



Colorado Legislative Council Staff

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MEMORANDUM

May 18, 2017

TO: Interested Persons

FROM: Mike Mauer, Director of Research

SUBJECT: Request for Proposals to Conduct a Cost-of-Living Study to Determine Differential Costs of Living in Colorado's 178 Public School Districts

The State of Colorado requests qualified individuals or firms to submit proposals for conducting a study to determine differential costs of living in Colorado's 178 public school districts pursuant to the provisions of Section 22-54-104 (5) (c) (III) (A), C.R.S. This document presents the scope, standards, objectives, and various requirements pertaining to the study in order to assist individuals or firms in the preparation of proposals.

PROCEDURAL SUMMARY

Issuing Office — Schedule for Submittal — Deadline

All proposals to conduct the study shall be submitted no later than 10:00 a.m. on **Thursday, June 22, 2017**, to:

Mike Mauer
Director of Research
Colorado Legislative Council
200 East Colfax Avenue
State Capitol Building, Room 029
Denver, CO 80203-1784

Each proposal must contain a cover sheet signed by the respondent. Respondents mailing proposals must allow sufficient time to ensure delivery within the submittal deadline. Late, electronic, or faxed responses will not be accepted. Respondents are requested to submit eight copies of their proposal in a sealed package clearly marked with the respondent's name and the words: "RFP — COST-OF-LIVING STUDY." Technical questions related to this RFP may be directed to Marc Carey at (303) 866-4102 or Todd Herreid at (303) 866-2633.

The tentative overall schedule is as follows:

- | | |
|---------------------------------------|---|
| 1. RFP Release | Thursday, May 18, 2017 |
| 2. Proposals Due | 10:00 a.m., Thursday, June 22, 2017 |
| 3. Interviews | Wednesday or Thursday, July 5 - 6, 2017 |
| 4. Selection of Successful Respondent | Monday, July 10, 2017 |
| 5. Study Completed | Monday, December 11, 2017 |

Revisions or Clarifications

In the event that it becomes necessary to revise or clarify any part of this RFP, addenda will be provided to each potential respondent who received the original RFP and any other individual who expresses interest in responding to the RFP. It is essential that respondents acknowledge all issued addenda in their submittal.

Ownership of Proposals Received

All material submitted in response to this RFP shall become the property of the Colorado General Assembly. The Colorado General Assembly reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Any restrictions on the use of information contained within a response must be clearly stated in the response, and any such restrictions must be approved by the Director of Research. Submission of a proposal indicates acceptance by the respondent of the conditions contained in this RFP.

Respondents that plan to use proprietary material or information must clearly identify the portions of the study that will be conducted using proprietary material. The Director of Research shall make the final determination in advance of letting the contract as to whether any part of the study may be completed using proprietary information or whether any information shall be considered proprietary. All respondents, including those using proprietary material, must describe in detail their proposed plan for conducting the study and the processes involved.

Respondent's Costs

The State of Colorado shall not be liable for any costs incurred by respondents as a result of submission of a proposal pursuant to this request.

Award of Contract

Proposals will be reviewed by an advisory evaluation committee in accordance with sections 5.0 through 5.3 of this RFP. A list of committee members will be provided to firms selected to be interviewed. The committee reserves the right to reject any or all proposals. Proposals that do not contain at least the information required by sections 4.0 through 4.6 shall be deemed nonresponsive and will not receive further consideration. The contract will be awarded to the respondent whose proposal is most advantageous to the State of Colorado. Notification of a successful respondent is expected to be made by **Monday, July 10, 2017**.

Contract

In addition to standard state contract provisions, the contract negotiated with a successful respondent shall incorporate this RFP, the successful proposal, and any additional methodological information that may be required. The contract shall also include an indemnification clause to hold the state harmless against any and all claims, damages, liability, and court awards as a result of any act by the contractor or any subcontractors. Additional liability insurance shall also be obtained by the contractor for personnel involved in the work included in the scope of the contract in accordance with the amounts set forth in this RFP.

The schedule and method of payment shall be determined pursuant to negotiations between the Director of Research and the selected respondent and shall be included in the contract. If the respondent intends to subcontract any part of its responsibilities to another individual or firm, the respondent must also identify the subcontracting individual or firm and their qualifications.

