

CITY OF SAND CITY

RESOLUTION SC 20-15, 2020

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY AUTHORIZING AN AGREEMENT WITH BARTEL ASSOCIATES FOR A COST NOT TO EXCEED \$21,000 FOR ACTUARIAL SERVICES RELATED TO THE CITY'S PREFUNDING AND COMPLIANCE WITH GASBS 75 ACCOUNTING STANDARDS FOR THE CITY'S RETIREE HEALTH PLAN**

**WHEREAS**, under current Government Accounting Standards Board (GASB) 75, it requires that a biennial valuation be performed every two years; and

**WHEREAS**, the City of Sand City participates in the California Public Employees Retirement System (CalPERS) providing Miscellaneous and Safety employees Public Employees Retirement System (PERS) pension benefits and also provides medical benefits for active employees and retirees through the CalPERS pooled healthcare plan; and

**WHEREAS**, the City of Sand City began prefunding the retiree healthcare plan with the California Employers' Retiree Benefit Trust (CERBT) during the 2016-17 fiscal year; and

**WHEREAS**, Government Accounting Standard Board Statement (GASBS) 75 requires the City to prepare a new valuation every two years, and Bartel Associates will provide separate accounting information reports annually based on the biennial prefunding actuarial valuations; and

**WHEREAS**, an actuarial valuation as of June 30, 2019 will also provide the Actuarially Determined Contributions for 2019/20 and 2020/21 and can be used as the basis for the City's GASBS 75 OPEB financial reporting for the fiscal years ending June 30, 2020 and June 30, 2021.; and

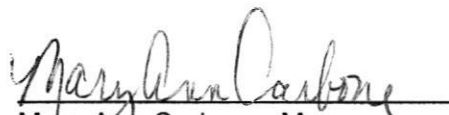
**WHEREAS**, Bartel Associates estimates the cost for the June 30, 2019 funding valuation to be no more than \$21,000 which includes the additional time needed to prepare an actuarial valuation and forms required by the CERBT for a funded plan as compared to an unfunded plan; and

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of Sand City hereby authorizes the scope of work with Bartel Associates as further described in the attached Exhibit A.

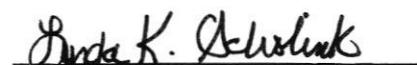
**PASSED AND ADOPTED** by the City Council of Sand City on this 3<sup>rd</sup>, day of March, 2020 by the following vote:

AYES: Council Members Carbone, Cruz, Hawthorne, Sofer  
NOES: None  
ABSENT: Council Member Blackwelder  
ABSTAIN: None

APPROVED:

  
Mary Ann Carbone, Mayor

ATTEST:

  
Linda K. Scholink, City Clerk

February 8, 2019

Linda Scholink  
Director of Administrative Services/City Clerk  
**City of Sand City**  
1 Pendergrass Way  
Sand City, CA 93955

**Re: June 30, 2019 OPEB Actuarial Valuation Proposal & Data Request**

Dear Ms. Scholink:

Bartel Associates would be pleased to provide actuarial consulting services to the City of Sand City. This letter summarizes the project scope and our fee estimate for a June 30, 2019 actuarial valuation and related GASBS 75 information for the City's retiree healthcare plan.

**Actuarial Valuation**

The last actuarial valuation as of June 30, 2017 provided the Actuarially Determined Contributions (ADCs) for 2017/18 and 2018/19 and was used as the basis for the City's GASBS 75 financial reporting for the fiscal year ending June 30, 2018. It will also be used as the basis for the City's GASBS 75 financial reporting for the fiscal year ending June 30, 2019.

The next actuarial valuation as of June 30, 2019 will provide the ADCs for 2019/20 and 2020/21 and can be used as the basis for the City's GASBS 75 OPEB financial reporting for the fiscal years ending June 30, 2020 and June 30, 2021.

**Estimated Fees**

Our estimated fees to prepare the June 30, 2019 actuarial valuation, including CERBT funding forms and one meeting with staff to review the valuation results, and the following two years' GASBS 75 accounting information reports are:

<u>Project</u>	<u>Fiscal Year-End</u>	<u>Estimated Fee</u>	<u>Not-to-Exceed Fee</u>
Actuarial Valuation	6/30/19	\$13,000	\$14,000
Staff Meeting	6/30/19	500	500
CERBT Funding Forms	6/30/19	500	500
GASBS 75 Accounting Information	6/30/20	2,500	3,000
GASBS 75 Accounting Information	6/30/21	2,500	3,000

Please note below what will be included in the actuarial valuation and GASBS 75 reports and what will require an additional fee. If the City needs a fixed fee in its contract or purchase order with us, it should include our not-to-exceed fee. We will not bill more than this amount without prior discussion. We will invoice the City monthly based on time incurred, subject to the above maximum fees.

