City of Culver City, California

City Council Agenda Item Report

Meeting Date: 11/14/2007	Item Number: C-4
AGENDA ITEM: Approval of a Professional Services Agreement with Aon Consulting for the Actuarial Services Associated with Implementation of Governmental Accounting Standards Board Statement No. 45.	
Contact Person/Dept.: Shally Lin / City Treasurer's Office	Phone Number: (310)253-5871
Fiscal Impact: Yes [x] No []	General Fund: Yes [x] No []
Public Hearing: [] Action Item: [x]	Attachments: []
Public Notification: Bartel Associates, Aon Consulting and EFI Actuaries on 11/7/07; Master Notification List on 11/7/07	
Department Approval: Crystal Alexander (10/31/07)	City Attorney Approval: Carol Schwab (by H. Iker) (11/06/07)
Fiscal Impact Approval: Marlee Chang (11/07/07)	City Manager Approval: Jerry B. Fulwood (11/08/07)

RECOMMENDATION:

Staff recommends the City Council approve and award a professional services agreement with Aon Consulting for actuarial services associated with implementation of Governmental Accounting Standards Board (GASB) Statement No. 45.

BACKGROUND:

On August 13, 2007, City Council approved staff's recommendation to release the Request for Proposal for Actuarial Services in order to determine the long-term costs of the City of Culver City's other post-employment benefits (OPEB) such as medical insurance for retirees.

The actuarial calculation will be based on the following scope of services:

- Disclosure of the OPEB obligations in accordance with GASB Statement No. 45.
- Breakdown of the liability by current employees; retired employees and dependents; over age 65; under age 65; valuation of liability assuming conversion to eight options.
- The required annual total contribution amounts under various funding options.
- Breakdown of the annual contribution into different components.
- A detailed schedule for each valuation indicating the projected number of retirees for each of the next 30 years based on the current retirees and active employees, with the projected benefits payable.
- A summary of the actuarial basis and assumptions used in the valuation.

DISCUSSION:

The Request for Proposal was mailed to 19 actuarial consulting firms, and staff received responses from the following three (3) firms (in order of highest to lowest total proposed fee):

Firm	Amount
Bartel Associates, LLC	$18,000 not to exceed $21,000
Aon Consulting	$15,000
EFI Actuaries	$13,900

The proposals received were evaluated by a City staff committee comprised of the City Treasurer, Interim Deputy City Treasurer, Accounting Division Manager, Accounting Operations Manager, Budget Division Manager and Senior Accountant. After reviewing the proposals, all of the responding consulting firms were considered to be qualified.

The opinion of the committee was that Aon Consulting had the best combination of services relevant to the needs of Culver City, technical qualifications of staff, references from other municipalities, and price.

FISCAL ANALYSIS:

The City Treasurer's Office adopted budget for fiscal year 2007-08 includes sufficient funding in account 10112300.619100 - Fiscal Services to fund this requested agreement for actuarial services.

ATTACHMENTS:

None

MOTION:

That the City Council:

1. Approve a professional services agreement with Aon Consulting for actuarial services associated with implementation of Governmental Accounting Standards Board (GASB) Statement No. 45; and

2. Authorize the City Attorney to prepare the appropriate documents and the City Manager to execute those documents on behalf of the City.