



City of Palo Alto

MEMORANDUM

To: City Council

Date: June 16, 2020

SUBJECT: Agenda Item #3: Discussion and Direction to Staff Regarding the Establishment of a Pension Funding Policy; Approval of Contract Number C15159278 with Bartel Associates for a Six-Year Term for biennial Actuary Services in the Amount Not-to-Exceed \$132,325, and Authorization to the City Manager to Execute a Contract Amendment Number 1 to Contract C15159278 to Increase Funding by \$97,675 for a Revised Total Not-to-Exceed \$230,000 for Additional Actuarial Consultant Work Related to Council Directed Scenario Modeling for Pension and Retiree Health Liabilities

Bartel Associates is the consultant that performs the City's bi-ennial Other Post-Employment Benefit (OPEB) valuations, the most recent of which was transmitted on April 30, 2020 for discussion with the Finance Committee on May 5, 2020. In addition to the City's bi-ennial OPEB valuations, Bartel Associates has also performed additional services related to pension forecasting and analysis. As staff reviewed the contract to amend the scope and add to the not-to-exceed compensation for the work performed for pension forecasting, it was discovered that the contract, dated September 1, 2015, was inadvertently not transmitted to Council for approval in 2015 (**Attachment A**). The contract term is through August 31, 2021 for a not-to-exceed amount of \$132,325. A summary of the RFP and evaluation are discussed in below. Staff recommends that the City Council:

- 1) Approve and authorize the City Manager or his designee to execute the attached contract with Bartel Associates (C15159278, **Attachment A**) dated September 1, 2015 for an amount not to exceed \$132,325 for OPEB and pension actuary and analysis services.
- 2) Approve and authorize the City Manager or his designee to execute the attached Amendment No. 1 to Contract C15159278 (**Attachment B**) with Bartel Associates to increase the funding by \$97,675 for a revised total amount Not-To-Exceed \$230,000 for additional actuarial consultant work related to long-term obligations for pension and retiree health liabilities.

The contract amendment (**Attachment B**) increases the contract authority to align with the significant work effort to date from Bartel Associates, which has been instrumental in the extensive discussions that have been had with the City Council and the Finance Committee regarding long-term pension obligations. The amendment also includes contract authority for additional Government Accounting Standards Board (GASB) revised reporting requirements related to OPEB to ensure the City's compliance with those regulations. Although no budgetary adjustment is necessary for this contract amendment, staff does anticipate using salary savings to fund elements of the amended scope.

Summary of RFP Process

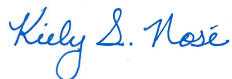
An RFP for actuarial valuation for the City's retiree medical plan was issued on May 28, 2015, with proposals due on June 19, 2015. The City received three proposed from qualified consulting firms: Bartel Associates LLC, Jefferson Solutions Inc., and Milliman Inc.

RFP Name/Number	Actuarial Valuation for the Retiree Medical Plan / RFP 159278
Proposed Length of Contract	6 years
Total Days to Respond to RFP	22 days
Pre-Bid Meeting?	No
Number of Proposals Received	3
Bid Price Range	\$41,010 to \$122,325


An evaluation committee consisting of four City staff members from the Administrative Services Department reviewed and evaluated the proposals according to the criteria identified in the RFP. The criteria used to evaluate the proposals were as follows:

- Quality and completeness of proposal
- Quality, performance, and effectiveness of the solution or services to be provided
- Quality of the estimates by which project costs are developed
- Proposer's experience, including the experience of staff
- Costs to the City
- Proposal's financial stability
- Proposer's ability to perform work within time specified
- Proposer's prior record of performance with City or others
- Proposer's ability to provide future records, reports, data, service
- Proposer's compliance with applicable laws

Bartel Associates was selected as the preferred consultant due to the firm's demonstrated experience and expertise with OPEB and pension valuation and analysis and the firm's comprehensive knowledge of GASB's requirements for reporting of these employee benefits. Staff recommends approval of the contract with Bartel Associates to align with the original intent, as well as an amendment to the contract to include work on the pension policy and upcoming GASB pronouncements. These two actions will ensure alignment between the contractual authority and the work effort necessary for these services.:



Kiely Nose
Chief Financial Officer

DocuSigned by:

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Ed Shikada
City Manager

CITY OF PALO ALTO CONTRACT NO. C15159278

GENERAL SERVICES AGREEMENT

THIS AGREEMENT made and entered into on the 1st day of SEPTEMBER, 2015, by and between the **CITY OF PALO ALTO**, a California chartered municipal corporation ("CITY"), and **BARTEL ASSOCIATES, LLC**, a limited liability corporation, located at 411 Borel Avenue, Suite 101, San Mateo, Ca 94402, Telephone Number: (650) 377-1600 ("**CONTRACTOR**"). In consideration of their mutual covenants, the parties hereto agree as follows:

