service to the members and to provide time and cost-saving efficiencies to the staff. This includes faster turn-around for inquiries and requested services, easier access to needed information and documents, increased accuracy of information, and timely identification of problems. Some of the features anticipated in a new system would include, but are not limited to:

- The administration of active members from eligibility through retirement or refund.
- Benefit calculation, both for estimates and final calculation.
- Pension payroll administration.
- Integrated imaging system to replace paper files.
- Automated event tracking and event-driven letter production.

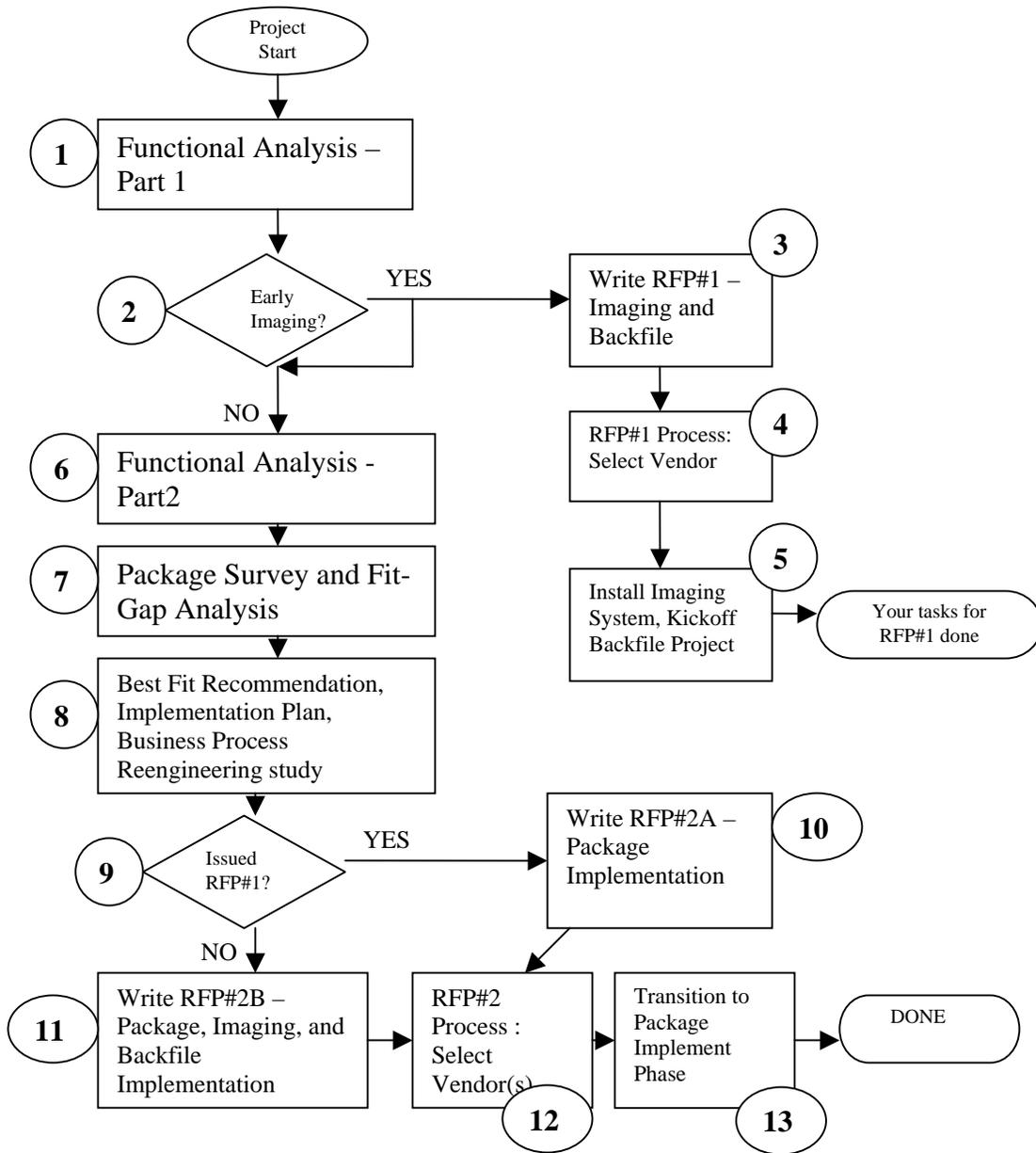
- Effective reporting and data export functionality, including financial reports, statistical summaries, actuarial data, annual statements, and ad-hoc reporting.
- Comprehensive audit trail/logging capability.
- Strong security and user restriction controls.
- Ability to interface with or replace existing sub-systems, such as in-house data collection.
- Ability to interact with existing Retirement web site.
- Ability to support the maximum number of the existing system's transferable functions (see ATTACHMENT A, *System Functions and Processes*).
- Intuitive, user-friendly, web or client-server graphical interface, including effective online help.
- Timely and appropriate technical support for corrections and enhancements.