Insurance

The contractor will be required to submit certificates showing the following minimum coverages prior to start of work:

Standard Workers' Compensation and Employer's Liability, including occupational disease, covering all employees in the amount required by state statutes.

Comprehensive General Liability Insurance, with minimum limits of \$1 million per occurrence and in aggregate.

Comprehensive Auto Liability Insurance with a minimum limit of \$1 million per accident.

The certificates must name the State of Colorado as additional insured and must be furnished within 10 working days after receipt of a contract award. All insurance must include provisions preventing cancellation without 30 days prior notice by certified mail to the Legislative Council's Director of Research. Insurance specified in this section shall include coverage for acts or omissions of any subcontractors.

1.0

BACKGROUND

- 1.1 The Public School Finance Act of 1994 includes a formula for funding all 178 public school districts throughout the state. The formula takes into account a statewide base amount and several district-specific factors, including the number of pupils enrolled in each school district and each district's cost-of-living factor.
- 1.2 Cost-of-living factors reflect relative differences among the state's school districts in the cost of housing, transportation, taxes, goods, and services. New cost-of-living factors for each district are certified by the staff of the Legislative Council to the Colorado Department of Education for two-year periods based upon a new cost-of-living analysis.
- 1.3 The school district cost-of-living study requested under this RFP will be the 13th such study to be performed. Since 1993, a study has been conducted during the summer and fall of each odd-numbered year. The most recent study results were used to determine school district cost-of-living factors for FYs 2016-17 and FY 2017-18. Findings from that study can be found online at:
<http://leg.colorado.gov/publications/2015-cost-living-study-pacey-economics-2016>
- 1.4 Section 22-54-104 (5) (c) (III) (A), C.R.S., requires that new cost-of-living factors for Colorado public school districts be certified by April 15, 2018. These factors will be used to determine school district funding for FY 2018-19 and FY 2019-20.

2.0

SCOPE OF WORK

- 2.1 **Methodology and schedule.** The response to the RFP shall contain a plan detailing the contractor's proposed methodology and schedule for completing the study within the established deadline. Any additional information regarding methodology required by the Legislative Council must be provided prior to the signing of the contract and will be incorporated into the contract. Where appropriate, the contractor shall recommend a new methodology or improvements to the existing methodology.
- 2.2 **Progress reports.** The contractor shall provide monthly progress reports to the Legislative Council and respond promptly to questions from the Legislative Council regarding the accuracy of the data or the methodology for collecting data. Following completion of the study, the contractor must be available to make at least one presentation regarding cost-of-living information as requested by the Legislative Council.
- 2.3 **Site visits.** The contractor is expected to visit school districts to collect pricing data. The contractor is strongly encouraged to visit school districts to determine consumer shopping patterns and geographic market regions across the state.
- 2.4 **Benchmark household.** The contractor shall evaluate existing consumer expenditure surveys, including national, regional, and age-specific profiles, and recommend a methodology that best reflects the consumer expenditure pattern for a "benchmark" Colorado household. The benchmark household shall consist of three (3) persons with a total annual income of \$51,930, which will be updated to reflect data for the 2016-17 school year. The contractor shall also account for differences in the final results that are attributable to changes in the income level for the benchmark household from the previous study.
- 2.5 **Market basket.** The contractor shall recommend a "market basket," or sample of items representing the components of a typical budget for the benchmark household, including housing, transportation, goods, services, and taxes. Items in the market basket should be

readily and consistently available across all districts and shall be measured for each school district. Like commodities are to be priced at the same time across all districts throughout the state. Price data may be no more than 150 days old on the date that the final results are delivered by the contractor to the Legislative Council. Where possible, expenditure data shall meet a level of statistical accuracy agreed to by the Legislative Council.

