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Alameda Corridor Transportation Authority

November 15, 2019

To:	Governing Board
From:	James P. Preusch, Chief Financial Officer 
Subject:	Approve Ninth Amendment to Agreement No. C0788 with Bartel Associates, LLC for Actuary Services (APPROVAL)

Recommendation:

Approve the proposed Ninth Amendment to Agreement No. C0788 with Bartel Associates, LLC (Bartel), for actuary services, to extend the term for five years through December 31, 2024, add \$75,000 to the contract value, and update the hourly rates. Authorize the Chief Executive Officer or Chief Financial Officer to execute said amendment.

Discussion:

At its October 2007 meeting, the Board approved ACTA's participation in the Prefunding Plan administered by the CalPERS Board of Administration for Other Post Employment Benefits (OPEB). The Board also approved making an initial deposit and future annual deposits as necessary to meet continuing obligations. In 2007, Agreement No. C0788 was entered into with Bartel Associates, LLP to provide the required actuarial services.

The Government Accounting Standards Board (GASB) requires governmental entities to calculate the liability associated with certain retirement benefits to past and present employees. The present value of the obligation must be determined by a licensed actuary, and requires a periodic update (biennial) of the actuarial OPEB valuation and determination of an annual payment amount made to the CalPERS OPEB account. Bartel provides the services required by GASB 68 including preparation of the annual GASB 68 pension cost report. The information is required and included in ACTA's annual audit report. Additionally, Bartel provides all of the required reports related to GASB 75, which was released in 2015 and replaced GASB 45, requiring more specific reporting requirements related to OPEB. The cost of Bartel's actuarial valuations and GASBs 68 and 75 reports preparation has been nominal (currently averaging about \$13,000 annually). The service provided by Bartel has been timely and accurate.

The current Agreement expires December 31, 2019. To complete necessary future work required for ACTA's financial reporting, it is requested that the Board approve the amendment to the Agreement extending the term for an additional five years through December 31, 2024, increasing the total contract value by \$75,000 to \$180,000. In addition to the time extension and



contract value increase, it is requested that the updated hourly rates be approved to bring them within the range of rates currently being charged to other governmental entities, including the Cities of Los Angeles and Long Beach. The hourly rates have not been updated or increased since the contract's inception in July 2007.

In October 2007, the Board approved an appropriation for OPEB payments to CalPERS of \$448,000, comprised of \$392,000 for past liabilities and \$56,000 for the FY08. Since that time, the Board has also authorized staff to make future annual deposits to meet the continuing obligations. Subsequent deposits were: \$82,600 for FY09; \$70,000 for FY10; \$69,000 for FY11; \$77,000 for FY12; \$79,000 for FY13; \$106,000 for FY14; \$110,000 for FY15; \$78,000 for FY16; \$80,000 for FY17; \$80,000 for FY18, and \$51,500 for FY19.

While there are a few other firms now offering to provide the required actuarial services, CalPERS continues to strongly recommend Bartel because the firm's computations are accurate, completed on a timely basis as required for financial reporting purposes, and the service is reasonably priced. If the required reporting is not done properly or in a timely manner there is a risk that ACTA's annual financial statement report and independent auditor opinion or bond ratings could be compromised. If the OPEB computations are inaccurate, the annual deposit may be incorrect, possibly creating significant future obligations. Given the nominal cost of the contractor's services and the significant risk to ACTA if the work is not done as required, ACTA staff recommends that the services of Bartel be retained through the proposed Amendment to Agreement C0788.

Background:

With a growing need for public agencies and governments to capture, report and disclose future obligations related to OPEB costs, beginning in 2007 the Government Accounting Standards Board (GASB) adopted GASB 45. It was necessary for cities, counties and other government agencies to comply with the new actuarially based reporting standard. There were few firms offering the required service; Bartel was one such firm. The Cities of Los Angeles and Long Beach both contracted with Bartel in order to comply.

In ACTA's case, after a 2007 competitive selection process, Bartel was selected to provide the required GASB 45 actuarial valuations. Agreement No. 788 commenced July 1, 2007 for a term of one year through June 30, 2008 in the amount of \$14,500 with an option to extend an additional two years. Board approval of the agreement was not required in 2007 because the contract amount was within the contracting authority of the Chief Executive Officer, in that the contract was less than the delegated authority amount of \$50,000. Two subsequent amendments extended the term through June 30, 2010 increasing the contract value to \$25,000. With the substantial growth of business during this time, Bartel Associates, LLP became an LLC.

At its August 2009 meeting, the Board approved a six-year extension through June 30, 2016 and a \$50,000 increase in contract value from \$25,000 to \$75,000. At its June 2016 meeting, the Board approved a two-year extension through June 30, 2018 and a \$20,000 increase in contract value to \$95,000. At its June 2018 meeting, the Board approved a one-year extension through

June 30, 2019 that resulted in an increase of \$10,000. At its June 2019 meeting, the Board approved a six-month extension through December 31, 2019.

Budget Impact:

This amendment has no budget impact for the FY20 Program and Operating Budget. Future Program and Operating Budgets will include the necessary budgetary amounts to fund the required services.

Co-General Counsel Review:

ACTA's Co-General Counsel has reviewed and approved the proposed Amendment as to form.

Transmittal:

Transmittal 1 - Ninth Amendment to Agreement C0788