The consultant is being retained to perform the tasks listed below, and to guide the Office of the State Treasurer through all facets of the procurement process.

The following are the tasks and deliverables that must be accomplished in response to this RFP. The consultant may propose additional steps if they choose.

The flow-chart below, EXHIBIT C,A, provides an overview of the expected flow of tasks required in this RFP. It identifies a decision point that could generate parallel tasks leading to two separate RFP's. Therefore the list of deliverables may vary. You will note that in Appendix E, Cost Proposal Format, we ask that you take this into consideration and provide us with cost matrices that reflect the two resulting scenarios. You are free to suggest other scenarios as well, but if you do, please be sure to cost your scenario separately and be sure it is clearly identified. The circled numbers identifying each icon may be referenced in the remainder of this RFP (i.e. 'C.A.12').

**12.1 Exhibit C.A - Summary Flowchart of Expected Tasks**



The following table provides a brief description of the icons in EXHIBIT C.A above, and cross-references each icon to corresponding Task and Deliverables section in the text below.

Exhibit C.A Icon Num.	A brief description of what the State currently believes should happen in each area	Further information in Task #
1	Functional Analysis -Part 1: You will start the Functional Analysis. You must detail in your response to this RFP what tasks, meetings, documents, or other actions you think will be required for you to gain enough knowledge to help us make the “Early Imaging?” decision referenced in Icon#2 below. Your response must also clearly layout estimated timelines and staff resources (both your staff and State staff) for each of the 13 icon areas referenced in this flowchart. You must gather enough information for the design of an imaging solution, including indexing scheme, that can stand alone now, but will satisfy the needs of an integrated benefits administration and imaging system.	1
2	“Early Imaging” decision: The State wishes to begin the imaging and backfile conversion of all historical files as soon as possible. The State would like you to help us make a critical project decision as soon as possible after the start of the project. The decision is: “Should the State buy and install scanning and imaging equipment, and start the backfile conversion of the existing records, now vs. wait until the retirement system package is selected?” What are the risks: If we get started with the imaging and the backfile effort early can we handle a second project at this point? Will starting the backfile conversion early cause us serious problems down the road in integrating this data with the package we select? The result of this effort will be a decision paper with your recommendation.	2
3	Write RFP#1, Imaging and Backfile Conversion: If the Icon #2 decision is YES, the State requires that you will write the RFP required to help us acquire appropriate imaging and scanning equipment, and engage a backfile conversion vendor, to begin the imaging, scanning, and backfile conversion effort. The results of this effort must be able to be easily integrated with the eventual package selection and implementation, and must not adversely impact the State’s ability to proceed with the remainder of the tasks listed in this RFP. If the Icon #2 decision is NO, you will not have to write a separate RFP at this time, see Icon #11 below. (Note: The State will require that the text of RFP#1 (or RFP#2B) provides detailed requirements to the backfile vendors, including providing them with indexing criteria and our recommendations for the handling of sensitive Retirement files.)	3
4	RFP#1 Vendor Selection Process: If you write RFP#1, you will lead the vendor selection process, as described later in this document, from RFP posting to contract award.	4

