

Compensation & Benefits Consulting Services
REQUEST FOR PROPOSAL
PU25-1483



Procurement Department
10747 Renner Blvd
Lenexa, KS 66219

ATTENTION RFP RESPONDENT – COMPLETE AND RETURN THIS PAGE WITH YOUR PROPOSAL

Responding Firm _____ Phone Number _____
(Please print or type)

Address _____

City _____ State _____ Zip _____

Signature of Authorized Agent _____

Name of Authorized Agent _____
(Please print or type)

Email _____

The only authorized source for Request for Proposal (RFP) forms, addenda, and information regarding this RFP is purchasing@waterone.org. Using RFP forms, addenda, and information not obtained from purchasing@waterone.org or <https://waterone.org> creates the risk of not receiving necessary information about the RFP that may eliminate your proposal from consideration.

Submit questions regarding this RFP at purchasing@waterone.org by deadline in the RFP schedule. All questions and answers will be shared with respondents.

Proposals shall be submitted to purchasing@waterone.org by the date and time indicated. Late Proposals will be rejected. Paper or fax responses will NOT be accepted and will not be returned to the sender. All proposals are subject to the terms and conditions herein.

Submission of a proposal shall be deemed a firm offer and is not revocable within 120 days after response deadline.

Proposed RFP Schedule

These dates and times are subject to change:

| | |
|--|---|
| 1. Issue RFP | 4/18/2025 |
| 2. Deadline for Questions | 4/25/2025 @ 12:00 p.m. CST |
| 3. WaterOne Issue Response to Questions | 4/28/2025 @ 12:00 p.m. CST |
| 4. Proposals Due | 5/1/2025 @ 3:00 p.m. |
| 5. Proposal Evaluations | 5/2/2025 through approximately 5/7/2025 |
| 6. Interviews/Demonstrations (If needed) | Approximately 5/9/2025 through 5/16/2025 |
| 7. Recommendation to WaterOne Board | Administrative Committee – 6/3/2025 |
| | Board – 7/8/2025 |
| 8. Notification of Award | 7/9/2025 (upon Board approval) |

Structure of the RFP

For the convenience of the Respondent, this RFP is structured as follows:

| | |
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1. INTRODUCTION

As part of the ongoing effort to foster a culture of transparency and fairness, WaterOne aims to ensure that our compensation practices support both organizational goals and employee satisfaction. WaterOne requests the submission of proposals from qualified firms to provide total compensation consulting services in the form of a Total Compensation Study that includes deliverables as described herein. The findings from this study will serve as the foundation for any necessary adjustments to our compensation strategy and will facilitate informed decision-making on future compensation planning. Responses provided may be included in a final Agreement between WaterOne and the Respondent.

2. BACKGROUND

Water District No. 1 of Johnson County (WaterOne) is soliciting proposals to provide total compensation consulting services, including the design and implementation of a total compensation plan that attracts, retains, and motivates employees, while aligning with business goals and being market competitive. Total compensation encompasses salaries, benefits, and other rewards. WaterOne will evaluate competing proposals to determine suitability of the scope of services, cost, and schedule.

WaterOne is an independent non-profit public water utility which derives its authority, duties, and franchise as a water utility by Kansas Law, K.S.A. 19-3501, et seq. WaterOne serves a population of approximately 550,000 and encompasses approximately 272 square miles primarily in Johnson County, Kansas with some service footprint and facilities in Wyandotte and Miami Counties in the greater Kansas City metropolitan area. WaterOne's daily operations are under the administration of a General Manager, the chief executive officer. The organization is governed by

a seven-member elected Board which sets the policies under which the organization operates and has responsibility for fiduciary oversight. WaterOne has within its structure seven functional divisions which are: Finance, Legal & Internal Audit, Information Technology, Services, Engineering, Distribution, and Production. Divisions are led by a director-level senior leader which reports to the General Manager.

WaterOne has had an outstanding record of employee retention, and it is a strategic goal to be an employer of choice; to attract and retain a high-quality workforce and provide a competitive total compensation package. WaterOne previously contracted compensation analyses in 2012, 2017, and 2022. Our current compensation philosophy is overall to set compensation range midpoint at 60% of market.

The study should be based on an objective job analysis and evaluation of valid job descriptions for WaterOne's budgeted 409 full-time and part-time non-union employees, and approximately 21 seasonal employees. WaterOne has approximately 205 different positions covering a variety of technical, professional, administrative, labor, and trade disciplines. Approximately 30% of WaterOne full-time positions are exempt. The study should also analyze WaterOne's competitive positioning for both compensation and comprehensive benefits programs and analyze guidelines and wage scales that will help ensure internal equity, external market competitiveness, and the recruitment and retention of employee talent.

