



**ALASKA RAILROAD CORPORATION**  
**327 W. Ship Creek Ave.**  
**Anchorage, AK 99501**  
Phone 907-265-2355  
Fax 907-265-2439  
[BATEST@AKRR.COM](mailto:BATEST@AKRR.COM)

July 14, 2020

## REQUEST FOR PROPOSAL 20-21-208368

### Actuarial Services

Response Requested,

This form must be completed and returned to ensure receipt of future addenda or additional information. Fax this form to (907) 265-2439 or email to: [BatesT@akrr.com](mailto:BatesT@akrr.com). All addenda will be forwarded to the contact name and number listed below.

**Firms that have not returned this cover sheet will not be informed of addendums and will only be alerted to addendums by checking with the ARRC procurement officer or by checking ARRC's internet site: [www.alaskarailroad.com](http://www.alaskarailroad.com), select Suppliers and then Solicitations. Bidders must acknowledge the receipt of all issued addendums in their proposal/bid submittal.**

Company \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Contact \_\_\_\_\_

Phone \_\_\_\_\_

Fax \_\_\_\_\_

Email \_\_\_\_\_

Website: [www.alaskarailroad.com](http://www.alaskarailroad.com)



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July 14, 2020

## **REQUEST FOR PROPOSALS**

**20-21-208368**

The Alaska Railroad Corporation (ARRC) is soliciting proposals from interested concerns for the following:

### **Actuarial Services for Pension and Retiree Medical Plans**

Sealed offers in **one hard-copy original and one electronic copy loaded on a flash drive** will be received until **3:00 pm local time, August 4, 2020**. The envelope used for the submittal of your offer shall be plainly marked with the following information:

1. Offeror's name.
2. Offer number 20-21-208368
3. Date and time scheduled for the receipt of offers.
4. Sealed Offer: Actuarial Services for Pension and Retirement Medical Plans

The ARRC may award a contract resulting from this solicitation to the responsible offeror whose offer conforming to this solicitation will be most advantageous to the ARRC.

ARRC may reject any or all offers if such action is in the best interest of ARRC, and waives informalities and minor irregularities in offers received. ARRC may award a contract on the basis of initial offers without discussions. Therefore, each initial offer should contain the offeror's best terms from a cost or price and technical standpoint. Any contract resulting from this solicitation shall incorporate the Standard Terms and Conditions contained in this solicitation package.

This Request for Proposals is not to be construed as a commitment of any kind nor does it commit the ARRC to pay for any cost incurred in the submission of an offer or for any other cost incurred prior to the execution of a formal contract.

**ARRC Disadvantaged Business Enterprise (DBE) Program:** ARRC is an equal opportunity corporation that encourages the participation of DBEs as prime contractors and subcontractors on its contracts funded in whole or in part by the Federal Transit Administration (FTA) or the Federal Highway Administration (FHWA). The ARRC has a race neutral DBE Program and does not set DBE goals on individual solicitations. Nonetheless, the ARRC aspires to achieve an overall DBE participation on federal contracts of 3.0 % in FY 2019-2021. If this contract is funded in whole or in part by funds from

the FTA or the FHWA, it is imperative that you consult the Federal Terms and Conditions portion of this solicitation.



The Alaska Railroad is a member of Green Star ([www.greenstarinc.org](http://www.greenstarinc.org)) ARRC earned an initial Green Star Award in 1994 and a Green Star Air Quality Award in 2007. The Alaska Railroad considers Green Star membership to be a positive business attribute, and regards a Green Star award as a tangible sign of an organization's commitment to environmental stewardship and continual improvement within its operations.

Please direct all responses and/or questions concerning this Request for Proposals to Tim Bates, Alaska Railroad Corporation, Supply Management, 327 Ship Creek Avenue, Anchorage, AK 99501, telephone number (907) 265-2355, fax number (907) 265-2439.

Sincerely,

Tim Bates

Tim Bates  
Contract Administrator  
Alaska Railroad Corporation

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## SECTION A

### BACKGROUND INFORMATION

The Alaska Railroad Corporation (ARRC) is seeking proposals for an actuary for its defined benefit pension plan and its retiree medical plan, to provide annual valuations and determine the Actuarially Determined Contribution (ADC). The valuations are done under GASB 67 (pension) and GASB 45 (retiree medical). Additionally, the ARRC requires an update to the valuation for budgeting purposes in the fall of each year. Once every five years, the ARRC requires an experience study to be conducted for its pension plan and retiree medical plan. The most recent experience studies were completed in the fall of 2015.

The Alaska Railroad Corporation (ARRC) is a public corporation established by the State of Alaska legislature to own and operate the Railroad and to manage the railroad's properties. This includes management powers and duties, corporate property, financial issues, bonding and personnel/labor relations. All revenues generated by the Railroad are retained and managed by the Railroad for railroad and related purposes.

The Alaska Railroad Corporation Pension Plan covers all regular employees hired after the January 5, 1985 transfer of ownership of the Alaska Railroad from the federal government to the State of Alaska. Participation is mandatory and employees contribute 9% of their base salary or wages to the Plan. The ARRC's contribution is dependent on the results of annual actuarial valuations. A Pension Committee that is comprised of three management and two labor representatives administers the Plan. The market value of the assets in the Pension Plan at 12/31/2019 was \$212 million. At that time, there were 671 active, 375 in-active, and 311 retired participants. The assets of the ARRC's Pension Plan are currently invested in 26% Fixed Income, 45% Domestic Equity, 15% International Equity, 13% Real Estate and 1% Commodities. Wells Fargo serves as the trustee/custodian.

Pension record keeping and calculation services are outsourced. Atesa Benefits currently serves as the record keeper for the Pension Plan. However, the ARRC is in the process of soliciting a Request for Proposal for Defined Benefit record keeping services in 2020. The record keeper maintains all participant accounts, and calculates lump sum distributions and all forms of pension benefits. Payments are currently made by the record keeper.