Exhibit C.A Icon Num.	A brief description of what the State currently believes should happen in each area	Further information in Task #
5	Install Imaging System and Kickoff Backfile Project: If you write RFP#1, you will assist the State with management of the ordering, installation, and testing of the imaging and scanning equipment, and work with the State and the backfile vendor to set up an effective project plan and backfile approach as you defined in RFP#1. Once the imaging and scanning equipment is successfully installed, and the backfile project Kickoff meeting is over, your responsibilities for the RFP#1 task will be complete.	4
6	Functional Analysis -Part2: This task continues regardless of the “Early Imaging?” decision. You will continue with your proposed Functional Analysis. Analysis methodology and complete this deliverable. If RFP#1 is required, you must plan for the possibility of both the RFP#1 and the remaining tasks of this RFP proceeding simultaneously, and your proposal to this RFP should address the staffing and other requirements for handling simultaneous efforts.	1
7	Package Survey, Fit-Gap Analysis: You will continue with these efforts as described in your response to this RFP.	1
8	Best-Fit Recommendation, Implementation Plan, Business Process Reengineering study: You will continue with these efforts as described in your response to this RFP.	1
9	Was RFP#1 Issued?: At this point, we assume you will be ready to write RFP#2. If RFP#1 was issued, we assume the imaging, scanning, and backfile efforts are selected and in progress. If RFP#1 was not issued, then a combination RFP must be written, not only covering the retirement system package selection and implementation but also all the tasks that would have been described in RFP#1.	3
10	Write RFP#2A, Retirement System Package Vendor Selection and Implementation: The State requires that you write the RFP for the retirement system package vendor recommended in the previous analysis (icon #8).	3
11	Write RFP#2B, Retirement System Package, Imaging, and Backfile Vendor Selection and System Implementation(s): The State requires that you write the RFP (or it may be a series of RFPs, you may propose the best method) for the recommended package purchase, package implementation vendor, imaging and scanning vendor, and backfile conversion.	3
12	RFP#2 Process: The State requires that you participate in all phases of the RFP process through bid award.	4

Exhibit C.A Icon Num.	A brief description of what the State currently believes should happen in each area	Further information in Task #
13	Transition to Package Implementation Phase: The State requires that you will help us work with the selected implementation vendor to ensure that the transition to the benefits administration implementation phase is accomplished smoothly, and that an effective plan is in place for the implementation of the retirement software and the integration of that software with the imaging software and the backfile conversion. Your tasks are complete once the Implementation Project Kickoff is accomplished and these plans, and all appropriate software and hardware are in place and approved.	4

## **12.2 Tasks & Deliverables**

The purpose of this section is to describe the tasks that the State wishes you to complete. This section contains the list of Deliverables that are required. You may propose other tasks and deliverables.

During the course of the project the selected vendor will be requested to have an approved project plan in Microsoft Project 2003 and provide weekly status, and monthly progress reports.

### **12.2.1 Task 1 - Perform a Comprehensive Needs Assessment**

The objectives of Task 1 are to:

- Study the existing retirement processes, both automated and manual, including business processes, workflow, paper flow and technical functionality. Identify the strengths and weaknesses of the current system. Document those features, functions and processes that need to be included in the new system.
- Gather knowledge essential for the design of an imaging and workflow methodology, including document management, indexing scheme and integration with new retirement administration software. Complete this at the earliest point sufficient for an informed recommendation for or against an early imaging system (and backfile conversion) implementation, as deliverable in Task 2.
- Conduct an assessment of retirement system vendors and their packages in the marketplace.
- Compare our Requirements with the capabilities of the reviewed retirement system packages (fitgap analysis). The objective is to determine best fit, feature set, and amount of customization required.
- Make a package recommendation (one or two packages), and possibly make a separate imaging recommendation (see Task 2).