- 1) **Housing** — The contractor shall determine costs associated with principal and interest payments on a mortgage, as well as property taxes and homeowner’s insurance (PITI) for a 1,500 square foot home in each district. Housing values used in calculating these costs will be provided to the contractor by the Legislative Council by Friday, November 17, 2017. The contractor shall also determine the costs of maintenance, utilities, and furnishings associated with a 1,500 square foot home in each district.
- 2) **Transportation** — The contractor shall determine the cost in each district of owning and maintaining a vehicle or vehicles appropriate for the benchmark household. The transportation category shall include fuel, oil, insurance, and maintenance costs.
- 3) **Goods and services** — The contractor shall obtain a sample of prices for goods and services in the market basket for each school district, including food, clothing, health care, and entertainment. The contractor must also identify the cost of state and local sales taxes on those items that are taxable, accounting for different rates and tax bases in different regions, as well as the cost of other state and federal taxes.
- 4) **Other items** — The contractor shall determine the cost of items that do not generally differ across school districts, such as long-term savings, investments, charitable donations, and life insurance.
- 5) **Taxes** — The contractor shall calculate the cost of taxes in each district, including state and federal income taxes and local occupation taxes. The calculation of income taxes shall include appropriate deductions, such as mortgage interest.

2.6 **Shopping patterns.** The contractor shall determine where consumers from each school district are most likely to purchase the items in the market basket and collect prices from those outlets. As part of this task, the contractor shall consider the market regions for specific items, the market share of competing retail outlets selling similar items within a region, and previous study results. The analysis of shopping patterns shall also incorporate the most recent changes in retail outlets and purchasing behavior, including the availability of items online. In determining shopping patterns, the contractor should consider, for example, whether the market regions for some goods and services may be limited to the boundaries of the school district, while the market region for others may encompass a larger geographic area, such as surrounding school districts or counties.

Past studies have incorporated surveys of individuals to help determine household shopping patterns. The contractor for the 2017 study shall be prepared to update shopping pattern data. However, a final decision to update such data will be made upon the award of a contract.

2.7 **Comparison to previous studies.** During the course of this study, the contractor must consider the results and methodology used in previous school district cost-of-living studies. The contractor must account for any differences in findings between the previous studies and the new study that are attributable to changes in methodology. The contractor must describe these differences in writing as part of the final report and the contractor must account for these differences in numeric terms on a statewide basis.

2.8 **Final Results.** The contractor shall provide to the Legislative Council by **December 11, 2017**, a final report including cost data for all 178 school districts (in the order specified by the Legislative Council) and all supporting documentation. The report shall be provided in a computer-readable spreadsheet format and in hard copy. For each school district, it shall clearly identify the name of the district, a total cost-of-living value, and the cost of each component in the market basket (housing, transportation, goods and services, other items, and taxes). Costs must be expressed in dollar amounts; ratios or percentages are not acceptable.

2.9 **Documentation.** The contractor must supply supporting documentation including:

- 1) A detailed description of the methodology and process used in conducting the study.
- 2) A definition of the "market basket" of goods and services surveyed.
- 3) A list of vendors contacted, contact persons, phone numbers, addresses, and prices of goods surveyed.
- 4) A detailed description of each item for which the same price is used for all districts across the state.
- 5) The make, model, and year of the vehicle or vehicles used.
- 6) An analysis of the impact of employing a methodology different from the methodology employed under the most recent cost-of-living study, including a discussion of the substantive differences in methodology and the benefits of the new methodology over the old.
- 7) A listing of all non-primary sources of data used in the cost-of-living study.

3.0 **QUALIFICATIONS**

3.1 Individuals or firms considered for this contract must meet the minimum qualifications described below. Individuals or firms should provide sufficient information related to these requirements to enable evaluation of their performance.

3.2 Experience with economic consulting or market research is required.

3.3 The contractor must be available and committed to completing the study and submitting the final report to Legislative Council no later than the deadline.

3.4 The assigned individuals and the contractor must not have any bias or conflict of interest that would affect the outcome of the contractor's report. The assigned individuals or their immediate family members must not be members of the Colorado General Assembly, employees of public school districts, or members of school boards.

3.5 Respondents must accept the conditions of this RFP, including but not limited to the conditions set forth in the Procedural Summary section of this RFP.