1. **SERVICES.** CONTRACTOR shall provide or furnish the services (the "Services") described in the Scope of Services, attached at Exhibit A.
2. **EXHIBITS.** The following exhibits are attached to and made a part of this Agreement:

- "A" - Scope of Services
- "B" - Schedule of Performance
- "C" - Compensation
- "D" - Insurance Requirements
- "E" - Performance and/or Payment Bond
- "F" - Liquidated Damages

CONTRACT IS NOT COMPLETE UNLESS ALL EXHIBITS ARE ATTACHED.

3. **TERM.**
The term of this Agreement is from September 01, 2015 to August 31, 2021 inclusive, subject to the provisions of Sections Q and V of the General Terms and Conditions.
4. **SCHEDULE OF PERFORMANCE.** CONTRACTOR shall complete the Services within the term of this Agreement in a reasonably prompt and timely manner based upon the circumstances and direction communicated to CONTRACTOR, and if applicable, in accordance with the schedule set forth in the Schedule of Performance, attached at Exhibit B. Time is of the essence in this Agreement.
5. **COMPENSATION FOR ORIGINAL TERM.** CITY shall pay and CONTRACTOR agrees to accept as not-to-exceed compensation for the full performance of the Services and reimbursable expenses, if any:

- The total maximum lump sum compensation of _____ dollars (\$ _____); **OR**
- The sum of _____ dollars (\$ _____) per hour, not to exceed a total maximum compensation amount of _____ dollars (\$ _____); **OR**

- For OPEB biennial valuations as of June 30, 2015, June 30, 2017 and June 30, 2019, sums calculated in accordance with the fee schedule set forth at Exhibit C, not to exceed a total maximum compensation amount of One Hundred Twenty Two Thousand, Three Hundred Twenty-Five dollars (\$122,325.00).

CONTRACTOR agrees that it can perform the OPEB biennial valuations as of June 30, 2015, June 30, 2017 and June 30, 2019 for an amount not to exceed the total maximum compensation set forth above. Any hours worked or services performed by CONTRACTOR for which payment would result in a total exceeding the maximum amount of compensation set forth above for performance of the Services shall be at no cost to CITY.

~~In addition, CITY has set aside the sum of XXXX Thousand dollars (\$XX,000) for Additional Services such as attending additional meetings or providing further actuarial analyses. CONTRACTOR shall provide Additional Services only by advanced, written authorization from the City Manager or designee. CONTRACTOR, at the CITY's request, shall submit a detailed written proposal including a description of the scope of services, schedule, level of effort, and CONTRACTOR's proposed maximum compensation, including reimbursable expense, for such services. Compensation shall be based on the hourly rates set forth in Exhibit C, or if such rates are not applicable, a negotiated lump sum. CITY shall not authorize and CONTRACTOR shall not perform any Additional Services for which payment would exceed the amount set forth above for Additional Services. Payment for Additional Services is subject to all requirements and restrictions in this Agreement.~~

- CITY has set aside the sum of ten thousand dollars (\$10,000.00) for Additional Services. CONTRACTOR shall provide Additional Services only by advanced, written authorization from the City Manager or designee. CONTRACTOR, at the CITY's request, shall submit a detailed written proposal including a description of the scope of services, schedule, level of effort, and CONTRACTOR's proposed maximum compensation, including reimbursable expense, for such services. Compensation shall be based on the hourly rates set forth above or in Exhibit C (whichever is applicable), or if such rates are not applicable, a negotiated lump sum. CITY shall not authorize and CONTRACTOR shall not perform any Additional Services for which payment would exceed the amount set forth above for Additional Services. Payment for Additional Services is subject to all requirements and restrictions in this Agreement.

6. COMPENSATION DURING ADDITIONAL TERMS.

- CONTRACTOR'S compensation rates for each additional term shall be the same as the original term; **OR**
- CONTRACTOR's compensation rates shall be adjusted effective on the commencement of each Additional Term. The lump sum compensation amount,

hourly rates, or fees, whichever is applicable as set forth in section 5 above, shall be adjusted by a percentage equal to the change in the Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco-Oakland- San Jose area, published by the United States Department of Labor Statistics (CPI) which is published most immediately preceding the commencement of the applicable Additional Term, which shall be compared with the CPI published most immediately preceding the commencement date of the then expiring term. Notwithstanding the foregoing, in no event shall CONTRACTOR's compensation rates be increased by an amount exceeding five percent of the rates effective during the immediately preceding term. Any adjustment to CONTRACTOR's compensation rates shall be reflected in a written amendment to this Agreement.