- Propose a plan (or alternate plans) for the implementation of the recommended benefits administration package with integrated imaging solution.
- Present a business reengineering analysis to describe how you think our business processes will change as a result of implementing the recommended software/hardware solution.
- Develop a detailed requirements definition document for use in RFP development.

In your proposal you must explain in detail how your methodology accomplishes the Task 1 objectives listed above, and any additional areas you feel are necessary to provide the State with the best possible outcome for this analysis.

Your methodology may propose other deliverables to successfully achieve the objectives of Task 1. However, the State expects, at a minimum, that you will propose Task 1 Deliverables as follows:

### 12.2.2 **Task 1 Deliverables**

Task 1 - Deliv. 1. **Requirements Definition Document**, including detailed requirements and priority ranking of all user requirements (EXHIBIT C.A.1 and C.A.6).

Task 1 - Deliv. 2. **Survey of Retirement System Packages** (EXHIBIT C.A.7). Note: The State is looking for a package-based benefits administration solution, not a custom development.

Task 1 - Deliv. 3. **Fit-Gap Analysis: Vermont Requirements vs. Integrated Retirement Systems Solutions** (EXHIBIT C.A.7)

Task 1 - Deliv. 4. **Recommendation for "Best Fit" Retirement System** and integrated Imaging Solution, including both software and hardware (EXHIBIT C.A.8)

Task 1 - Deliv. 5. **Draft Package Implementation Project Plan** (including a first draft plan in MS Project 2003) (EXHIBIT C.A.8).

Task 1 - Deliv. 6. **Business Process Reengineering** document (EXHIBIT C.A.8)

As early as possible during the course of this task, and concurrent with it, the contractor will complete Task #2.

### 12.2.3 **Task 2 – Possible Early Implementation of Imaging**

The goal of Task 2 is to assess the potential for early implementation of the imaging system and backfile conversion as a standalone system, to be integrated later.

The Office of the State Treasurer is scheduled for a move to a new location in September 2005. Currently the Retirement Division houses approximately 70 file cabinets containing

approximately 45,000 member files. Among other reasons, it is our desire not to have to move these cabinets or files, in their present form, when we relocate. Therefore, under this scenario the imaging system *and* backfile conversion would need to be completed before the move.

The decision of when to initiate the imaging system is complex and compelling. We need to be assured that the imaging system and backfile conversion would be adaptable, and completely compatible with the new automated retirement system, subsequently installed. Furthermore, the imaging system and backfile conversion must be consistent with best business practices.

#### **12.2.4 Task 2 Deliverables**

Task 2 – Deliv. 1. **Recommendation Regarding Early Implementation of Imaging.** (EXHIBIT C.A.2.) This document will include a discussion of document flow and management, indexing scheme, implementation and integration considerations.

#### **12.2.5 Task 3 – Lead the Development of RFP(s)**

The goal of Task 3 is for you to develop, with State assistance and approval, all RFPs that will be necessary to complete the Tasks outlined in this document. Note that RFP efforts are referenced in Exhibit C.A, Icon numbers 3. 9, 10, and 11.

Developing RFPs includes, but is not limited to, such areas as:

- Develop the RFP table of contents.
- Draft the “administrative” sections of the RFP (e.g., proposal format, conditions and general provisions).
- Define the Scope of Work in detail. Break the project up into work units or logical implementation phases.
- Establish project deliverables and estimated project timeline.
- Develop the proposal evaluation methodology.
- Define the method for presentation of cost and labor estimates, as well as the payment schedule format.
- Work with the State to complete the final RFP for review, incorporate revisions, and when approved, oversee the final issuance of the RFP.