Approximately 35% of employees are assigned to a skill-based pay structure. These positions are non-exempt and are within the Production and Distribution divisions. Positions within the skill-based pay structure have identified competencies and/or industry recognized certifications. The structure provides both career and compensation progression.

3. SCOPE OF SERVICES

WaterOne is searching for employee compensation and benefit consulting services to provide data-driven consulting services for WaterOne's total compensation program. Consultation services should include a comprehensive plan review of compliance with federal, state and local laws and regulations, an evaluation to ensure market competitiveness, and evaluation of compensation strategy and pay practices.

WaterOne considers competition for employees to be not only from other governmental entities, but also from some segments of private commercial business, such as private utilities, engineering firms, and other industries involved with managerial, clerical, construction, maintenance, and other skills common with WaterOne management, services, and operations. For the purpose of reviewing WaterOne's compensation practices, data from a variety of these types of entities are to be considered and mutually agreed upon.

The successful employee compensation consulting firm will be required to provide the following services in a comprehensive manner:

- 1. Salary Benchmarking**

- a. Conduct market analysis and surveys for competitive compensation of designated WaterOne positions.
- 2. Job Structure
 - a. Review job roles and evaluate internal equity and hierarchy within pay structure.
 - b. Identify and evaluate potential pay compression issues and provide alternative solutions.
 - c. Provide consideration for hard-to-fill positions and provide recommendations on how to align within pay structure or other alternative solutions that allow WaterOne to flex within changing market conditions.
 - d. Evaluate and comment on organizational structure to include suitability of job levels, supervisory/management levels, and consistency of job responsibilities, required skills and qualifications, experience, and market data in relation to pay hierarchy given WaterOne's strategic mission, vision, and goals.
- 3. Compliance and Regulatory Requirements
 - a. Review WaterOne compensation policies and practices for compliance with federal, state, and local laws and regulations.
 - b. Review and recommend proper classification of specified positions relative to exempt and nonexempt status in accordance with Fair Labor Standards Act (FLSA).
 - c. Conduct an internal equity analysis.
- 4. Benefits Review
 - a. Market review of health and wellness benefits and practices and provide recommendations for improvement.
 - b. Market review of retirement benefits and practices and provide recommendations for improvement.
 - c. Market review of employee Time Off benefits and practices and provide recommendations for improvement.
 - d. Market review of fringe benefits and provide recommendations for improvement.
 - e. Offer creative and forward-looking solutions to retain and attract talent related to benefits.
- 5. Total Compensation Policies and Practices
 - a. Review, analyze, and make recommendations that are innovative, market-competitive, and sustainable, including:
 - i. Pay structure, including but not limited to pay ranges; compensation mix (base salary, bonuses, differentials, benefits, etc.); and career progression.
 - ii. Pay practices, including but not limited to market pay strategy; sign-on and retention bonuses; determining offers; market equity adjustments;

process for determining ongoing market adjustments to pay ranges; process for determining merit pool; and merit increase cycle.

iii. Guidance for correcting existing compensation plan, ensuring consideration of target market comparison and maintaining a competitive comprehensive salary package.

b. Provide a recommendation for the approach to ongoing internal compensation equity reviews.

c. Complete a market review of the total compensation package for senior-level staff and provide recommendation for changes, if identified.

d. Complete a market review of the total compensation package for elected Board members and provide recommendation for changes, if identified.

6. Implementation and Ongoing Project Support

a. Provide a roadmap for implementation of recommendations with a financial impact analysis, including recommendations for handling positions with a change in pay range.

b. Review WaterOne's project communication plan and make recommendations to enhance the plan and when it is appropriate for direct communication from consultant.

c. Provide communication aids for individual total compensation reports and/or summaries.

d. Prepare project updates for project team, employees, and management. At minimum, a weekly project update via email and bi-weekly project meeting will be expected.

e. Provide a presentation to WaterOne's senior management team and a workshop, as necessary to work through data and recommendations. If requested, provide a presentation to the WaterOne Board on your findings.

f. Provide recommendations for policy updates, as necessary, if WaterOne decides to implement recommended changes.

4. PROPOSAL SUBMISSION REQUIREMENTS

Proposals must be formatted as a PDF and emailed to WaterOne by the date and time stated on page 2. The Respondent shall submit, at a minimum, the following information/documents as part of the proposal:

- Cover sheet completed & signed
- Letter of introduction from Respondent
- Response to the requirements in this RFP – See Section 8: Proposal Format and Requirements
- Response to WaterOne Vendor Security Questionnaire – See Attachment A

Proposals will not be accepted after the deadline for submission, regardless of the reason. Any exceptions to the RFP must be submitted as part of the proposal. Firms selected for award will be required to provide proof of insurance and a business license as stipulated in Section 10.

WaterOne may use a vendor scorecard as a tool to evaluate performance, foster and enhance communications, monitor and measure performance, and hold vendors accountable for the work they provide to WaterOne. The WaterOne Project Manager will determine if a scorecard will be used and coordinate the process with the vendor.