The Alaska Railroad Corporation Post-Retirement Health Care Trust was established June 1, 2005 under IRC Section 115(1). A Health Care Trust Committee comprised of three management representatives administers the Plan. The Investment Policy for the Health Care Trust is moving to a more conservative 60/40 allocation (Fixed Income/Equities respectively) instead of mirroring the Pension Trust. The market value of the assets in the PRHC Trust at 12/31/2019 was \$47 million. The assets of the Plan are currently invested in 50% Fixed Income, 20% Domestic Equity, 5% International Equity, 20% Real Estate and 5% Specialty Equity-Healthcare. Wells Fargo, recently acquired by Principal Financial, serves as the trustee/custodian. Participants in the Plan are eligible to participate in the medical plan. Participation criteria are set forth in the five collective bargaining agreements for represented employees and in the ARRC policy for non-represented employees. Previously, the Board of Directors adopted a resolution that freezes the post-retirement medical coverage for non-represented employees hired after November 4, 2014. Additionally, the Board approved negotiated labor agreements with the five unions that also freezes post-retirement medical coverage for those employees hired after the various CBA effective dates. The Board of Directors also passed an amendment to the Post-Retirement Health Care Trust to rename it the Alaska Railroad Corporation Health Care Trust. The amendment changed the scope of the trust and allowed the ARRC to use the trust to pay for a portion of the premiums of active participants for five years, with 2020 being the final year.

Bartel Associates has performed the actuarial services since 2015. Bartel assists ARRC in preparing financial statement information in accordance with Governmental Accounting Standards Board Statements Nos. 67 and 68 (GASBs 67 & 68) for the Pension Plan. Bartel Associates also assists in preparing financial statement information in accordance with Governmental Accounting Standards Board Statement Nos. 74 and 75 (GASBs 74 & 75) for the Retiree Medical Plan. The Hyas Group conducts regular performance analysis for the Plans, and provides investment consulting, including asset allocation, investment policy and investment manager searches.

## **SECTION B**

### **SCOPE OF SERVICES**

#### **PENSION AND POST-RETIREMENT ACTUARIAL SERVICES**

1. Perform two annual actuarial valuations of the ARRC Corporation Pension Plan in accordance with the appropriate accounting standards, one for funding of the Pension Plan and one for accounting disclosure purposes. The valuation should contain an executive summary, detailed schedules, demographics, a comprehensive explanation of the actuarial assumptions and future year projections. It must also clearly describe the reasons for actuarial gains and losses from the previous year, and any changes in assumptions and their impacts. Provide a draft version to the Committee by mid-May. Make an on-site presentation of the valuation to ARRC by the third Monday in June each year.
2. Perform two annual actuarial valuation of the ARRC Corporation Health Care Plan in accordance with the appropriate accounting standards, one for funding of the Health Care Plan and one for accounting disclosure purposes. The valuation should contain an executive summary, detailed schedules, demographics, a comprehensive explanation of the actuarial assumptions and future year projections. It must also clearly describe the reasons for actuarial gains and losses from the previous year, and any changes in assumptions and their impacts. Provide a draft version to the Committee by mid-May. Make an on-site presentation of the valuation to ARRC by the third Monday in June each year.
3. Annually, validate and review actuarial assumptions for the Corporate Pension Plan. Recommend and provide supporting illustrations, models, or analysis regarding appropriate changes to the actuarial assumptions based on industry trends or other experiential factors. Recommend, and if approved, conduct an experience study approximately every five years.
4. Annually, validate and review actuarial assumptions for the Retiree Health Care Plan. Recommend and provide supporting illustrations, models, or analysis regarding appropriate changes to the actuarial assumptions based on industry trends or other experiential factors. Recommend, and if approved, conduct an experience study approximately every five years, with the first being due fall of 2020.
5. Prepare annual disclosure information for the Pension Plan and the Retiree Health Care Plan for inclusion in the ARRC financial statement. Information is due in January of each year for the preceding year.
6. Advise the ARRC on changes in actuarial or accounting standards, or federal or state laws or regulations that may impact the actuarial valuation of the Pension Plan or the Retiree Health Care Plan. Provide analysis of the impact on the plan(s) of those changes.
7. Review and comment on proposed changes in the plan design of the Pension Plan or the Retiree Health Care Plan and, if requested, prepare cost estimates for those proposals. Provide analysis on regulatory changes that may impact the plans as needed.
8. In September of each year, prepare an estimate of the expense for the Pension Plan and the Retiree Health Care Plan for use in the next year's annual budget.
9. Provide audit support for ARRC as needed.

10. It is anticipated that the majority of the work can be done through conference calls and e-mails, with one on-site visit annually. Prompt response to requests for information is expected. This means a response within two to three business days, unless another time frame is mutually agreed upon.

## SECTION C

### PROPOSAL INFORMATION, CONDITIONS & INSTRUCTIONS

#### 1. Pre-Submission Proposal Inquires

Proposers shall promptly notify ARRC of any ambiguity, inconsistency, conflict, or error which they may discover upon examination of the solicitation documents. Verbal inquiries regarding this RFP are not permitted. All inquiries must be made in writing and received at ARRC's offices prior to July 30, 2020 and the written inquiries must be submitted as follows:

Timothy Bates  
Contract Administrator  
Alaska Railroad Corporation  
327 W. Ship Creek Avenue, 2<sup>nd</sup> Floor  
Anchorage, AK 99501  
Fax 907-265-2355  
Email: batest@akrr.com

ARRC will respond to all or part of the written inquiries received through the issuance of a written Addendum to the RFP, if in the opinion of ARRC, such information is deemed necessary to submit proposals or if the lack of it would be prejudicial to other prospective proposers. Oral and all other non-written responses, interpretations and clarifications shall not be legally effective or binding. Any Proposer who attempts to use or uses any means or method other than those set forth above to communicate with ARRC or any director, officer, employee or agent thereof, regarding this RFP shall be subject to disqualification.