Fees might be higher if the project scope changes or the City needs additional work. You should consider increasing your budget with us if you expect to need other projects or conversations with us during the next several years. Charges for additional work will be billed separately based on the time needed and our billing rates.



As discussed below, please confirm before you draft an agreement or purchase order with our firm and before you ask us to begin work that (1) there have been no changes to OPEB plan provisions since the last actuarial valuation as of June 30, 2017, (2) there have been no changes in the funding policy or investment policy since the last valuation and none anticipated over the next few years, and (3) that you will provide census data, including all the fields requested, in one Excel file and with one record per participant. If any of the above is not true, we may need to revise our fee estimate or ask you to revise our agreement after work has begun.

Our fee estimates assume:

- We will bill the City at the following hourly rates:

President	\$350
Vice President	290
Assistant Vice President	260
Associate Actuary	210
Senior Actuarial Analyst	190
Actuarial Analyst	155

- The City has made no changes to its retiree healthcare plan provisions since the last actuarial valuation as of June 30, 2017. (Please review the benefit summary in our June 30, 2017 valuation report and let us know of any changes.)
- Participant census data requested will be provided completely and accurately in an Excel workbook with one record per participant.
- The City has followed and not changed its funding policy since the June 30, 2017 actuarial valuation. (Please review the funding policy in our June 30, 2017 valuation report and let us know of any changes.)
- OPEB obligations for the actuarial valuation will be presented in total and with a breakdown by cash subsidy and implicit subsidy.
- We will include a “gain/loss” analysis showing the reasons for changes in the Actuarial Accrued Liability and funded status since the last valuation.
- We will include a 10-year projection of benefit payments, ADCs, Unfunded Actuarial Accrued Liability, and funded status.
- We will have one meeting with City staff to review the valuation results.
- We will provide separate GASBS 75 accounting information reports for the 2020 and 2021 fiscal years based on the June 30, 2019 actuarial valuation using the prior fiscal year-ends as measurement dates.
  - Our GASBS 75 fee estimates assume there will be no changes in the plan provisions, funding policy, or investment policy between the actuarial valuation date and the GASBS 75 measurement dates.
  - GASBS 75 information will be presented for the plan as a whole with no breakdowns by benefit or by employee group.
  - Our GASBS 75 reports will include the actuarial information needed by the City and its auditor to assist in preparing the City’s financial statements. Our estimated fees do not include draft OPEB footnotes.
  - Our GASBS 75 reports will not contain information about the number of covered employees on measurement dates that are not valuation dates or covered employee compensation in all years as that information will not be available to us.
- We will provide the actuarial certification, funding policy certification, and actuarial valuation information spreadsheet required by CalPERS for agencies funding with CERBT along with certified



funding valuation and GASBS 75 reports.

Our fee estimates may be higher if:

- The City has changed its retiree healthcare plan design since the June 30, 2017 actuarial valuation. (If the City has made any changes to the retiree healthcare plan provisions since the June 30, 2017 valuation, it should provide us those changes so we can revise our fee estimate, if necessary.)
- Participant census data is not complete, accurate, or is not provided in an Excel workbook with one record per participant.
- Results are needed separately for additional breakdowns or employee groups.
- Results are needed for alternative actuarial assumptions, contribution policies, or plan designs.
- The City makes any healthcare provider, plan provision, funding policy, or investment policy changes between the actuarial valuation date and the GASBS 75 measurement dates.
- The City requests additional meetings, such as a planning meeting, a committee meeting, a City Council presentation, or separate meetings to review the accounting results. Our fee for additional meetings will be based on our billing rates, the time needed for the meetings, and any additional presentation material.
- The City requests an executive summary.
- The City requests assistance with its OPEB footnotes.
- The City decides to make changes that will affect the valuation results after the valuation is begun or requests additional work after the valuation is completed, including changing plan provisions, actuarial assumptions, healthcare plan options, funding policy, investment policy, or any of the data provided for the valuation.
- Time for consultation and questions after delivering the actuarial valuation report or GASBS 75 report, as applicable, will be billed as additional time, outside the budget for the projects addressed in this proposal, based on time spent and our hourly billing rates. The City should therefore set up an appropriate budget for any additional anticipated or potential consultation needed.