The selected Respondent will be required to agree and adhere to an Information Security and Data Privacy Contractual Clauses for Service Provider Agreement. A standard agreement is provided as Attachment B. The completion of the WaterOne Vendor Security Questionnaire (Attachment A) is required as part of your response to this RFP and will be used to help prepare an agreement between WaterOne and the selected Respondent.

*Disclaimer: WaterOne is subject to the Kansas Open Records Act, therefore submissions may be subject to open records requests after the successful bidder is selected.

5. **EVALUATION PROCESS**

WaterOne will deem a proposal nonresponsive when mandatory requirements are lacking, or the submission represents a major deviation from the requirements of this RFP. Minor omissions or informalities may be waived at the sole option and discretion of WaterOne. WaterOne also reserves the right to reject any and all proposals, make no award, or make multiple awards as a result of this solicitation. Responsive proposals will be evaluated in the following manner:

1. An evaluation Team will review and rank proposals individually according to the criteria established in this RFP. Procurement may contact Respondents if any clarification is needed on the proposal.
2. Respondents whose proposals are ranked the highest by the evaluation Team may be asked to participate in an interview and/or demonstration process to ensure a mutual understanding of both WaterOne's requirements and the Respondent's proposal. Interviews may be conducted either in person or electronically. The Team may decide that interviews or demonstrations are not necessary and make recommendations for award based on the information provided in the proposal.
3. The firm that provides WaterOne with the most reliable and cost-effective proposal based on the established evaluation criteria will be recommended. WaterOne uses Best Value as a standard by which competitive bids shall be measured by when obtaining goods and services in a timely manner. Best Value includes but is not limited to desirable quality, delivery or prices; it may also include the ability to react positively to changes in business volume, specifications, or service problems. Best Value vendor selection is based on criteria that include pricing but is not awarded strictly based on low bid.
4. WaterOne reserves the right to negotiate separately the terms and conditions or all or any part of the proposals as deemed to be in WaterOne's best interest at its sole discretion.

5. Information and/or factors gathered during interviews, negotiations, and any reference checks, and any other information or factors deemed relevant by WaterOne, shall be utilized in the final award.
6. The selection of a Vendor requires Board approval. The approval process includes Staff submission of a recommendation to the Board's Administrative Committee comprised of three Board members. If approved at the committee level, the recommendation will be passed to the whole Board for a vote.

6. EVALUATION CRITERIA

The evaluation will take place in three phases.

Phase 1: Involves independent review and evaluation of the written proposals by the members of the evaluation team also known as the Selection Committee.

Phase 2: Involves interviews, if deemed necessary by the Selection Committee. Interviews may be conducted virtually or in-person. Following interviews, the Selection Committee will recommend which firm(s) in their opinion are the best, most qualified and responsive respondent(s) for the RFP.

Phase 3: The Selection Committee will either move forward with the recommendation(s), request additional information from the respondents, or select other respondents to be interviewed.

Proposals received will be evaluated on the weighted criteria (totaling 100%) listed below:

| | | |
|----|---|-----|
| 1. | Quality and thoughtfulness of the proposal. Demonstrated understanding of WaterOne's needs. Breadth of compensation consulting services. | 35% |
| 2. | Evidence of experience & references with similar projects and expertise of firm/provider personnel. Professional staff qualifications. Organization's background and resources. | 30% |
| 3. | Availability of the firm and proposed project timeline. | 20% |
| 4. | Cost | 15% |

Note: If interviews and/or demonstrations are held, scoring for 1 through 3 will be reviewed and may be updated and documented for second-round scoring. Second round scoring will be final score for 1 through 3. Scoring for 4 will be updated in the second round and in relation to other finalists' proposals. References will be contacted to validate scoring of top finalist Respondent.

Note: The Respondent is cautioned that it is the Respondent's sole responsibility to submit information related to the evaluation categories. WaterOne is under no obligation to solicit such

information if it is not included in the Respondent's original proposal. Failure to provide such information may have an adverse impact on the evaluation of the Respondent's proposal.

7. FEE SCHEDULE/ PRICING

The submission of fees and pricing should be **separate** from your total proposal. Failure to separate fees and pricing from the rest of the RFP response may result in the rejection of a proposal. Please include the following information regarding fees and pricing:

- State the basis of your fees including hourly rates
- Estimate of hours
- Not to Exceed limit
- Present fees for entire project, as well as for individual topics listed
- If there is variability based on the number of positions benchmarked and/or evaluated, explain the variance and provide multiple options, including 80, 100, 120, 150, 175, and 200 positions. Please indicate the additional project time that will be needed, if any, for each of the options.
- If you would like to recommend additional services, provide ala carte pricing.