#### 2. Proposal Submission Deadline

Sealed proposals must be received by ARRC no later than 3:00 p.m., local time, on August 4, 2020 at:

Alaska Railroad Corporation  
Purchasing Department  
327 W. Ship Creek Avenue, 2<sup>nd</sup> Floor  
Anchorage, AK 99501

One (1) original and one (1) electronic copy of each proposal must be submitted. The sealed envelope or package used in submitting a proposal shall be clearly marked with the following information:

1. Proposer's Name
2. RFP number 20-21-208368
3. Date and Time Scheduled for Receipt of Proposals: 08/04/2020; 3:00pm
4. Sealed Proposal: Actuarial Services for Pension and Health Care Medical Plans

Proposals received after the time and date set forth above shall be rejected. All proposals submitted in response to this solicitation must be signed by an individual with the legal authority to submit the offer on behalf of the company.

#### 3. Proposal Open and Subject to Acceptance

All proposals shall remain open and subject to acceptance by ARRC for ninety (90) days after the deadline for proposal submission.

#### **4. Proposal Opening**

Proposals will be opened privately at ARRC's convenience on or after the proposal due date.

#### **5. Reserved Rights**

In addition to other rights in this RFP, ARRC reserves, holds and may exercise at its sole discretion, the following rights and options:

- (a) To supplement, amend, or otherwise modify or cancel this RFP with or without substitution of another RFP.
- (b) To issue additional or subsequent solicitations for proposals.
- (c) To conduct investigations of the Proposers and their proposals.
- (d) To clarify the information provided pursuant to this RFP.
- (e) To request additional evidence or documentation to support the information included in any proposal.
- (f) To reject any and all proposals, or parts thereof, and/or to waive any informality or informalities in any of the proposals or the proposal process for the RFP, if such rejection or waiver is deemed in the best interest of ARRC.
- (g) To award a contract or contracts resulting from this solicitation to the responsible Proposer whose proposal conforming to this solicitation will be most advantageous to ARRC.
- (h) To negotiate any rate/fee offered by a Proposer. ARRC shall have the sole right to make the final rate/fee offer during contract negotiations. If the selected Proposer does not accept ARRC's final offer, ARRC may, in its sole discretion, reject the proposal and start negotiations with the next highest ranked Proposer.
- (i) If an award is made and, prior to entering into a contract, subsequent information indicates that such award was not in the best interest of ARRC, ARRC may rescind the award without prior notice to proposers and either award to another proposer or reject all proposals or cancel the RFP.
- (k) To terminate the contractor at any point in the evaluation process or after award if the approved personnel become unavailable, are switched off project by the firm, or the qualifications are generally found to be inadequate. All personnel reassignments to and from the project will be approved by ARRC.

#### **6. Proposal Costs**

Each Proposer shall be solely responsible for all costs and expenses associated with the preparation and/or submission of its proposal, and ARRC shall have no responsibility or liability whatsoever for any such costs and expenses. Neither ARRC nor any of its directors, officers, employees or authorized agents shall be liable for any claims or damages resulting from the solicitation or collection of proposals. By submitting a proposal, Proposer expressly waives (i) any claim(s) for such costs and expenses, and (ii) any other related claims or damages.

#### **7. Taxes**

Pursuant to AS 42.40.910, ARRC is exempt from all forms of state or local sales, property and other taxes. Accordingly, any Proposer who submits a proposal shall not include any such tax in any of its proposal prices or in any calculation thereof.

## **8. Proposal Format**

Interested firms shall submit one (1) original proposal and seven (7) copies, containing a statement of qualifications and a concise narrative that fully addresses each evaluation criteria. Proposals shall have a maximum of thirty (30) pages, exclusive of resumes and exhibits. A signed cover letter of a maximum two (2) pages should introduce the proposed firm, summarize the main qualifications of the firm, and include any other information the Contractor deems will emphasize the Contractor's ability to successfully perform the services required and demonstrate why selection of Contractor would be advantageous to ARRC. A limited number of larger (11x17) sheets are acceptable for graphics or charts. The page limit excludes cover sheets, cover letter, table of contents, forms required by ARRC, resumes or other attachments required herein.

### **Important Instructions: To be considered responsive, Proposers must submit the following**

- a: Bidders Questionnaire in Section E. Note all addenda in your firm's proposal**
- b: Section H - Cost schedule; Pricing shall be submitted in a separate envelope labeled "Pricing" (no copies needed)**

## **9. Capacity to Perform**

Any Proposer considered for award as a result of this solicitation may be required to make assurance to the Contract Administrator concerning the Proposer's capacity and capability to perform. Previous contracts of a like nature, financial solvency, and other information may be requested of the considered Proposer. Failure to provide assurances requested in a timely manner may be cause for rejection of the Proposal.

## **10. Costs**

Other direct costs (ODC) on contracts incurred shall be billed at cost. Any travel and travel related expenses shall be billed at cost with coach airfare only, no first class or business class. Lodging and meal expenses must be reasonable. ARRC will not pay for alcohol, valet parking or other expenses it considers to be exorbitant.

## **11. Purchase Obligation**

ARRC and responding firms expressly acknowledge and agree that ARRC has made no express or implied promises to expend any dollar amounts with respect to the services addressed by this RFP. By submitting a proposal in response to this RFP, each firm acknowledges and agrees that the provisions of this RFP, and/or any communication, statement, act or omission by representatives of ARRC (including consultants) in the selection process, shall not vest any right, privilege, or right of action in any Proposer.

## **12. Exceptions to Terms, Conditions and Specifications**

Any contract resulting from this solicitation shall incorporate the General Terms and Conditions contained in this solicitation package. Each Proposer shall indicate all exceptions to terms, conditions, and specifications of this solicitation individually in its proposal. Exceptions received or placed after the proposal submission date will be considered as counter offers and as such will render the entire proposal non-responsive.

## **13. Public Information**

All submitted proposals will be considered confidential until notice of intent to award is issued. After notice of intent to award is issued, all proposals will become public information.