#### **12.2.6 Task 3 Deliverables**

Exhibit C.A references the RFP efforts currently anticipated by the State. However, you may propose to accomplish the goals of these RFP efforts in a way that you think is most effective (e.g., you may choose to break apart one large RFP into smaller RFP efforts). Your technical and cost responses to the current RFP must be clear as to how many RFP efforts you propose and the costs of each. At a minimum, you must address the following deliverables:

Task 3 - Deliv. 1. **Early Implementation of Imaging System with Backfile Conversion “RFP#1”** (*depends on outcome of Decision Paper from Task 2*) (EXHIBIT C.A.3)

Task 3 - Deliv. 2. **Retirement Administration System “RFP#2A”** (EXHIBIT C.A.10)

Task 3 - Deliv. 3. **Retirement Administration System, Imaging, Backfile Combination “RFP#2B”** (EXHIBIT C.A.11)

### **12.2.7 Task 4 – Lead the RFP Bid, Award, and Kickoff Processes**

The goal of Task 4 is for you to take the lead and assist the State with all phases of the RFP bid and award process. This assistance includes, but is not limited to such areas as:

- Conduct pre-proposal bidders conference.
- Prepare answers to bidder questions.
- Request/acquire clarification from bidders.
- Assist the State at the opening of the technical and cost proposals.
- Develop product demonstration scenarios.
- Oversee oral presentations and product demonstrations from the bidders.
- Assist the State with scoring the technical and cost proposals, including keeping notes of the process for the State’s files.
- Research the viability of vendors as necessary, including checking references.
- Participate with the State in responding to questions posed by the CIO’s office and an Independent Review committee.
- Assist in selecting winning bid.
- Assist in contract negotiations, possibly acting as negotiator on behalf of the Office of the State Treasurer.
- Oversee transition to the Implementation Vendor(s) by helping to plan and conduct the Implementation Kickoff via meetings, transfer of documents and other communication as appropriate.

### **12.2.8 Task 4 Deliverables**

The Task 4 processes correspond to the RFP’s written as part of Task 3. Therefore, like Task 3, Task 4 deliverables may vary. At a minimum, you must address the following:

Task 4 - Deliv. 1. **Post-RFP Support of Early Implementation of Imaging System with Backfile Conversion “RFP#1”** (*depends on outcome of Decision Paper from Task 2*) (EXHIBIT C.A.4, 5)

Task 4 - Deliv. 2. **Post-RFP Support of Retirement Administration System “RFP#2A”** (EXHIBIT C.A.12, 13)

**Task 4 - Deliv. 3. Post-RFP Support of Retirement Administration System, Imaging,  
Backfile Combination “RFP#2B” (EXHIBIT C.A.12, 13)**

## 13 ATTACHMENT D

### STANDARD CONTRACT FOR PERSONAL SERVICES

*STATE OF VERMONT  
STANDARD CONTRACT FOR PERSONAL SERVICES*

1. **Parties:** This is a contract for personal services between the State of Vermont  
\_\_\_\_\_  
(hereafter called "State"), and \_\_\_\_\_  
with \_\_\_\_\_ principal place of business in \_\_\_\_\_  
(hereafter called "Contractor").  
Contractor's form of business organization is \_\_\_\_\_.  
Contractor (is/is not) required by law to have a Business Account Number from the Vermont  
Department of Taxes. Account Number is (# \_\_\_\_\_/not required by law).
2. **Subject Matter:** The subject matter of this contract is personal services generally on the  
subject of \_\_\_\_\_. Detailed services to be provided by the  
Contractor are described in ATTACHMENT A (below).
3. **Maximum Amount:** In consideration of the services to be performed by Contractor, the State  
agrees to pay Contractor, in accordance with the payment provisions specified in  
ATTACHMENT B, a sum not to exceed \$\_\_\_\_\_.00.
4. **Contract Term:** The period of Contractor's performance shall begin on  
\_\_\_\_\_, 20\_\_\_\_, and end on \_\_\_\_\_, 20\_\_\_\_.
5. **Prior Approvals:** If approval by the Attorney General's Office or the Secretary of  
Administration is required (under current law, bulletins, and interpretations), neither this contract  
nor any amendment to it is binding until it has been approved by either or both such persons.  
  