Include all charges, such as travel time, or other fees not identified above, if applicable. In addition to providing fee quotes for services included in your proposal, please explain how special services will be identified and billed.

8. PROPOSAL FORMAT AND REQUIREMENTS

Proposers must respond in full to all RFP sections and follow the RFP format (section numbering, etc.) in their response. Failure to follow these instructions may result in rejection.

Emphasis should be concentrated on accuracy, completeness, and clarity of content. All parts, pages, figures, and tables should be numbered and labeled clearly.

The proposal should be submitted to address the following items in the following order and outline:

1. Business Profile and Key Project Staff

As for *minimum qualifications*, WaterOne expects the following:

- Respondent is a professional employee compensation consulting firm or division that provides consulting of non-profit compensation plans, employee incentive, perquisites, salary structure, merit increase, promotional increase, and additional compensation plan structures.
- The principal account representative who will be responsible for the engagement has appropriate documented employee compensation and benefit plan management for comparable clients as agreed upon during the project.

- The proposal must be signed by the principal consultant and must state the name, title, address, phone number, and email address of a contact person who is authorized to provide clarification of the proposal should it be necessary.
- Respondent has insurance coverage that meets expectations outlined in Section 11 below and in Attachment C: Insurance Requirements.

Responses should include how the firm meets the expected minimum qualifications above and the following information regarding the firm's history and operations:

- Provide the number of years the firm has been providing employee compensation consulting services.
- Advise whether the firm provides employee compensation consulting services for governmental agencies.
- Identify the location of the primary office of the firm and the location of the office that will provide services to WaterOne.
- Identify the individual or individuals who have overall responsibility for the firm's operations.
- Identify the principal consultant and other representatives employed by the firm who are certified to perform employee compensation consulting services and their numbers of years of experience with compensation plans. Please include professional certifications of these individuals.
- Provide the total number of employees and a list of those who will be responsible for services to WaterOne under this proposal showing names and professional designations or other credentials.
- Provide a description of your data security policies and procedures.

2. Deliverables

Describe the scope of work as you understand it. Describe the approach, means, methods, and procedures to be used to gather the data, analyze findings, and develop recommendations as requested. Provide samples of reports and/or other correspondence. Provide a detailed project timeline from kickoff through completion that includes consideration for being as aggressive as your organization can support, while not sacrificing quality of work.

3. Structure and Content of Work Product

Provide a detailed breakdown and description of the specific steps, services, and study products that will be provided. Describe how the final product will be structured and presented upon completion. Include any computer/software compatibility information. Firms may elect to include any additional innovative methods or concepts that may be beneficial to the project in this section.

4. Information

Respondents are encouraged to provide information that is relevant to recommended/supplemental options, alternatives, or other opportunities not addressed in the RFP that, in the respondent's opinion, would strengthen the benefits and viability of WaterOne's compensation and benefits programs and policies.

5. Availability and Timing

Outline your availability to start this project and provide a schedule detailing tasks and services to be completed including current plan review, surveys, interviews, etc. It is expected that work will commence as soon as possible after the contract is awarded.

6. References

Please provide a list of at least three (3) employee compensation consultation clients. Include non-profit clients if possible, and clients that are comparable in size and/or structure to WaterOne for whom the firm has provided consulting services within the past year. For each reference listed include:

Name of the client
Client's physical address
Contact name and title
Contact telephone number
Contact email address
How long you have provided services to the client
Approximate number of employees included in project
Services provided
Other pertinent information

7. Pricing

Please see Fee Schedule/Pricing, Section 7 above. The proposal for consulting services should be presented inclusive of rates and fees associated to specific ad hoc services as well as overall employee compensation consultation. *Reminder - fees and pricing are to be submitted separately.*

9. TERMS AND CONDITIONS

1. GENERAL RFP TERMS & CONDITIONS

- a. WaterOne will make the final decision for selection as a result of the comparison of proposals and need not accept the lowest price. No Agreement is formed as a result of the selection. An Agreement between WaterOne and the Respondent occurs only after a negotiated final Agreement is executed.
- b. As part of negotiations, the selected Respondent will provide a work product checklist for WaterOne to review and to designate specific policies and practices that are of particular importance to WaterOne but not all-inclusive.
- c. If an Agreement is finalized, then Respondent will sign first and send it back to WaterOne for full execution.
- d. WaterOne may withdraw this RFP at any time without explanation or comment. WaterOne is under no obligation to accept any of the Proposals submitted.

- e. WaterOne is not liable for any cost incurred by any Respondent as a result of participating in the RFP, formulating a Proposal, the evaluation process, or the negotiations prior to the final Agreement.