#### **14. Qualifications of Proposers**

Proposers will be evaluated by ARRC based upon their experience in performing the services requested, financial stability, appropriate personnel, responsiveness, technical knowledge and general organization. ARRC reserves the right to take any actions it deems necessary to determine if Proposers have the ability to perform the services outlined in the Scope of Work in a satisfactory manner. Such actions will include an evaluation of the Proposer's qualifications and references prior to Contract Award. Proposers may be disqualified, and their Proposals rejected, for any reason deemed appropriate by ARRC including, but not limited to, the following:

- (a) Evidence of collusion between a Proposer and any other Proposer(s).
- (b) An unsatisfactory performance record on prior projects for ARRC, or any other organization.
- (c) The appearance of financial instability (in the opinion of ARRC) and/or evidence that Proposer may not be financially able to complete the work required by the Scope of Work in a satisfactory manner.
- (d) If Proposer has failed to complete one or more public contracts in the past.
- (e) If Proposer has been convicted of a crime arising from previous public contracts.
- (f) If Proposer is not authorized to perform work in the State of Alaska.

#### **15. References**

Provide a representative list of clients including addresses, contact names and phone numbers. In case of a business entity client, provide the name of an individual familiar with the nature of your services to the entity.

#### **16. Clients**

How many clients have begun using your firms' services in the past three years? How many clients have stopped using your firm's services in the past three years? Why?

#### **17. Conflict of Interest**

Disclose any information that may pose an actual conflict of interest in providing these services or give the appearance of a conflict of interest.

Please provide any other relevant information that may assist ARRC in the selection process.

#### **18. Contract Period**

The ARRC anticipates awarding a contract for a two year period with the possibility of three one-year extensions subject to acceptance by both parties.

## SECTION D

### PROPOSAL FORMAT AND CONTENT

Alaska Railroad Corporation (ARRC) is requesting proposals from interested firms qualified to perform the work described in the Scope of Services. This is intended to be an unbiased evaluation. ARRC reserves the right to determine that proposed services will meet ARRC requirements. ARRC reserves the right to withdraw this RFP, reject any and all proposals, advertise for new proposals, or accomplish the work by other means including issuing only some of the tasks defined in the Scope of Services above, that ARRC in its sole discretion, determines to be in its best interest. ARRC may request additional information from any firm to make a proposal responsive to this RFP or otherwise obtain clarification or additional information that ARRC, in its sole discretion, deems necessary to analyze and compare proposals.

Proposals must be complete as to the requested information.

Failure to follow this format in a proposal or failure to include complete information as requested will result in a lower score and may result in rejection of the proposal. At a minimum your proposal shall address the following in order to be considered responsive:

#### **Qualifications of the Firm**

- Provide a transmittal letter with general information on your organization and its experience, including the year it was founded, the number of years your firm has been providing pension and post-retirement medical actuarial consulting services in the governmental entities or in the transportation or railroad industries, and any other lines of business or affiliated entities.
- Describe your ownership structure, including parent, affiliated or subsidiary company, and business partners.
- Explain any significant shifts in your organization within the last three years, such as ownership or restructuring. Describe any significant changes anticipated in the future.
- Provide a list of at least three (3) references of your clients with contact information, where similar services have been provided during the last two years.
- Identification of the location of the office from which management of the project would be accomplished, as well as any other offices anticipated to be involved.
- What is the average size of the plan in participants and assets of your clients? How many clients are in the private sector versus governmental sector?
- Identify if your firm uses the services of a subcontractor. If so, provide details on whom and describe which portions or services.
- Include a signature and title of a person authorized to obligate the firm.
- Provide an organizational chart showing all key personnel, identifying their area of expertise, and their roles and relationships and how they will interact with ARRC personnel and among themselves.

- Description of your firm's proposed organization of responsibilities, work plan, and approach. The work plan must include a schedule for completion of the proposed deliverables. Samples of each deliverable proposed shall be submitted with the proposal.
- List litigation experience during the last three (3) years including the number and amount of pending cases, awards and settlements (both in and out of court) associated with the operation of your business. No specific identification of claimants is required. Exclude routine matters which do not reflect on your performance of the contract.

### **Proposed Key Personnel**

- Discuss the availability of key personnel for this engagement.
- Include resumes and work experience of the key personnel to be assigned to the work effort, clearly describing their qualifications and experience. Information about these individuals should include three clients where they are performing tasks and functions comparable to those outlined in the Scope of Services for a client with similar scope and complexity.
- Describe your standard client/consultant ratio. What is the client load for the principals you are proposing for this engagement?
- Describe the number of staff members to be assigned to this case, the functions to be performed by those individuals and how their activities would be coordinated and directed.
- Describe any ongoing training requirements and your succession planning to back fill or replace team members.
- ARRC reserves the right to terminate the contract at any point in the evaluation process or after award if the approved personnel become unavailable, are reassigned or otherwise removed from the project by the firm, or the qualifications are generally found to be inadequate. All personnel reassignments will be approved by ARRC in writing.
- Disclose any actual or appearance of conflict of interest.

### **Proposed Methodology and Approach:**

- Describe your actuarial methodology for performing the annual valuation for a pension plan with two (2) tiers and a health care plan with three (3) medical plans.
- Describe your expertise in governmental pension and health care plans.
- Describe your methodology for analyzing, developing alternatives and recommendations, costing and implementing pension and health care plan provisions.
- Describe your methodology for conducting experience studies for pension and health care plans.
- Describe your methodology for determining asset smoothing techniques and duration periods of amortization of actuarial gains and losses.
- Describe your approach to educating the client regarding the impact, implications and interrelationships of the actuarial assumptions.

- Explain how you involve the client in decision-making regarding the actuarial assumptions. Please provide a sample copy of an actuarial valuation.
- Explain your methodology for providing proactive analysis and modeling on trends involving items such as liabilities, assets, and assumptions.
- Describe your approach to transitioning from another actuarial firm and explain any costs involved.
- Identify any services you are unable to perform or service limitations.
- Describe what services distinguish you from competitors.
- Describe the time period necessary to prepare actuarial reports following receipt of the necessary data from the plan sponsor, the record keeper and/or trustee/custodian.