- 7. INVOICING.** Send all invoices to CITY, Attention: Project Manager. The Project Manager is: Nancy Nagel, Dept.: Administrative Services, Telephone: (650) 329-2223. Invoices shall be submitted in arrears for Services performed. Invoices shall not be submitted more frequently than monthly. Invoices shall provide a detailed statement of Services performed during the invoice period and are subject to verification by CITY. CITY shall pay the undisputed amount of invoices within 30 days of receipt.

GENERAL TERMS AND CONDITIONS

- A. ACCEPTANCE.** CONTRACTOR accepts and agrees to all terms and conditions of this Agreement. This Agreement includes and is limited to the terms and conditions set forth in sections 1 through 6 above, these general terms and conditions and the attached exhibits.
- B. QUALIFICATIONS.** CONTRACTOR represents and warrants that it has the expertise and qualifications to complete the services described in Section 1 of this Agreement, entitled "SERVICES," and that every individual charged with the performance of the services under this Agreement has sufficient skill and experience and is duly licensed or certified, to the extent such licensing or certification is required by law, to perform the Services. CITY expressly relies on CONTRACTOR's representations regarding its skills, knowledge, and certifications. CONTRACTOR shall perform all work in accordance with generally accepted business practices and performance standards of the industry, including all federal, state, and local operation and safety regulations.
- C. INDEPENDENT CONTRACTOR.** It is understood and agreed that in the performance of this Agreement, CONTRACTOR and any person employed by CONTRACTOR shall at all times be considered an independent CONTRACTOR and not an agent or employee of CITY. CONTRACTOR shall be responsible for employing or engaging all persons necessary to complete the work required under this Agreement.
- D. SUBCONTRACTORS.** CONTRACTOR may not use subcontractors to perform any Services under this Agreement unless CONTRACTOR obtains prior written consent of CITY.

CONTRACTOR shall be solely responsible for directing the work of approved subcontractors and for any compensation due to subcontractors.

- E. TAXES AND CHARGES.** CONTRACTOR shall be responsible for payment of all taxes, fees, contributions or charges applicable to the conduct of CONTRACTOR's business.
- F. COMPLIANCE WITH LAWS.** CONTRACTOR shall in the performance of the Services comply with all applicable federal, state and local laws, ordinances, regulations, and orders.
- G. DAMAGE TO PUBLIC OR PRIVATE PROPERTY.** CONTRACTOR shall, at its sole expense, repair in kind, or as the City Manager or designee shall direct, any damage to public or private property that occurs in connection with CONTRACTOR's performance of the Services. CITY may decline to approve and may withhold payment in whole or in part to such extent as may be necessary to protect CITY from loss because of defective work not remedied or other damage to the CITY occurring in connection with CONTRACTOR's performance of the Services. CITY shall submit written documentation in support of such withholding upon CONTRACTOR's request. When the grounds described above are removed, payment shall be made for amounts withheld because of them.
- H. WARRANTIES.** CONTRACTOR expressly warrants that all services provided under this Agreement shall be performed in a professional and workmanlike manner in accordance with generally accepted business practices and performance standards of the industry and the requirements of this Agreement. CONTRACTOR expressly warrants that all materials, goods and equipment provided by CONTRACTOR under this Agreement shall be fit for the particular purpose intended, shall be free from defects, and shall conform to the requirements of this Agreement. CONTRACTOR agrees to promptly replace or correct any material or service not in compliance with these warranties, including incomplete, inaccurate, or defective material or service, at no further cost to CITY. The warranties set forth in this section shall be in effect for a period of one year from completion of the Services and shall survive the completion of the Services or termination of this Agreement.
- I. MONITORING OF SERVICES.** CITY may monitor the Services performed under this Agreement to determine whether CONTRACTOR's work is completed in a satisfactory manner and complies with the provisions of this Agreement.
- J. CITY'S PROPERTY.** Any work product delivered to the City under this Agreement will become the property of CITY without restriction or limitation upon their use and will not be made available to any individual or organization by CONTRACTOR or its subcontractors, if any, without the prior written approval of the City Manager.
- K. AUDITS.** CONTRACTOR agrees to permit CITY and its authorized representatives to audit, at any reasonable time during the term of this Agreement and for three (3) years from the date of final payment, CONTRACTOR's records pertaining to matters covered by this Agreement. CONTRACTOR agrees to maintain accurate books and records in

accordance with generally accepted accounting principles for at least three (3) following the terms of this Agreement.

