



AGENDA MEMORANDUM

Action Item for the City Council Meeting August 9, 2022

DATE: August 9, 2022

TO: Peter Zanoni, City Manager

FROM: Heather Hulbert, CPA, CGFO, Director of Finance and Procurement
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Service Agreement for Actuarial Services

CAPTION:

Motion authorizing a four-year service agreement, with one two-year option, with Gabriel, Roeder, Smith & Company of Irving, in an amount not to exceed \$59,900.00, with a potential amount not to exceed \$89,900.00 if the option is exercised, for actuarial services for other post-employment benefits (i.e., medical health insurance benefits for retirees), with FY 2022 funding of \$13,200.00 from the General Fund.

SUMMARY:

This motion approves a service agreement for actuarial services related to other post-employment benefits. Other post-employment benefits are benefits that an employee receives at the start of their retirement with the exclusion of a pension. For the City of Corpus Christi, other post-employment benefits consist of medical health insurance benefits offered to retirees. A full actuarial valuation will be prepared every other year including the current fiscal year and an abbreviated roll-forward report in the alternate years.

BACKGROUND AND FINDINGS:

The City provides current employees with medical insurance coverage through three different self-insured health funds administered by the Human Resources Department. The plans are for general employees, sworn police officers, and sworn firefighters. Employees pay a portion of the premiums, and the City contributes the rest.

Retirees can continue to receive medical health insurance coverage through the City's plans until they are eligible for Medicare. Retirees pay the full cost of their premiums except for

firefighters. The Fire Association makes a monthly contribution for eligible enrolled Fire retirees. The retiree premiums, however, are based on a blended rate between claims experience for active employees and retirees, and this results in the City subsidizing part of the retiree premiums. This subsidy is considered an OPEB liability and an OPEB expense that must be reported in the City's annual financial statements. To determine this liability and expense, the services of an actuary are required.

The actuarial service will be used by the Finance and Procurement department for actuarial services related to Governmental Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions for health insurance benefits provided to retirees. It will measure the City's liabilities, OPEB expense, and deferred inflows and outflows of resources related to the OPEB benefits, as well as other information required for disclosure under GASB No. 75.

PROCUREMENT DETAIL:

Finance-Procurement conducted a competitive Request for Proposal (RFP 4132) to obtain qualified firms to provide actuarial services and other post-employment benefits. The City received three responsive, responsible proposals and evaluated them against the published criteria. The City considered the three firms as finalists, and interviews and pricing were evaluated. The final scores were tabulated for each firm to determine the highest-ranking firm offering the best value to the City. Staff is recommending award to Gabriel, Roeder, Smith & Company, as the highest-ranking firm. Foster and Foster Actuaries and Consultants is the current service provider and did not submit a proposal. The cost for the recommended proposal is 6% higher than the current agreement.

ALTERNATIVES:

None. Actuarial services are required in order to comply with governmental accounting standards.

FISCAL IMPACT:

The fiscal impact in FY 2022 is \$13,200.00 with funding available in the General Fund.

FUNDING DETAIL:

Fund:	General Fund 1020
Organization/Activity:	Accounting Operations 10751
Mission Element:	Produce Financial reports 182
Project # (CIP Only):	NA
Account:	Professional Services 530000

RECOMMENDATION:

Staff recommends approval of this motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement
Evaluation Matrix