2. FORM OF AGREEMENT

WaterOne requires specific terms to be included in the agreement. WaterOne reserves the right to either make changes to Respondent's Agreement or use a WaterOne form agreement. Any Agreement reached will include, at a minimum, the following Terms & Conditions:

- a. WaterOne will pay as invoiced for specific deliverables within a negotiated term.
- b. Kansas law will govern.
- c. Compliance with K.S.A. §44-1030 relating to prohibition against employment discrimination.

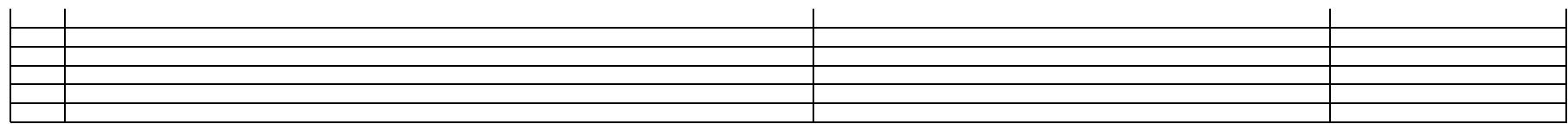
10. INSURANCE

The selected Respondent shall procure and maintain insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the materials, equipment, or supplies provided to WaterOne. The insurer(s) must be licensed for business in the State of Kansas and maintain an A.M. Best rating of no less than A: VII; or an insurer approved by WaterOne. Each policy requires a minimum cancellation notification of at least thirty (30) days' advance written notice to WaterOne.

See Attachment C for additional insurance requirements.

WaterOne - RFP 2025 Compensation & Benefits Consulting Services
Attachment A: WaterOne Vendor Security Questionnaire

| # | Question | Response | Additional Comments |
|----|---|----------|---------------------|
| | Internal organization | | |
| 1 | Is there an individual or group within your organization responsible for security and privacy? If Yes , provide the name of the department or the title of the responsible employee. If No , please describe who will be responsible for meeting the security and privacy requirements of WaterOne. | | |
| 2 | What is the highest level of organizational leadership that is briefed on privacy and security matters? At what frequency do those briefings occur? | | |
| 3 | Are your employees and contractors subject to background checks before hiring? | | |
| 4 | Is security and privacy training provided to employees upon hire and, at a minimum, annually thereafter? If Yes , describe your training program, and any additional awareness activities. If No , describe how your staff will stay informed about the privacy and security requirements for handling WaterOne data. | | |
| 5 | Do you have a written set of internal policies, procedures, and/or standards governing the security and privacy of your customers' information? If Yes , please provide a list of these documents. | | |
| 6 | Do you have a formally approved Incident Response Plan (IRP), Business Continuity Plan (BCP), and Disaster Recovery Plan (DRP)? If Yes , explain the process and frequency of how these documents are tested. | | |
| | Security | | |
| 7 | Do you have a security controls framework that you follow? If Yes , please state the framework. | | |
| 8 | What environments will store, process or transmit WaterOne data? | | |
| 9 | Are there regular scans of these environments for malware, viruses, or other vulnerabilities? If Yes , please explain the process. | | |
| 10 | Have these environments had independent security reviews or penetration tests within the last two years? If Yes , please list the (a) vendor, and (b) test date. | | |
| 11 | Please describe how your network and hosted infrastructure is secured, including the security technologies used. | | |
| 12 | Will the WaterOne data processed within your environment be encrypted in transit and at rest? If Yes , please provide details of the encryption used. | | |
| 13 | Do you permit any unencrypted customer data to be stored on mobile devices such as laptops or flash drives? | | |
| 14 | Do you permit any remote access into your systems, environments, or networks? If Yes , describe how the connection is secured (e.g., VPN) | | |
| 15 | How do you distinguish each customer's data within your environment? How will WaterOne data be identified, controlled, and securely deleted within your systems? | | |
| 16 | Do you audit or monitor the security and privacy practices of your subcontractors? If No , how are you alerted to a privacy or security problems in your subcontractors' environment? | | |
| 17 | Do you have a documented process for validating and controlling changes to applications, system software, and hardware prior to moving them to production? | | |
| 18 | Have you conducted a security risk assessment? If Yes , when was it last performed? | | |
| 19 | Do you have active monitoring and alerting of security events? If Yes , please explain. | | |
| 20 | Can you provide notice to WaterOne of a known or suspected breach of any personal data within 72 hours of discovery of the breach? | | |
| 21 | Have you had a confirmed or suspected security or privacy breach within the last 3 years? | | |
| 22 | Are you able to restore the availability and access to WaterOne data in a timely manner in the event of a physical or technical incident? | | |
| 23 | Do you have an established and documented Change Management process consistent with Software Development Lifecycle (SDLC) industry standards to address updates and changes to your systems? If Yes , state what standard is being followed (e.g., ITIL). | | |



Attachment B

**INFORMATION SECURITY AND DATA PRIVACY CONTRACTUAL CLAUSES FOR SERVICE
PROVIDER AGREEMENT**

LAST MODIFIED: November 2023

These Information Security and Data Privacy Contractual Clauses are attached to and made a part of the Agreement between WaterOne ("WaterOne") and [Service Provider Name] ("Service Provider") dated the xx day of [month], 20xx.