-Approval by the Attorney General's Office is/is not required.  
-Approval by the Secretary of Administration is/is not required.
6. **Amendment:** No changes, modifications, or amendments in the terms and conditions of this  
contract shall be effective unless reduced to writing, and numbered and signed by the duly  
authorized representative of the State and Contractor.
7. **Cancellation:** This contract may be canceled by either party by giving written notice at least  
\_\_\_\_ days in advance of the proposed cancellation date.
8. **Attachments:** This contract consists of \_\_\_\_ pages including the following attachments,  
which are incorporated herein:

State of Vermont,  
Office of the State Treasurer

Attachment A – Specifications of Work to be Performed  
Attachment B – Payment Provisions  
Attachment C – “Customary State Contract Provisions” (revision date 2/95).

Contract # \_\_\_\_\_

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS CONTRACT.

by the STATE OF VERMONT:

by the CONTRACTOR:

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

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

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Agency: \_\_\_\_\_

Fed ID/S. Sec# \_\_\_\_\_

STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT A  
SPECIFICATIONS OF WORK TO BE PERFORMED

(Insert Attachment A)

STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT B  
PAYMENT PROVISIONS

(Insert Attachment B)

STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT C  
CUSTOMARY STATE CONTRACT PROVISIONS

1. Entire Agreement: This contract represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. Applicable Law: This contract shall be governed by the laws of the State of Vermont.
3. Appropriations: If this contract extends into more than one fiscal year of the State (July 1 to June 30) and if appropriations are insufficient to support this contract, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriations authority.
4. No Employee Benefits for the Contractor: The Contractor understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, worker's compensation, or other benefits or services available to State employees, nor will the State withhold any State or Federal taxes. The Contractor understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including, but not limited to, income, withholding, sales and use, and rooms and meals, must be filed by the Contractor, and information as to contract income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
5. Independence, Liability: The Contractor will act in an independent capacity and not as officers or employees of the State. The Contractor shall indemnify, defend, and hold harmless the State and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the Contractor's acts and/or omissions in the performance of this contract.

Insurance: Before commencing work on this contract, the Contractor must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Contractor to maintain current certificates of insurance on file with the State through the term of the contract.

Worker's Compensation: With respect to all operations performed, the Contractor shall carry worker's compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Contractor shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations  
Independent Contractor's Protective  
Products and Completed Operations

Personal Injury Liability  
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence  
\$1,000,000 General Aggregate  
\$1,000,000 Products/Completed Products Aggregate  
\$50,000 Fire Legal Liability

Automotive Liability: The Contractor shall carry automotive liability insurance covering all motor vehicles, no matter the ownership status, used in connection with the contract. Limits of coverage shall not be less than \$1,000,000 Combined Single Limit.

No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Contractor for the Contractor's operations. These are solely minimums that have been set to protect the interests of the State.

7. Reliance by the State on Representations: All payments by the State under this contract will be made in reliance upon the accuracy of all prior written representations by the Contractor, including but not limited to bills, invoices, progress reports, and other proofs of work.

8. Records Available for Audit: The Contractor will maintain all books, documents, payrolls, papers, accounting records, and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of this contract and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this contract.

9. Fair Employment Practices and Americans with Disabilities Act: The Contractor agrees to comply with the requirements of Title 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Contractor under this contract. Contractor further agrees to include this provision in all subcontracts.

10. Set Off: The State may set off any sums which the Contractor owes the State against any sums due the Contractor under this contract; provided, however, that any set-off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

11. Taxes Due to the State:

- a. Contractor understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, and corporate and/or personal income tax on income earned within the State.
- b. Contractor certifies under the pains and penalties of perjury that, as of the date the contract is signed, the Contractor is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- c. Contractor understands that final payment under this contract may be withheld if the Commissioner of Taxes determines that the Contractor is not in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due to the State of Vermont.
- d. Contractor also understands the State may set off taxes (and related penalties, interest, and fees) due to the State of Vermont, but only if the Contractor has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Contractor has no further legal recourse to contest the amounts due.