**System Capabilities:**

- Describe your approach to development and maintenance of your valuation software. Is it proprietary, leased or purchased?
- Who in your organization has the ultimate responsibility/authority to make sure software complies with current laws, plan provisions, etc?
- Describe your maintenance and backup procedures including daily backups, retention timetable and off-site storage approach.
- Describe your organization's specific procedures for monitoring data integrity.
- Describe your ability to send and receive secure employee data to/from the plan sponsor, the record keeper and/or trustee/custodian.
- Describe your documented disaster recovery plan. How often do you test your recovery system?

**Cost Proposal:**

- Provide a detailed description on how your firm is to be remunerated for the services requested, include administration costs, travel and all other related expenses.
- Explain how your firm controls the cost of services rendered to a client.
- Provide the details on services considered non-routine and their fee structure.
- Provide the hourly rates of the key individuals who will be responsible for the performance of the services.
- The cost/fee matrix must be submitted in a separate envelope labeled "Pricing".

**Alaska Bidder's Preference:**

For the purposes of evaluating price, the proposed price of an offeror who qualifies as an Alaska Bidder shall be reduced by 5%. Offerors seeking an Alaska Bidders Preference must submit information with their proposals documenting that they meet each requirement stated in ARRC Revised Procurement Rule 1200.9(b).

## **SECTION E**

### **SELECTION PROCESS AND EVALUATION CRITERIA**

The selection of a firm to perform the requested services will be made by an ARRC appointed committee which will evaluate the proposals in accordance with the evaluation criteria specified herein and establish a ranking. Proposals will be evaluated on the basis of advantages and disadvantages to ARRC using the criteria described in this Section.

ARRC reserves the right to select the top ranked firm based solely on the scoring of the written proposals and to enter directly into negotiations with said firm. However, at its sole discretion, ARRC may require the highest ranked firms to make an oral presentation to the evaluation committee. In this event, oral presentations will be scheduled at ARRC's Board Room located at 327 West Ship Creek Avenue, Anchorage, Alaska. The selected firms will have an opportunity to summarize the information provided in their written proposals, expand on their capabilities, experience and proposed approach and work plan and answer questions from the selection committee. It is important that the primary individuals servicing the contract are present for this presentation. Scores obtained in the initial phase will not carry over to the presentation phase. Upon completion of the oral presentations, the evaluation committee will review the material presented and determine a ranking order for the firms interviewed.

#### **EVALUATION CRITERIA**

<b>DESCRIPTION</b>	<b>WEIGHT</b>
<b>Qualifications of the Firm</b>	<b>20</b>
<b>Proposed Key Personnel</b>	<b>30</b>
<b>Methodology and Approach</b>	<b>30</b>
<b>Cost Proposal</b>	<b>20</b>
<b>Total Score</b>	<b>100</b>

#### **Contract Award**

Once the committee has established a ranking, ARRC will begin negotiations with the highest ranked firm. If an agreement cannot be reached on contract terms, negotiations will be terminated, and negotiations will be conducted with the next highest ranked firm, until an agreement is reached, or until ARRC exercises its right to cancel the solicitation.

**SECTION F**

**QUESTIONNAIRE**  
(Revised 2-27-06)

**Note: Failure to provide the information requested in this questionnaire may be cause for rejection of your bid or offer on the grounds of non-responsiveness and/or non-responsibility.**

Solicitation Number \_\_\_\_\_

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

Street Address: \_\_\_\_\_

Mailing Address if Different: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Mailing Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_

Date Firm Established: \_\_\_\_\_

**How many years has the business been under the above name?** \_\_\_\_\_

Previous business name(s) if any: \_\_\_\_\_

**Federal Tax ID Number:** \_\_\_\_\_

**Business License Number:** \_\_\_\_\_

**Bid Acceptance Period** \_\_\_\_\_ **Days.** (Bids providing less than thirty-day (30) calendar days for acceptance may be considered non-responsive and may be rejected.)

Discount for prompt pay \_\_\_\_\_ % \_\_\_\_\_ days.

List any variations from or exceptions to the Terms, Conditions or Specifications of the Solicitation

\_\_\_\_\_  
\_\_\_\_\_

Continued on the next page

Are you acting as a broker or the primary supplier in this transaction?

- Broker
- Primary Supplier

Business Information (Please check all that apply):

- The business is Individual
- The business is a Partnership
- The business is a Non-Profit
- The business is a Joint-Venture
- The business is a Corporation incorporated under the laws of the State of \_\_\_\_\_
- The business is full-time
- The business is part-time
- The business is not a certified Disadvantaged Business (DBE)
- Business is a certified DBE
- DBE was certified by State DOTPF
- DBE was certified by the Municipality of Anchorage
- Business is an 8(a)/WBE/MBE and is certified by SBA
- B business was certified by \_\_\_\_\_
- DBE Certification # is \_\_\_\_\_

Firms Annual Gross Receipts:

- <\$500,000
- \$500,000 - \$999,999
- \$1,000,000 - \$4,999,999
- \$5,000,000 - \$9,999,999
- \$10,000,000 - \$16,999,999
- >\$17,000,000

Completed by: \_\_\_\_\_ Title: \_\_\_\_\_

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

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## SECTION G

### GENERAL TERMS AND CONDITIONS (Professional Service Contracts) (Revised 3/4/08)

The following terms and conditions supersede the terms and conditions on the reverse side of ARRC's purchase order to the extent that they are inconsistent therewith and shall be deemed to have the same force and effect as though expressly stated in any such purchase order into which this document is incorporated.

1. Definitions.

"ARRC" shall mean the Alaska Railroad Corporation.

"Contractor" shall mean the person or entity entering into the contract to perform the work or services specified therein for ARRC.

"Contract" shall mean these General Terms and Conditions, the contract form to which they are annexed, and all other terms, conditions, schedules, appendices or other documents attached to the contract form or incorporated by reference therein.

"Services" shall mean any work, direction of work, technical information, technical consulting or other services, including but not limited to design services, analytical services, consulting services, construction management services, engineering services, quality assurance and other specialized services furnished by Contractor to ARRC under the contract.

2. Inspection and Reports. ARRC may inspect all of the Contractor's facilities and activities under this contract in accordance with the provisions of ARRC Procurement Rule 1600.9. The Contractor shall make progress and other reports in the manner and at the times ARRC reasonably requires.

