



Legislation Details (With Text)

File #: 19-748 **Version:** 1

Type: Change Order & Work Order **Status:** Passed

File created: 7/24/2019 **In control:** City Council

On agenda: 8/20/2019 **Final action:** 8/20/2019

Title: Approve the award of Change Order #2 to Contract 16-259, Actuarial Services, to Foster & Foster Inc. for an amount not to exceed \$4,000 and a total award of \$110,682

Sponsors:

Indexes:

Code sections:

Attachments: 1. Prior Awards

Date	Ver.	Action By	Action	Result
8/20/2019	1	City Council	approved	Pass

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Change Order #2 to Contract 16-259, Actuarial Services, to Foster & Foster Inc. for an amount not to exceed \$4,000 and a total award of \$110,682

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

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.

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.

Change Order #1 was approved by the City Council on January 17, 2017 to add a proprietary modeling tool to the contract. The tool can be used to illustrate 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. The cost to add the modeler was \$14,000.

DISCUSSION:

In 2018, staff worked with Foster & Foster to conduct an experience study for both public safety pension funds to review the City’s current actuarial assumptions and methods to determine which changes, if any, were necessary to improve the accuracy of future funding levels.

The assumptions and methods investigated included investment return, salary increases, payroll growth, mortality tables, retirement rates, withdrawal rates and disability rates. The services resulted in an additional \$9,000 in invoiced expenses. The services resulted in the current award being \$4,000 short of covering the regular services provided by Foster and Foster each year.

Change order #2 is requested to provide necessary funds to pay current bills, including the completed experience study.

FISCAL IMPACT:

CIP #: N/A

Actuarial Services are expensed to the financial services account listed below. A total of \$39,462 is budgeted for actuarial services in 2019. The requested change order is within budget.

Account Number	Fund Description	Total Budget Amount
15101100-531304	General Fund	\$253,103