DEFINITIONS:

The following terms, when used in Exhibit X, shall have the following meanings:

"Authorized Persons" means employees, contractors, agents, consultants, subcontractors, affiliates, and representatives of the Service Provider who have a need to access WaterOne Confidential Information in connection with the services pursuant to the Agreement.

"Confidential Information" means any non-public technical, personal, private, confidential, sensitive, or restricted data, including Personal Data, Personally Identifiable Information, or Sensitive Personal Information (as these terms are defined herein) that is used, handled, accessed, stored, transferred, or processed by WaterOne.

"Cloud Services" means a range of services delivered to companies and customers over the internet, such as Software as a Service or Subscription (SaaS), Infrastructure as a Service (IaaS), or Platform as a Service (PaaS).

"Data Protection Laws" means all applicable national, state, and international legislation or regulation related to the protection and privacy of personal data pertaining to natural persons, and all law(s) and/or regulation(s) promulgated or amended from time to time during the term of the underlying Agreement.

"Information Security Controls" means protective measures and controls prescribed to meet the security requirements specified for an information system. Controls may include security features, management constraints, personnel security, and security of physical structures, areas, data, and devices.

"Information Security" means the protection of information and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction to maintain confidentiality, integrity, and availability of information.

"Multi-Factor Authentication (MFA)" means authentication using two or more factors to achieve authentication. Factors include: (i) something one knows (e.g., password/personal identification number (PIN)); (ii) something one has (e.g., cryptographic identification device, token); or (iii) something one is (e.g., biometric).

"Personal Data" means any information that can be used to identify a natural person directly or indirectly, including, but not limited to, a name, an identification number, location data, an online identifier, or one or more factors specific to the physical, physiological, genetic, mental, economic, cultural, or social identity of that natural person or individual.

“Personally Identifiable Information (PII)” means any information about an individual maintained by a company or government agency, including (1) any information that can be used to distinguish or trace an individual’s identity, such as name, social security number, date and place of birth, home address, passport number, driver’s license number, online identifier/username, password, mother’s maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information.

“Security Breach” means any misuse, compromise, unauthorized access, use or disclosure of WaterOne Confidential Information, or any other act or omission that compromises the physical, technical, organizational, and/or administrative safeguards put in place by Service Provider that relate to the protection, security, confidentiality, and/or integrity of WaterOne Confidential Information.

“Secure Coding” means the practice of developing computer software in a way that guards against the accidental introduction of security vulnerabilities.

“Sensitive Personal Information (SPI)” (also known as Special Category Personal Information) means Personal Information (PI) relating to the following: physical or mental health (also known as Protected Health Information or PHI); racial or ethnic origin; political opinions; religious beliefs or other beliefs of a similar nature; membership of a trade union; sex life or sexual orientation; any criminal offense committed or alleged to have been committed; biometric information (for the purpose of uniquely identifying an individual); genetic information; and any other PI categorized as sensitive, special, or other such term under Data Protection Laws.

“Service Provider” means any provider of a managed service (e.g., SaaS, IaaS, PaaS), professional and/or consulting service, and includes its employees, contractors, agents, consultants, subcontractors, affiliates, and representatives.

- 1. Introduction.** This Information Security exhibit sets forth the minimum information security controls that the Service Provider must meet and maintain to protect WaterOne Confidential Information from unauthorized use, access, disclosure, theft, manipulation, and/or reproduction during the term of the Agreement and for any period of time thereafter during which the Service Provider has possession of or access to WaterOne Confidential Information.
- 2. Information Security Controls.** At a minimum, the Information Security Controls must include the following:

2.1 Standards & Practices. Service Provider will develop, document, and keep current policies and procedures which adhere to information security best practices (i.e., ISO 27001, NIST 800-53, FedRAMP, or equivalent).

2.2 Physical Security. Service Provider will employ physical safety and security controls (i.e., video monitoring, restricted badge access to facilities and environmental data center controls, such as sprinkler system, raised flooring) at any facility where services are performed on WaterOne Confidential Information and must meet or exceed best commercial practices.

2.3 Access Controls. Service Provider must limit access to WaterOne Confidential Information solely to Authorized Persons and must take immediate steps to remove access longer required or, if applicable, immediately notify WaterOne for removal of access to WaterOne systems.

2.4 Remote Access. Any remote access to WaterOne Confidential Information must be obtained through a secure connection, such as a virtual private network (VPN), and employ Multi-Factor

Authentication (MFA).