3. Claims. Any claim by Contractor for additional compensation or equitable adjustment arising under this contract which is not disposed of by mutual agreement must be made by Contractor in accordance with the time limits and procedures specified in sections 1800.12 et seq. of ARRC's Procurement Rules, which by this reference are hereby incorporated herein.

4. Nondiscrimination.

4.1 The Contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical or mental handicap, sex, marital status, change in marital status, pregnancy or parenthood when the reasonable demands of the positions do not require distinction on the basis of age, physical handicap, sex, marital status, changes in marital status, pregnancy, or parenthood. To the extent required by law, the Contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, physical or mental handicap, age, sex, marital status, changes in marital status, pregnancy or parenthood. This action must include, but need not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.

4.2 The Contractor shall cooperate fully with ARRC efforts which seek to deal with the problem of unlawful discrimination, and with all other ARRC efforts to guarantee fair employment practices under this contract, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.

4.3 Full cooperation in Paragraph 4.2 includes, but is not limited to, being a witness in any proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the Contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the Contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and state laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.

4.4 Failure to perform under this section constitutes a material breach of the contract.

## 5. Cancellation/Termination.

5.1 ARRC may, for its sole convenience, cancel this contract in whole or in part, at any time by giving written notice of its intention to do so. In the event of such cancellation, Contractor shall be entitled to receive payment in accordance with the payment provisions of this contract for services rendered or charges incurred prior to the effective date of termination. Contractor shall not be paid for any work done after receipt of a notice of cancellation or for any costs incurred by Contractor's suppliers or subcontractors which Contractor could reasonably have avoided. In no event shall ARRC be liable for unabsorbed overhead or anticipatory profit on unperformed services.

5.2 In addition to ARRC's right to cancel this contract for its convenience, ARRC may, by written notice of default to Contractor, terminate the contract in whole or in part in the following circumstances:

(1) The Contractor refuses or fails to perform its obligations under the contract, or fails to make progress so as to significantly endanger timely completion or performance of the contract in accordance with its terms, and Contractor does not cure such default within a period of ten (10) days after receipt of written notice of default from ARRC or within such additional cure period as ARRC may authorize; or

(2) Reasonable grounds for insecurity arise with respect to Contractor's expected performance and Contractor fails to furnish adequate assurance of due performance (including assurance of performance in accordance with the time requirements of the contract) within ten (10) days after receipt of a written request by ARRC for adequate assurance; or

(3) Contractor becomes insolvent or makes an assignment for the benefit of creditors or commits an act of bankruptcy or files or has filed against it a petition in bankruptcy or reorganization proceedings.

5.3 Upon receipt of a notice of cancellation or termination, Contractor shall immediately discontinue all service and it shall immediately cause any of its suppliers or subcontractors to cease such work unless the notice directs otherwise and deliver immediately to ARRC all reports, plans, drawings, specifications, data, summaries or other material and information, whether completed or in process, accumulated by Contractor in performance of the contract. In the event of termination for default, Contractor shall not be entitled to receive any further payment until the work is finished. If the

unpaid balance of the amount to be paid on this contract exceeds the expense of finishing the work, compensation for additional managerial and administrative services and such other costs and damages as ARRC may suffer as a result of Contractor's default, such excess shall be paid to Contractor. If such expense, compensation, costs and damages shall exceed such unpaid balance, Contractor shall be liable for and shall pay the differences to ARRC. The rights and remedies of ARRC provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law.

6. No Assignment or Delegation. The Contractor may not assign, subcontract or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the prior written consent of ARRC. The hiring or use of outside services, subcontractors or consultants in connection with the work shall not be permitted without the prior written approval of ARRC. No such approval shall relieve Contractor from any of its obligations or liabilities under this contract.

7. Independent Contractor. The Contractor's relationship to ARRC in performing this contract is that of an independent contractor and nothing herein shall be construed as creating an employer/employee relationship, partnership, joint venture or other business group or concerted action. The personnel performing services under this contract shall at all times be under Contractor's exclusive direction and control and shall be employees of the Contractor, and not of ARRC.

8. Payment of Taxes. As a condition of performance of this contract, the Contractor shall pay all federal, state, and local taxes incurred by the Contractor and shall require their payment by any subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by ARRC under this contract.

9. Ownership of Work Product. Except for items that have preexisting copyrights, all exhibits, drawings, plans, specifications, notes, reports, data, recommendations, artwork, memoranda and any other information prepared or furnished by Contractor to ARRC in the performance of this contract (collectively "Work Product") shall become the property of ARRC and may be used by ARRC for any other purpose without additional compensation to the Contractor. Contractor hereby grants ARRC an irrevocable, perpetual, royalty-free, fully assignable license (with full sublicense rights) to use all proprietary and confidential information and other intellectual property that may be incorporated into any of Contractor's Work Product for ARRC. Should ARRC elect to reuse said Work Product, ARRC shall indemnify, hold harmless and defend Contractor and its subcontractors against any damages or liabilities arising from said reuse. When Work Product produced by the Contractor and its Subcontractors under this Contract are reused by ARRC, the Contractor's and Subcontractor's signatures, professional seals, and dates shall be removed. If such Work Product requires professional signature and seal, it will be signed, sealed, and dated by the professional who is in direct supervisory control and responsible for the new project for which such Work Product is being reused.

Contractor hereby represents and warrants to and for the benefit of ARRC and its successors and assigns that no part of its work product for ARRC will infringe any patent rights or copyrights or utilize any proprietary, confidential or trade secret information or other intellectual property for which Contractor does not have the unqualified right to grant ARRC the license and sublicensing rights referred to above. Contractor shall defend, indemnify and hold harmless ARRC, its successors and assigns, and their respective representatives, agents and employees from and against, any and all claims, defenses, obligations and liabilities which they may have or acquire under or with respect to any patent, copyright, trade secret, proprietary or confidential information, or any other form of intellectual property that may be asserted by Contractor or any other person which arises out of, results from or is based upon the manufacture, use or sale by ARRC or any of its successors or assigns of any of Contractor's work product for ARRC. ARRC shall have the right to select its legal counsel and control its defense in any litigation resulting from any such claim.