L. NO IMPLIED WAIVER. No payment, partial payment, acceptance, or partial acceptance by CITY shall operate as a waiver on the part of CITY of any of its rights under this Agreement.

M. INSURANCE. CONTRACTOR, at its sole cost, shall purchase and maintain in full force during the term of this Agreement, the insurance coverage described at Exhibit D. Insurance must be provided by companies with a Best's Key Rating of A-:VII or higher and which are otherwise acceptable to CITY's Risk Manager. The Risk Manager must approve deductibles and self-insured retentions. In addition, all policies, endorsements, certificates and/or binders are subject to approval by the Risk Manager as to form and content. CONTRACTOR shall obtain a policy endorsement naming the City of Palo Alto as an additional insured under any general liability or automobile policy. CONTRACTOR shall obtain an endorsement stating that the insurance is primary coverage and will not be canceled or materially reduced in coverage or limits until after providing 30 days prior written notice of the cancellation or modification to the Risk Manager. CONTRACTOR shall provide certificates of such policies or other evidence of coverage satisfactory to the Risk Manager, together with the required endorsements and evidence of payment of premiums, to CITY concurrently with the execution of this Agreement and shall throughout the term of this Agreement provide current certificates evidencing the required insurance coverages and endorsements to the Risk Manager. CONTRACTOR shall include all subcontractors as insured under its policies or shall obtain and provide to CITY separate certificates and endorsements for each subcontractor that meet all the requirements of this section. The procuring of such required policies of insurance shall not operate to limit CONTRACTOR's liability or obligation to indemnify CITY under this Agreement.

N. HOLD HARMLESS. To the fullest extent permitted by law and without limitation by the provisions of section M relating to insurance, CONTRACTOR shall indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents from and against any and all demands, claims, injuries, losses, or liabilities of any nature, including death or injury to any person, property damage or any other loss and including without limitation all damages, penalties, fines and judgments, associated investigation and administrative expenses and defense costs, including, but not limited to reasonable attorney's fees, courts costs and costs of alternative dispute resolution), arising out of, or resulting in any way from or in connection with the performance of this Agreement. CONTRACTOR's obligations under this Section apply regardless of whether or not a liability is caused or contributed to by any negligent (passive or active) act or omission of CITY, except that CONTRACTOR shall not be obligated to indemnify for liability arising from the sole negligence or willful misconduct of CITY. The acceptance of the Services by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the Services or termination of this Agreement.

- O. NON-DISCRIMINATION.** As set forth in Palo Alto Municipal Code section 2.30.510, CONTRACTOR certifies that in the performance of this Agreement, it shall not discriminate in the employment of any person because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. CONTRACTOR acknowledges that it has read and understands the provisions of Section 2.30.510 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Section 2.30.510 pertaining to nondiscrimination in employment.
- P. WORKERS' COMPENSATION.** CONTRACTOR, by executing this Agreement, certifies that it is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and certifies that it will comply with such provisions, as applicable, before commencing and during the performance of the Services.
- Q. TERMINATION.** The City Manager may terminate this Agreement without cause by giving ten (10) days' prior written notice thereof to CONTRACTOR. If CONTRACTOR fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided by law, the City Manager may terminate this Agreement immediately upon written notice of termination. Upon receipt of such notice of termination, CONTRACTOR shall immediately discontinue performance. CITY shall pay CONTRACTOR for services satisfactorily performed up to the effective date of termination. If the termination is for cause, CITY may deduct from such payment the amount of actual damage, if any, sustained by CITY due to CONTRACTOR's failure to perform its material obligations under this Agreement. Upon termination, CONTRACTOR shall immediately deliver to the City Manager any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by CONTRACTOR or given to CONTRACTOR, in connection with this Agreement. Such materials shall become the property of CITY.
- R. ASSIGNMENTS/CHANGES.** This Agreement binds the parties and their successors and assigns to all covenants of this Agreement. This Agreement shall not be assigned or transferred without the prior written consent of CITY. No amendments, changes or variations of any kind are authorized without the written consent of CITY.
- S. CONFLICT OF INTEREST.** In accepting this Agreement, CONTRACTOR covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of this Contract. CONTRACTOR further covenants that, in the performance of this Contract, it will not employ any person having such an interest. CONTRACTOR certifies that no CITY Officer, employee, or authorized representative has any financial interest in the business of CONTRACTOR and that no person associated with CONTRACTOR has any interest, direct or indirect, which could conflict with the faithful performance of this Contract. CONTRACTOR agrees to advise CITY if any conflict arises.