2.5 Password Administration. Passwords associated with access to WaterOne Confidential Information must contain at least eight (8) characters and at least two (2) of the following four (4) classes: upper case letters, lower case letters, numbers, and special characters. Account lockout will occur after three (3) failed access attempts. Passwords must be changed at least every ninety (90) days and the three (3) most recent passwords must not be reused.

2.6 Encryption. Service Provider shall encrypt all WaterOne Confidential Information at rest (i.e., tapes, removable media devices, laptops) and in transit (i.e., network file transfers, email, web transactions). Encryption must be provided through commercial grade, industry-standard strong cryptographic algorithms, protocols, and commercially reasonable key strengths.

2.7 Network and Host Security (firewalls and anti-virus). Service Provider will use enterprise anti-malware/antivirus applications, Host Intrusion Prevention System (HIPS), and network firewalls to protect information systems against unauthorized access or modification (i.e., execution of malicious code). Audit logs for systems containing WaterOne Confidential information must be generated at least daily and reviewed at least weekly to identify potential or actual security incidents and/or breaches. Vulnerability scanning should be performed at least once every quarter and a penetration test no less than once a year by an independent third party. Vulnerabilities identified for both must be remediated based on risks in accordance with industry best practices.

2.8 Secure Disposal or Destruction of WaterOne Confidential Information. Service Provider shall promptly return or securely dispose of all copies of WaterOne Confidential Information and provide WaterOne with a certification of secure destruction in written or electronic form, upon termination of the agreement or otherwise requested by WaterOne.

2.9 Prohibited Vendors. Service Provider must not use any hardware, software, or services, developed in whole or in part by i) Kaspersky Lab and/or Huawei; ii) any successor entity to Kaspersky Lab and/or Huawei; iii) any entity that is controlled by or under common control with Kaspersky Lab and/or Huawei; or iv) any entity of which Kaspersky Lab and/or Huawei has a majority ownership.

2.10 Background Check Screening. Service Provider warrants that it will not assign any Authorized Person to perform services under this Agreement unless that Authorized Person has undergone a background check screening in accordance with applicable federal and state laws. All fees associated with the background check screening shall be the responsibility of Service Provider.

2.11 Security and Privacy Awareness and Training. Service Provider shall provide Authorized Persons with privacy and information security training before providing access to WaterOne Confidential Information, and at least annually thereafter.

2.12 Secure Coding Guidelines. If applicable to the services provided, Service Provider warrants that all Cloud Services are free from material, workmanship, and design defects as well as viruses, malware, and other harmful or malicious code. Service Provider must follow best practices for application code review and the most current version of the OWASP top 10 or equivalent standards. Code developed for WaterOne must be stored in a mutually agreed to escrow account.

2.13 System Back-up, Data Storage and Disaster Recovery. Service Provider shall perform regular and no less than daily backups of system(s) containing WaterOne Confidential Information and provide data recovery and archiving in accordance with Service Provider's disaster recovery plan (DRP). Service Provider's DRP shall be designed and maintained in accordance with information security best practices and standards.

2.14 Change Management. Vendor shall have a change management process consistent with industry standards that ensures changes and updates to their software follow an established process in accordance with a Software Development Lifecycle (SDLC) that minimizes downtime, vulnerabilities, risks, and provides proper communication to the customer.

- 3. Data Protection Laws.** To the extent Service Provider stores, processes, retains, or accesses Personal Information or Sensitive Personal information subject to any applicable Data Protection laws, Service Provider warrants that it understands and will comply with its obligations as a service provider as defined within these laws, as applicable.
- 4. Security Breach Management.** Service Provider must notify WaterOne within seventy-two (72) hours of any Security Breach involving WaterOne Confidential Information in accordance with the terms of the agreement. Notice must be provided to:

WaterOne
ATTN: 10747 Renner Blvd
Lenexa, KS 66219
Telephone: 913-895-1800
Email: TBD

Service Provider must provide regular updates on each Security Breach and the investigative and corrective action taken.

- 5. Incident Costs and Insurance.** In the event of a Security Breach which was caused by Service Provider or its subcontractors or vendors for which applicable Data Protection Laws require notification, Service Provider shall be responsible for all actual and reasonable (i) costs to prepare, print and mail the notification letters to affected individuals; (ii) media notification costs; (iii) costs to set up a call center; (iv) credit monitoring costs for a period of up to two (2) years; (v) administrative fines and/or penalties; and (vi) attorneys' fees related to such Security Breach. Moreover, Service Provider shall maintain or cause to be maintained sufficient insurance coverage as shall be necessary to insure Service Provider and its employees, agents, representatives or subcontractors against any and all claims or claims for damages arising from Service Provider's failure to satisfy its information security and/or data privacy obligations, and such insurance coverage shall apply to all services provided by Service Provider or its agents or subcontractors pursuant to the Agreement.