12. Child Support: (Applicable if the Contractor is a natural person, not a corporation or partnership.) Contractor states that, as of the date the contract is signed, he/she:

is not under any obligation to pay child support; or  
is under such an obligation and is in good standing with respect to that obligation; or  
has agreed to a payment plan with the Office of Child Support Services and is in full compliance with that plan.

Contractor makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Contractor is a resident of Vermont, Contractor makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

13. Subcontractors: Contractor shall not assign or subcontract the performance of this agreement or any portion thereof to any other contractor without prior written approval of the State. Contractor also agrees to include in all subcontract agreements a tax certification in accordance with Paragraph 11 above.

14. No Gifts or Gratuities: Contractor shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this contract.

15. Copies: All written reports will be printed using both sides of the paper.

Notwithstanding any other provision in this contract, the parties understand that this contract is a public record.

## 14 ATTACHMENT E

### COST PROPOSAL FORMAT

You must propose a Fixed Price (including travel) Cost Proposal. The Fixed Price (including travel) Cost Proposal will include, at a minimum:

- Fixed Price overall budget
- Staff rates per hour and estimated total hours for each person assigned to the engagement
- Other expenses or costs associated with the performance of this engagement.

You must propose a payment schedule based on the State’s approval of the successful completion of one or more Deliverables. Unless otherwise noted, the State pays by Deliverable.

For project planning below, assume project start as December 6, 2004.

You may attach a separate payment schedule by date and deliverable for each Scenario if necessary.

#### **14.1 Scenario 1 – Single RFP**

You must complete the following chart and summary based on the assumptions:

- Task 2 result will recommend that “early install of imaging and backfile” is *not* recommended, and the State accepts this recommendation.
- There will be no need to write “RFP#1”
- You will write a single RFP for the Retirement Administration Software and Imaging System, reference Exhibit C.A.11,12,13.

Scenario 1 – Single RFP								
Task	Deliv.	Proj. Mgr. (Vendor and State effort hours)	Analyst hours	(other hours by category)	Fixed Cost	Elapsed Calendar Weeks	Date Estimates Start/Stop	Notes
1	1.1	Vendor: ## State: ##	V: S:	V: S:				
	...	V: S:	V: S:	V: S:				
2	2.1	...	...	...				
	...	...	...	...				
3	3.1							
	...							
4	4.1							
	...							
TOTALS		V: S:						

**14.2 Scenario 2: Multiple RFPs**

You must complete the following chart and summary based on the assumptions:

- Task 2 result will recommend that “early install of imaging and backfile” is recommended, and the State accepts this recommendation.
- You will write “RFP#1”, reference Exhibit C.A.3,4,5
- You will write a single RFP for the Retirement Administration Software, reference Exhibit C.A.10,12,13.

Scenario 2 – Multiple RFPs								
Task	Deliv.	Proj. Mgr. (Vendor and State effort hours)	Analyst hours	(other hours by category)	Fixed Cost	Elapsed Calendar Weeks	Date Estimates Start/Stop	Notes
1	1.1	Vendor: ## State: ##	V: S:	V: S:				
	...	V: S:	V: S:	V: S:				
2	2.1	...	...	...				
	...	...	...	...				
3	3.1							
	...							
4	4.1							
	...							
TOTALS		V: S:						

**14.3 Other Costing Scenarios**

If you propose additional Tasks, Deliverables, or another Scenario, please provide clear pricing and staffing in a format similar to the above sections. Please cross-reference the description of the Deliverables you propose using the NOTES column.

## 15 ATTACHMENT F - TABLE OF ORGANIZATION FOR THE OFFICE OF THE STATE TREASURER