10. Governing Law. This contract, and all questions concerning the capacity of the parties, execution, validity (or invalidity) and performance of this contract, shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of Alaska.

11. Alaska Executive Branch Ethics Act Requirements. No officer or employee of the State of Alaska or of the ARRC and no director of the ARRC or legislator of the state shall be admitted to any share or part of this contract or to any benefit that may arise therefrom. Contractor shall exercise reasonable care and diligence to prevent any actions or conditions which could be a violation of Alaska Statute 39.52 et seq. Contractor shall not make or receive any payments, gifts, favors, entertainment, trips, secret commissions, or hidden gratuities for the purpose of securing preferential treatment or action from or to any party. This obligation will apply to the activities of Contractor's employees and agents in their relations with ARRC employees, their families, vendors, subcontractors, and third parties arising from this contract and in accomplishing work hereunder. Certain gratuities may be given or accepted if:

- (1) there is no violation of any law or generally accepted ethical standards;
- (2) the gratuity is given as a courtesy for a courtesy received and does not result in any preferential treatment or action;
- (3) the gratuity is of limited value (less than \$150) and could not be construed as a bribe, payoff or deal; and
- (4) public disclosure would not embarrass ARRC.

ARRC may cancel this contract without penalty or obligation in the event Contractor or its employees violate the provisions of this section.

12. Non-Disclosure of Confidential Information. Contractor acknowledges and agrees that for and during the entire term of this contract, any information, data, figures, projections, estimates, reports and the like received, obtained or generated by Contractor pursuant to the performance of this contract shall be considered and kept as the private, confidential and privileged records of ARRC and will not be divulged to any person, firm, corporation, regulatory agency or any other entity except upon the prior written consent of ARRC. Furthermore, upon termination of this contract, Contractor agrees that it will continue to treat as private, privileged and confidential any information, data, figures, projections, estimates, reports and the like received, obtained or generated by Contractor during the term of the contract and will not release any such information to any person, firm, corporation, regulatory agency or any other entity, either by statement, deposition or as a witness except upon the express written authority of ARRC. ARRC shall be entitled to an injunction by any competent court to enjoin and restrain the unauthorized disclosure of such information.

Contractor's agreement of non-disclosure as specified in this section applies except to the extent required for (1) performance of services under this contract; (2) compliance with professional standards of conduct for preservation of the public safety, health, and welfare (so long as Contractor has given ARRC prior notice of the potential hazard and ARRC has had a reasonable opportunity to correct the hazard prior to disclosure); (3) compliance with a court order or subpoena directed against Contractor (so long as Contractor has given ARRC prior notice of such and ARRC has had an opportunity to contest the same in a court of law); or (4) Contractor's defense against claims arising from performance of services under this contract.

13. Covenant Against Contingent Fees. Contractor warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this contract, and that it has not paid or agreed to pay any person, company, individual, or firm

any commission, gift, percentage, fee, contingent upon or resulting from the award or making of this contract. For the breach or violation of this warranty, ARRC may terminate this contract without liability and, at its discretion, deduct from the contract price or otherwise recover the full amount of the commission, percentage, gift, or fee.

14. Standard of Performance. Contractor shall perform its services with care, skill and diligence in accordance with normally accepted industry standards and shall be responsible for the professional quality, technical accuracy, completeness, and coordination of all reports, designs, drawings, plans, information, specifications and other items and services furnished under this Contract. Contractor shall comply with all applicable federal, state and local laws and ordinances, codes, and regulations in performing its services. If any failure to meet the foregoing standard of performance appears within one (1) year after the services are accepted by ARRC, Contractor shall, at a minimum, reperform the work at no cost to ARRC and shall reimburse ARRC for any additional costs that may be incurred by ARRC or any of its contractors or subcontractors as a result of such substandard work. If Contractor should fail to re-perform the work, or if ARRC determines that Contractor will be unable to correct substandard services before the time specified for completion of the project, if any, ARRC may correct such unsatisfactory work itself or by the use of third parties and charge Contractor for the costs thereof. The rights and remedies provided for in this section are in addition to any other remedies provided by law.

15. Warranty. In the event Contractor supplies equipment, goods, materials or other supplies in addition to services under this contract, Contractor warrants that said items: (a) shall be of good quality and free from all defects and deficiencies in workmanship, material and design; (b) shall be fit, suitable and operate successfully for their intended purpose; (c) shall be new; (d) shall be free from all liens, claims, demands, encumbrances and other defects in title; and (e) shall conform to the specifications, if any, stated in the contract. Contractor shall honor all guarantees and warranties offered by the manufacturer of the equipment, goods, materials or other supplies provided under this contract. The rights and remedies provided for in this section are in addition to any other remedies provided by law.

16. Indemnification. Contractor shall defend, indemnify and hold ARRC harmless from and against all claims and actions asserted by a third party (or parties) and related damages, losses and expenses, including attorney's fees, arising out of or resulting from the services performed or neglected to be performed by Contractor or anyone acting under its direction or control or in its behalf in the course of its performance under this contract and caused by any error, omission or negligent act, provided that Contractor's aforesaid indemnity and hold harmless agreement shall not be applicable to any liability based upon the independent negligence of ARRC. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of ARRC, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. The term "independent negligence" is negligence other than ARRC's selection, administration, monitoring, or controlling contractor and in approving or accepting Contractor's work.

17. Insurance. Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this contract the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Contractor's policy contains higher limits, ARRC shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the ARRC contracting officer prior to beginning work and must provide for a 30-day prior notice of cancellation, non-renewal or material change. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach and grounds for termination of the Contractor's services.

17.1 Workers' Compensation Insurance: The Contractor shall provide and maintain, for all employees of the Contractor engaged in work under this contract, worker's compensation insurance as required by applicable law. The Contractor shall be responsible for worker's compensation insurance

for any subcontractor who directly or indirectly provides services under this contract. This coverage must include statutory coverage for states in which employees are engaging in work and employer's liability protection not less than \$100,000 per person, \$100,000 per occurrence. Where applicable, coverage for all federal acts (i.e. U.S.L. & H. and Jones Acts) must also be included.

