

**CITY OF NAPERVILLE
AWARD OF CONTRACT
PROCUREMENT NO. 16-259**

Requesting Department: Finance Department
Procurement Name: Actuarial Services
Recommended Vendor: Foster & Foster, Inc.
Amount of Award: \$92,682.00

DESCRIPTION

The City is required by State Statute to have an independent actuarial valuation completed for its Police and Fire Pension Funds on an annual basis. This information is used in preparation of the City's yearly tax levy and Comprehensive Annual Financial Report (CAFR) reporting.

In addition, the City is also required to have an evaluation performed for Other Post-Employment Benefits (OPEB) for final preparation of the CAFR GASB statement disclosure information and required supplementary information. OPEB services are completed every three years and updated annually.

SELECTION PROCESS

Advertisement Date:	07/29/2016	Notices Sent:	88
Opening Date:	08/25/2016	Planholders:	18
		Proposals Received:	6

Proposals were received from the following firms:

Foster & Foster	Milliman
Key Benefit Concepts	MWM Consulting Group
Lauterbach & Amen	Nygart

An evaluation team consisting of City staff reviewed the proposals. The proposals were scored based upon the criteria set forth in the RFP:

- Municipal OBEP and pension experience of the firm and project team (30%)
- Project understanding/ability to complete the services (30%)
- Understanding of Illinois law (20%)
- Fee Proposal (20%)

Four of the six firms, Foster & Foster, Lauterbach & Amen, Milliman and MWM Consulting, were shortlisted and invited to attend interviews with the evaluation team. In addition to the evaluation team, a representative from each of the Police and Fire Pension Fund Boards and two members of the Financial Advisory Board also attended the interviews as non-scoring subject matter experts. Following the interviews, the evaluation team rescored the firms and the firm with the highest qualification score, Foster & Foster, is being recommended for award.

Supplier	Qualification Score
Foster & Foster	85.3
Lauterbach & Amen	82.0
MWM Consulting Group	81.1
Milliman	71.9

The term of this contract is three years from January 1, 2017 through December 31, 2019 with two one-year options to extend the contract.

FISCAL IMPACT:

CIP #: N/A


Actuarial Services are expensed to the Other Professional Services line below. The budget amount shown below reflects the CY2017 programmed total as this contract will commence January 1, 2017. The term of this contract is three years and funding will be made available for the remainder of that period.

Account Number	Fund Description	Total Budget Amount
010-1510-415.35-09	General Fund	\$105,450

RECOMMENDATION:

Staff recommends the award of RFP 16-259, Actuarial Services, to Foster & Foster, Inc. for a three year contract in the amount not to exceed of \$92,682.00.

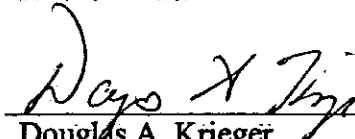
SUBMITTED BY:

 10/23/16
 Lynn Lockwood, Asst. Director Date
 Finance Department

 11/10/16
 Rachel Mayer Date
 Chief Procurement Officer

KAS
10/28/16

APPROVED BY:

 11/15/16
 Douglas A. Krieger Date
 City Manager



Naperville

CITY COUNCIL AGENDA ITEM

SUBJECT: Recommend Change Order #1 to Contract 16-259, Actuarial Services

TYPE OF VOTE: Simple Majority

ACTION REQUESTED:

Approve the Award of Change Order #1 to Contract 16-259, Actuarial Services, to Foster & Foster, Inc. for an amount not to exceed \$14,000 and a total award of \$106,682.

BOARD/COMMISSION REVIEW:

N/A

COUNCIL ACTION PREVIOUSLY TAKEN:

Date	Item No.	Action
N/A		

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance Director

BACKGROUND:

On November 15, 2016, the City Manager awarded Contract 16-259, Actuarial Services, to Foster & Foster. The term of the contract is three years beginning January 1, 2017 through December 31, 2019 with two, one-year options to extend the contract.

The City is required by State Statute to have an independent actuarial valuation completed for its Police and Fire Pension Funds on an annual basis. This information is used in preparation of reports for the City's yearly tax levy and the Comprehensive Annual Financial Report (CAFR). In addition, the City is also required to have an evaluation performed for Other Post-Employment Benefits (OPEB) for final preparation of the CAFR Government Accounting Standards Board (GASB) statement disclosure information and required supplementary information. OPEB services are completed every three years and updated annually.

DISCUSSION:

The purpose of this change order is to add a proprietary tool Foster & Foster refers to as a modeler. The modeler illustrates the long-term financial implications of retirement plans and has the ability to change variable inputs that allow for the running of multiple scenarios in determining pension funding options. This tool was not included in the original contract because it was unclear the extent that it could add value to the City. However, after the budget and tax levy discussions with the City Council in fall 2016, it was determined that the modeler tool would be able to better respond to the City Council's concerns when these items are examined again in 2017.

FISCAL IMPACT:

CIP #: N/A

Actuarial Services are expensed to the other professional services account listed below. The budget amount below reflects CY2017 programmed totals as the term of the contract will commence on January 1, 2017. This contract extends into CY2019 and funding will be requested as part of the annual budget process for the remainder of the term.

Account Number	Fund Description	Total Budget Amount
010-1510-415.35-09	General Fund	\$105,450

RECOMMENDATION:

Approve the Award of Change Order #1 to Contract 16-259, Actuarial Services, to Foster & Foster, Inc. for an amount not to exceed \$14,000 and a total award of \$106,682.

ATTACHMENTS:

1. Original Award