[SIGNATURE PAGE TO FOLLOW]

(MANAGED SERVICE PROVIDER NAME):

By: _____

Name:

Title:

WaterOne:

By: _____

Name:

Title:

WaterOne - RFP 2025 Compensation & Benefits Consulting Services

Attachment C: INSURANCE REQUIREMENTS

To ensure quality performance of requested service, WaterOne has established standard insurance requirements to be met by Consultants. All insurance required by this document shall be obtained from insurance companies that are duly licensed or authorized to issue insurance policies for the limits and coverages required in the jurisdiction in which the Project is located. Insurance companies must have an A.M. Best financial rating of A- or better. Insurance certificates should be provided complying with the requirements set forth herein.

I. Liability Insurance. Consultant shall purchase and maintain such liability and other insurance as is appropriate for the Work being performed and furnished. The insurance shall provide protection from claims set forth herein which may arise out of or result from Consultants performance and furnishing of the Work and Consultant's other obligations under the Project description, whether it is to be performed or furnished by Consultant, any Subcontractor or Supplier, or by anyone directly or indirectly employed by any of them to perform or furnish and of the Work, or by anyone for whose acts any of them may be liable:

- Claims under workers' compensation, disability benefits, and other similar employee benefit acts;
- Claims for damages because of bodily injury, occupational sickness or disease, or death of Consultant's employees;
- Claims for damage because of bodily injury, sickness or disease, or death of any person other than Consultant's employees;
- Claims for damages by personal injury which are sustained: (1) by any person as a result of an offense directly or indirectly related to the employment of such person by Consultant, or (2) by any other person for any other reason;
- Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance, or use of any motor vehicle.
- Claims for damages, other than for the services, because of injury to or destruction of tangible property wherever located, including loss of use resulting therefrom; and

II. General Requirements. The insurance required to be purchased and maintained by Consultant shall:

- Include at least the specific coverages and be written for not less than the limits of liability specified herein or required by Laws or Regulations, whichever is greater;
- Include contractual liability insurance covering Consultants indemnity obligations under this contract;

- Consultant agrees to provide 30 days prior written notice to Owner should any insurance coverage required by the contract be canceled, materially changed, or non-renewed.
- With respect to completed operations insurance and any coverage written on a claims-made basis, remain in effect for at least 2 years after final payment (and Consultant shall furnish evidence satisfactory to WaterOne of continuation of such insurance at final payment and two years thereafter);
- Contain cross liability or severability of interest clause or endorsement. Insurance covering the specified additional insureds shall be primary and non-contributory insurance;
- With respect to workers' compensation and employers' liability, commercial auto liability, commercial general liability and umbrella/excess liability insurance, Consultant shall require its insurance carriers, where allowed by law, to waive all rights of subrogation against Owner and their respective officers, directors, partners, employees and agents.

A. Workers' Compensation and Employers' Liability Insurance. This insurance shall protect Consultant against all claims under applicable state workers' compensation laws. Consultant shall also be protected against claims for injury, disease, or death of employees, which, for any reason, may not fall within the provisions of a workers' compensation law. The policy shall include an "all states" or "other states" endorsement.

The liability limits shall be not less than:

Workers' Compensation: Statutory

| | |
|----------------------|---------------------------------|
| Employers' liability | \$500,000 each accident |
| | \$500,000 disease-policy limit |
| | \$500,000 disease-each employee |

B. Commercial General Liability Insurance. This insurance shall be occurrence type and shall protect against claims arising from bodily injury or property damage arising out of performance of the Work. WaterOne and its respective officers, directors, partners, employees and agents are Additional Insureds.

The liability limits shall be not less than:

| | |
|--------------------------------------|--|
| Bodily injury and property damage | \$1,000,000 combined single limit for each occurrence |
| | \$2,000,000 general aggregate |

C. Excess/Umbrella Liability Insurance. This insurance shall protect Consultant, against claims in excess of the limits provided under workers' compensation and employers' liability, and commercial general liability and automobile liability policies.

The liability limits shall be not less than:

| | |
|-----------------------------------|---|
| Bodily Injury and Property Damage | \$1,000,000 combined single limit for each occurrence, \$1,000,000 General Aggregate |
|-----------------------------------|---|

D. Professional Liability. This insurance shall be written to protect Consultant against errors and omissions, for coverage in an amount not less than:

| |
|-------------------------------|
| \$2,000,000 each occurrence |
| \$2,000,000 general aggregate |

III. Indemnification. Consultant shall defend, indemnify, and also hold harmless Water District, its Directors and employees against and from any and all causes of action, suits, demands, costs, claims, damages, losses, liabilities, obligations, fines and expenses (including but not limited to attorney's fees), directly or indirectly arising out of or resulting from injury, illness, death, property damage or government order relating to the services of this Contract. This indemnification shall not apply if caused by the willful misconduct or sole negligence of the Water District.