### **Data Requirements**

In order for us to begin the OPEB valuation, please provide:

- Written summary of the City's retiree healthcare plan and other OPEB provisions, including a description of the City's contributions for active and retired employees if they have changed since the June 30, 2017 actuarial valuation. This summary will be used as the basis of retiree healthcare benefits and other OPEB provided by the City for the June 30, 2019 actuarial valuation.
- Copies of the most recent MOUs for bargained employee groups and agreements for unrepresented groups if not available on the City's website.
- The City's 2018 financial statement if not available on the City's website.
- Total City cash subsidy pay-as-you-go costs for retiree healthcare benefits for 2018/19, when available.
- PEMHCA administrative expenses paid on behalf of retiree premiums for 2018/19, when available, separately from cash subsidy pay-as-you-go retiree healthcare benefits.
- Any other City administrative expenses paid on behalf of OPEB for 2018/19, when available.
- Estimate of the City's active employee healthcare costs for 2018/19.
- The City's most current CalPERS PEMHCA resolution(s).
- The City's most recent CalPERS health premium invoice, including a list of the City's contribution for each active employee and retiree.



- Any anticipated changes to the current OPEB funding policy.
- CERBT plan asset information:
  - All quarterly CERBT trust statements from June 30, 2017 through June 30, 2019, and later if available, including contributions and dates made.
  - Any anticipated changes to the current investment policy.
  - Copy of "Employer Fiscal Year-End OPEB Contribution Summary for GASB Reporting" Excel file for the 2017/18 and 2018/19 fiscal years provided to CalPERS for the City's participation in CERBT.
- Active and retired participant data as of the June 30, 2019 valuation date in an Excel workbook format. Active and retired participant information can be provided on separate worksheets.
  - Active Employee Data - name, employee number (not Social Security number), birth date, hire date, gender, total CalPERS service with the City, total CalPERS service with all agencies, healthcare plan, single/2-party/family coverage, spouse's birth date (if available), CalPERS pension plan category (Miscellaneous, Safety), CalPERS pension plan tier (e.g. 3%@60, 2%@55, 2%@62, 3%@55, 2.0%@50, 2.7%@57, etc.), bargaining or employee group (including City Council members and the City Attorney, if eligible), classification (full-time, part-time, temporary, seasonal), OPEB eligibility, and 2018/19 PERSable compensation. For any part-time, temporary, and seasonal employees, indicate if they are currently eligible for OPEB, and if not, indicate if they might likely be in a classification eligible for OPEB at retirement. Include active employees who have waived healthcare coverage.
  - Retiree Data - name, employee number (not Social Security number), birth date, hire date, gender, retirement type (service retirement, disability retirement, surviving spouse), retirement date, healthcare plan, single/2-party/family coverage, spouse's birth date (if available), CalPERS pension plan category (Miscellaneous, Safety), bargaining or employee group (including City Council members and the City Attorney, if eligible), portion of monthly premium paid by the City (including amounts paid to both CalPERS and directly to the retiree), and portion of monthly premium paid by the retiree. Include any retirees or surviving spouses of retirees who have waived coverage.
  - CalPERS PEMHCA Data Extract - We recommend the City provide the above participant census data by requesting a copy of its June 30, 2019 PEMHCA Data Extract from CalPERS by contacting CalPERS at CERBT4U@calpers.ca.gov. Add the following information to the data extract:
    - 2018/19 PERSable compensation to each active record.
    - CalPERS pension plan tier (e.g. 2%@55, 3%@60, 2%@62, 2%@50, 3%@55, 2.7%@57, etc.) to each active record.
    - Classification (full-time, part-time, temporary, seasonal) to each active record. For any part-time, temporary, and seasonal employees, indicate if they are currently eligible for OPEB, and if not, indicate if they might likely be in a classification eligible for OPEB at retirement.
    - Bargaining unit or employee group (including City Council members and the City Attorney, if eligible) to each active and retiree record.
    - Any monthly employer contribution in excess of that reported by CalPERS to each retiree record.
    - Monthly employer contribution to any retiree record that shows the retiree waived PEMHCA coverage if the City provides a contribution to such retirees.

Please indicate additions or changes to the original data extract, for example, by color. Please send us both the original data extracts provided by CalPERS and the files with your changes.



- In order to maintain confidentiality, please do not provide Social Security numbers on any of the information provided. We will remove any files that include Social Security numbers from our computers and server and request revised files.
- Our fee estimate assumes the City will merge and reconcile all census data files and provide one file with one complete record for each employee and eligible retiree in an Excel workbook. If the City needs our help to merge and reconcile data, our fees will be higher. If the City needs to make changes to the data file provided following our review, our fees will be higher to reflect any additional review required.
- We may need additional data depending on our review of the information provided and the City's retiree healthcare plan design.

**Timing**

Normally, we will need 6 to 8 weeks to complete the actuarial valuation after we receive all the requested information and the City replies to any questions we may have after our review of the information provided. The City should therefore provide the requested data early enough so we can complete the valuation in time to meet any needs the City may have for the valuation results.

We look forward to continue working with you and the City. Please call me at 650-377-1610 with any questions.

Sincerely,

Joseph R. D'Onofrio, FSA  
Actuary

c: Katherine Moore, Bartel Associates

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