4.0

PROPOSAL FORMAT

- 4.1 Proposals must be written and need not be limited to the points listed in this request, but may include and cover any matter the respondent believes is relevant to the consideration of the proposal. Proposals must include, at a minimum, the following sections, presented in the order listed. All information included in the proposals may be used to evaluate any component of the response.
- 4.2 **Basic Proposal Information.** This section must include the name and address of the respondent, a brief description of the firm or organization (such as the date the entity was formed and how long the entity has engaged in this type of service), contact name, position of the contact person, telephone number and fax number for the contact person, e-mail address for the contact person, and a list of recent similar projects. This section must also include the names, titles, addresses, and phone numbers of any person or persons retained by the respondent to lobby the Colorado General Assembly. This section must also include any research conducted by the firm that was ultimately presented to the General Assembly.
- 4.3 **Description of the Project and the Respondent's Approach.** This section must describe in detail the respondent's understanding of the work to be performed and the method by which the respondent proposes to complete the project. The description must be presented in an overview format and also detailed by anticipated phases of work. The proposal must also describe what involvement of state employees, if any, will be required.
- 4.4 **Personnel.** The proposal must identify the individuals who will be assigned to complete this project. This section must list the names and qualifications of the staff to be assigned to this project. The qualifications, specific expertise, and experience in related economic studies must be provided. If the respondent intends to subcontract any part of its responsibilities to another individual or firm, the proposal must identify all subcontracting individuals or firms and their qualifications.
- 4.5 **Itemized Project Budget.** This section of the proposal must include the total project cost and an itemized cost for individual components of the study. The itemized costs shall specifically and separately address the requirements of sections 2.4 thru 2.6.
- 4.6 **References.** The proposal must include a list of references of clients for whom this type of service has been provided in the past. The references provided will be considered in the evaluation of responses. The name of the client, contact name, address, telephone number, and type of organization must be provided for each client in addition to a brief description of the service provided. Please expect these references to be contacted.

5.0

SELECTION PROCESS

- 5.1 Individuals or firms failing to meet the minimum required qualifications will not receive further consideration. The most qualified respondents will be asked to interview with the Director of Research for the Legislative Council and others.
- 5.2 Individuals or firms selected for an interview must appear with at least one principal who will have responsibility for the project. Up to three representatives from the responding firm may be present for the interview.
- 5.3 The Director of Research will negotiate with the firm chosen as most qualified. In the event an agreement cannot be reached, the Director of Research will negotiate with the next ranked firm on the committee's prioritized list. The Director of Research will continue this approach until such time as an agreement is reached.

6.0

EVALUATION CRITERIA

6.1 Proposals will only be considered from qualified respondents demonstrating the ability to conduct a cost-of-living study. Respondents and their respective proposals will be evaluated in accordance with specific criteria, including but not limited to the following:

- 1) quality and clarity of the proposed methodology for conducting the requested research;
- 2) breadth and depth of experience in conducting economic and market analyses;
- 3) qualifications and availability of proposed staff;
- 4) project budget; and
- 5) succinctness of proposal.

6.2 Sample work provided by the respondent will be an added factor in the final evaluation of a firm's qualifications.

7.0

INFORMATION PROVIDED TO THE CONTRACTOR

7.1 The Legislative Council will provide the contractor with the following:

- 1) a listing of the state's 178 school districts;
- 2) a map of the state's 178 school districts;
- 3) a series of computer-readable spreadsheets indicating the current market regions for categories of goods and services;
- 4) a summary of the most recent cost-of-living study and findings from that study; and
- 5) by November 17, 2017, a housing value for each school district to be used in computing housing costs.

8.0

REPORTS AND DOCUMENTS PROPERTY OF THE COLORADO GENERAL ASSEMBLY

8.1 All information collected by the contractor shall be the property of the Colorado General Assembly. The Colorado General Assembly retains the exclusive right to release any and all parts of the report. The reports prepared by the contractor, computer disks, tapes, and any other materials or analysis pertaining to the cost-of-living study shall also be the property of the Colorado General Assembly. The Colorado General Assembly reserves the right to reproduce and distribute any and all materials collected or prepared by the contractor.

9.0

SCHEDULE OF PAYMENTS

9.1 Payment for services will be provided according to the terms of the contract.