17.2 Comprehensive (Commercial) General Liability Insurance: With coverage limits not less than \$1,000,000 combined single limit per occurrence and annual aggregates where generally applicable and shall include premises-operations, independent contractors, products/completed operations, broad form property damage, blanket contractual and personal injury endorsements. Said policy shall name ARRC as an additional insured and contain a waiver of subrogation against ARRC and its employees.

17.3 Comprehensive Automobile Liability Insurance: Covering all owned, hired and non-owned vehicles with coverage limits not less than \$100,000 per person/\$300,000 per occurrence bodily injury and \$50,000 property damage. Said policy shall name ARRC as an additional insured and contain a waiver of subrogation against ARRC and its employees.

17.4 Professional Liability (E&O) Insurance: Covering all errors, omissions or negligent acts of the Contractor, its subcontractor or anyone directly or indirectly employed by them, made in the performance of this contract which result in financial loss to ARRC. Limits required are per the following schedule:

<u>Contract Amount</u>	<u>Minimum Required Limits</u>
Under \$100,000	\$ 500,000 per Occurrence/Annual Aggregate
\$100,000-\$499,999	\$1,000,000 per Occurrence/Annual Aggregate
\$500,000-\$999,999	\$2,000,000 per Occurrence/Annual Aggregate
Over \$1,000,000	Negotiable-Refer to Risk Management

18. ARRC's Rights Not Waived by Payment. No payment made by ARRC shall be considered as acceptance of satisfactory performance of Contractor's obligations under this contract. Nor shall any payment be construed as acceptance of substandard or defective work or as relieving Contractor from its full responsibility under the contract.

19. Nonwaiver. A party's failure or delay to insist upon strict performance of any of the provisions of this contract, to exercise any rights or remedies provided by this contract or by law, or to notify the other party of any breach of or default under this contract shall not release or relieve the breaching or defaulting party from any of its obligations or warranties under this contract and shall not be deemed a waiver of any right to insist upon strict performance of this contract or any of the rights or remedies as to any subject matter contained herein; nor shall any purported oral modification or rescission of this contract operate as a waiver of any of the provisions of this contract. The rights and remedies set forth in any provision of this Agreement are in addition to any other rights or remedies afforded the nonbreaching or nondefaulting party by any other provisions of this contract, or by law.

20. Savings Clause. If any one or more of the provisions contained in thee contract shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this contract, but this contract shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

21. Headings. The headings of sections and paragraphs of this contract are for convenience of reference only and are not intended to restrict, affect, or be of any weight in the interpretation or construction of the provisions of such sections or paragraphs.

22. Forum Selection. The parties shall not commence or prosecute any suit, proceeding or claim to enforce the provisions of the contract, to recover damages for breach or default under the contract, or otherwise arising under or by reason of the contract, other than in the courts of the State of Alaska for the Third Judicial District at Anchorage. The parties hereby irrevocably consent to the jurisdiction of said courts.
23. Conflict of Interest. Contractor shall act to prevent any actions or conditions which could result in a conflict with ARRC's best interests. This obligation shall apply to the activities of Contractor's employees and agents in their relationships with ARRC's employees, their families, vendors, subcontractors and third parties accomplishing work under this contract.
24. Publicity. Contractor shall not release any information for publication or advertising purposes relative to this contract or to the material, equipment and/or services furnished under this contract without the prior written consent of the ARRC.
25. Audit. ARRC has the right to audit at reasonable times the accounts and books of the Contractor in accordance with the provisions of ARRC Procurement Rule 1600.10.
26. Internal Controls and Record Keeping. Contractor shall keep full and accurate records and accounts of all of its activities in connection with this contract, including, without limitation, reasonable substantiation of all expenses incurred and all property acquired hereunder.
27. Force Majeure. Neither ARRC nor Contractor shall be responsible for failure to perform the terms of this contract when performance is prevented by force majeure, provided that: (1) notice and reasonably detailed particulars are given to the other party and (2) the cause of such failure or omission is remedied so far as possible with reasonable dispatch. The term "force majeure" shall mean acts of God, earthquakes, fire, flood, war, civil disturbances, governmentally imposed rules, regulations or other causes whatsoever, whether similar or dissimilar to the causes herein enumerated, which is not within the reasonable control of either party and which through the exercise of due diligence, a party is unable to foresee or overcome. In no event shall force majeure include normal or reasonably foreseeable or reasonably avoidable operational delays.
28. Permits and Licenses. The Contractor shall, at its own expense, obtain all necessary permits, licenses, certifications and any other similar authorizations required or which may become required by the government of the United States or any state or by any political subdivision of the United States or of any state except where laws, rules or regulations expressly require the ARRC to obtain the same.
29. Environmental Protection. When performing all obligations under the contract, Contractor shall comply with all specific instructions of ARRC with regard to environmental concerns, regardless of whether such instructions are based upon specific law, regulation or order of any governmental authority.
30. Set Off. If ARRC has any claim against the Contractor related or unrelated to this contract, it may set off the amount of such claim against any amount due or becoming due under this contract.
31. Observance of Rules. The contractor's personnel performing work or services hereunder on ARRC's premises shall observe all fire prevention, security, and safety rules in force at the site of the work.
32. No Third-Party Beneficiary Rights. No provision of this contract shall in any way inure to the benefit of any third parties (including the public at large) so as to constitute any such person a third-party beneficiary of the contract or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any person not a party hereto.

33. Entire Agreement. This contract represents the entire and integrated agreement between ARRC and the Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. This contract may be amended only by a written instrument signed by both ARRC and the Contractor.

34. Key Personnel Changes. Contractor shall secure prior written approval from ARRC for any changes of key personnel assigned to perform services under this contract. ARRC reserves the right to reject any of Contractor's employees whose qualifications and/or experience in ARRC's good faith and reasonable judgment do not meet the standards necessary for the performance of the services required under this contract.