

CONSENT AGENDA
ITEM NO. 22

**CITY OF SAN ANTONIO
PUBLIC UTILITIES OFFICE
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council
FROM: Ben Gorzell Jr., Director, Public Utilities Office
SUBJECT: Amendment to the Professional Services Agreement with The Segal Company
DATE: April 14, 2005

SUMMARY AND RECOMMENDATIONS

This Ordinance authorizes the execution of the second amendment to the Professional Services Agreement with The Segal Company to provide an actuarial valuation of the Fire and Police Retiree Healthcare Fund ("Fund") for an amount not to exceed \$25,000 and up to an additional \$15,000 in contingent consulting services related to the Fund; approves the terms and conditions of the second amendment to the Agreement; and authorizes payment in an amount not to exceed \$40,000.

Staff recommends approval of this Ordinance.

BACKGROUND INFORMATION

The Fire and Police Retiree Healthcare Fund ("Fund") was originally established pursuant to the respective Fire and Police collective bargaining agreements to provide post-employment health care benefits for San Antonio Fire Fighters and Police Officers who retired from the City on or after October 1, 1989. Effective October 1, 1997, with the passage of Senate Bill 1568, the Fund was created as a separate and distinct statutory trust. The Fund is governed by a nine member Board of Trustees comprised of Mayor Edward D. Garza, Councilman Art A. Hall, Councilman Chip Haass, two active police officers, two active fire fighters, a retiree representative of the Fire Department, and a retiree representative of the Police Department. The Board of Trustees is responsible for the investment of the assets of the Fund. Contribution and benefit levels are determined by the respective collective bargaining agreements with the Fire and Police Associations.

Historically, actuarial valuations have been performed to periodically determine the actuarial position of the Fund. Due to very different results of an actuarial study issued in May 2002, City staff recommended that an independent review and valuation of the Fund be conducted by another actuarial firm. With the passage of Ordinance No. 97666 on May 22, 2003, the City engaged The Segal Company to provide the City with an actuarial valuation of the Fund for a cost not to exceed \$30,000. Additionally, the Agreement provided for an additional \$20,000 in contingent services such as modeling related to changes in contributions, benefits, cost containment, and/or legislative review. On June 24, 2004, with the passage of Ordinance No. 99422, the Professional Services Agreement was amended to provide an additional \$20,000 in contingent additional services related to the Fund. Also, the scope of the agreement was modified to include employee benefits consulting services related to health benefits plans provided by the City (City's Employee Benefits Fund) in an amount not to exceed \$25,000. The table on the following page summarizes the current status of the Agreement.

	Fire & Police Retiree Healthcare Fund		Employee Benefits Fund
	Actuarial Valuation	Contingent Services	Consulting Services
Original Contract – 05/22/03	\$ 30,000	\$ 20,000	\$ 0
1 st Amendment – 06/24/04		20,000	25,000
Total Contract	\$ 30,000	\$ 40,000	25,000
Expended/Committed	\$ 29,330	\$ 25,000	\$ 16,800
Balance 4/01/05	\$ 670	\$ 15,000	\$ 8,200

This Ordinance would authorize a second amendment to the Agreement to allow for another actuarial valuation of the Fire & Police Retiree Healthcare Fund to be conducted for an amount not to exceed \$25,000 and would provide for an additional \$15,000 in funding for contingent services related to the Fire & Police Retiree Healthcare Fund. Under the collective bargaining agreement with the San Antonio Police Officer's Association, a joint actuarial study of the Fund is to be done by a recognized firm with experience in handling self-funded municipal retiree health benefit programs. This study will provide the basis for the upcoming collective bargaining negotiations. Also, the additional funding for contingent services will be primarily utilized to conduct modeling of contribution and benefit levels, assist in the monitoring and review of proposed legislation related to the Fund, and assist in collective bargaining negotiations related to the Fund. The remaining \$8,200 balance under this Agreement for consulting services on the City's Employee Benefits Fund will not be utilized.

Based on Segal's familiarity with the Fund which results in certain efficiencies, the cost of up to \$25,000 for the proposed actuarial valuation is less than the cost of \$30,000 for the first actuarial valuation. The hourly rates for contingent services will be maintained at the rates included in Segal's proposal dated October 2002. Under terms of the existing agreement, Segal must submit to the City a written estimate of the cost to provide a contingent service. Prior to proceeding with the service(s) requested, the City must accept the estimate provided and authorize commencement of the work.

POLICY ANALYSIS

This action is consistent with the City's desire to retain outside consulting services to provide specialized expertise such as actuarial valuations, benefits consulting, and related services. The Segal Company was engaged in May 2003 after a request for proposal process was conducted. The original agreement was amended in June 2004 and this proposed second amendment will importantly allow for continuity of services on a variety of complex issues related to the Fund. The proposed work will assist the City in addressing challenges with the Fire and Police Retiree Healthcare Fund and prepare for upcoming collective bargaining.

Mayor & City Council
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FISCAL IMPACT

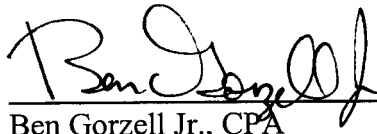
Total funding in the amount of \$40,000 for the proposed amendment is available in the General Fund non-departmental budget.

COORDINATION

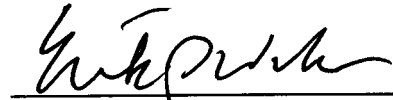
This item has been coordinated with the City Manager's Office, City Attorney's Office, and the Office of Management and Budget.

SUPPLEMENTARY COMMENTS

The required ethics disclosure form is attached.



Ben Gorzell Jr., CPA
Director of Public Utilities Office



Erik J. Walsh
Assistant to the City Manager

City of San Antonio Discretionary Contracts Disclosure

For use of this form, see Section 2-59 through 2-61 of the City Code (Ethics Code)
Attach additional sheets if space provided is not sufficient.

(1) Identify any individual or business entity that is a party to the discretionary contract:

The Segal Company

Mr. Eric Freden
Mr. Garry Spinks

(2) Identify any individual or business entity which is a partner, parent or subsidiary business entity of any individual or business entity identified above in Box (1):

The Segal Company

(3) Identify any individual or business entity that would be a subcontractor on the discretionary contract.

No subcontractors

¹ A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law. A sole proprietor should list the name of the individual and the d/b/a, if any.

(4) Identify any *lobbyist* or *public relations firm* employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.

No lobbyist or public relations firm employed

(5) Political Contributions

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under Box (1), (2), (3) or (4) above, or by the officers, owners of any business entity listed in Box (1), (2) or (3).

☒ No contributions made; If contributions made, list below:

By Whom Made:	To Whom Made:	Amount:	Date of Contribution:
As a firm we do not contribute to political campaigns.			

City of San Antonio Discretionary Contracts Disclosure

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Attach additional sheets if space provided is not sufficient.

(6) Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 2-43 of the City Code (Ethics Code), ("conflicts of interest") by participating in official action relating to the discretionary contract.

Party not aware of facts which would raise a "conflicts-of-interest" issue under Section 2-43 of the City Code; or

This form is required to be supplemented in the event there is any change in the information before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed, whichever occurs first.

Signature:



Title:

Business Development Officer
Company or D/B/A:
The Segal Company

Date:

4/7/05

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.