



Legislation Text

File #: 20-106, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Change Order #3 to Contract 16-259, Actuarial Services, to Foster & Foster Inc. for an amount not to exceed \$5,000 and a total award of \$115,682

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance 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 the 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 is 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.

Change Order #2 was approved by City Council on August 20, 2019 to add \$4,000 for development of an experience study for both the public safety pension funds. The study allowed staff to review current actuarial assumptions and determine a method for better projections in the future.

DISCUSSION:

On December 18, 2019, Illinois Governor J.B. Pritzker signed Senate Bill 1300 (Public Act 101-0610) into state law. The act consolidated the assets of the state's public safety pension funds into two consolidated investment funds for police and fire personnel.

Prior to the law's ratification, the City asked Foster and Foster to develop projections on the proposed

legislation for the police and fire pensions. The services provided staff and Council with a better understanding on the impacts the new law will have on the City. The additional services resulted in fees of \$2,500 per fund.

FISCAL IMPACT:

CIP: N/A

Actuarial services are expensed to the financial services account listed below. A total of \$39,462 was budgeted for actuarial services in 2019. The requested change order will be funded through savings in personnel.

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