T. GOVERNING LAW. This contract shall be governed and interpreted by the laws of the State of California.

U. ENTIRE AGREEMENT. This Agreement, including all exhibits, represents the entire agreement between the parties with respect to the services that may be the subject of this Agreement. Any variance in the exhibits does not affect the validity of the Agreement and the Agreement itself controls over any conflicting provisions in the exhibits. This Agreement supersedes all prior agreements, representations, statements, negotiations and undertakings whether oral or written.

V. NON-APPROPRIATION. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Contract are no longer available. This Section shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Contract.

W. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS. CONTRACTOR shall comply with CITY's Environmentally Preferred Purchasing policies which are available at CITY's Purchasing Division, which are incorporated by reference and may be amended from time to time. CONTRACTOR shall comply with waste reduction, reuse, recycling and disposal requirements of CITY's Zero Waste Program. Zero Waste best practices include first minimizing and reducing waste; second, reusing waste and third, recycling or composting waste. In particular, CONTRACTOR shall comply with the following zero waste requirements:

- All printed materials provided by CONTRACTOR to CITY generated from a personal computer and printer including but not limited to, proposals, quotes, invoices, reports, and public education materials, shall be double-sided and printed on a minimum of 30% or greater post-consumer content paper, unless otherwise approved by CITY's Project Manager. Any submitted materials printed by a professional printing company shall be a minimum of 30% or greater post-consumer material and printed with vegetable based inks.
- Goods purchased by Contractor on behalf of CITY shall be purchased in accordance with CITY's Environmental Purchasing Policy including, but not limited to, Extended Producer Responsibility requirements for products and packaging. A copy of this policy is on file at the Purchasing Division's office.
- Reusable/returnable pallets shall be taken back by CONTRACTOR, at no additional cost to CITY, for reuse or recycling. CONTRACTOR shall provide documentation from the facility accepting the pallets to verify that pallets are not being disposed.

X. AUTHORITY. The individual(s) executing this Agreement on behalf of the parties represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

Y. CONTRACT TERMS: All unchecked boxes do not apply to this Agreement.

Z. DIR REGISTRATION. In regard to any public work construction, alteration, demolition, repair or maintenance work, CITY will not accept a bid proposal from or enter into this Agreement with CONTRACTOR without proof that CONTRACTOR and its listed subcontractors are registered with the California Department of Industrial Relations (“DIR”) to perform public work, subject to limited exceptions. City requires CONTRACTOR and its listed subcontractors to comply with the requirements of SB 854.

CITY provides notice to CONTRACTOR of the requirements of California Labor Code section 1771.1(a), which reads:

“A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5. It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or Section 10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.”

CITY gives notice to CONTRACTOR and its listed subcontractors that CONTRACTOR is required to post all job site notices prescribed by law or regulation and CONTRACTOR is subject to SB 854-compliance monitoring and enforcement by DIR.

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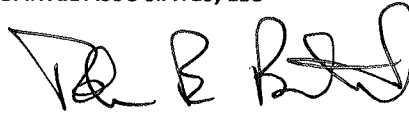
Inform the project manager of the location of CONTRACTOR's and its listed subcontractors' payroll records (street address, city and county) at the commencement of the Project, and also provide notice to the project manager within five (5) business days of any change of location of these payroll records.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

BARTEL ASSOCIATES, LLC

Chief Procurement Officer or Designee



Approved as to form:

City Attorney's Office

EXHIBIT A SCOPE OF SERVICES

A. Project Purpose

The actuarial consultant will prepare bi-annual actuarial valuation of its non-pension Other Post-Employment Benefits (OPEB), as per applicable Governmental Accounting Standards Board (GASB) and actuarial requirements. The last OPEB valuation was prepared as of June 30, 2013. Additionally, the City requires as-needed actuarial services for labor negotiations, CalPERS projections, or other financial analyses.

B. Scope of Services

Other Post-Employment Benefits Valuation

The consultant will provide an actuarial evaluation of the City's Other Post-Employment Benefits (OPEB) in compliance with applicable GASB and actuarial requirements. Specifically, the consultant will provide:

1. A determination of the City's retiree medical benefit actuarial liability on a biannual basis as of June 30, 2015.
2. Within 60 days after receipt of the necessary payroll and other information from the City, the Consultant will meet with the City to review the preliminary valuation report, which includes the OPEB liability and funding options based upon the recommended actuarial and economic assumptions, which were set with the City's input from the preliminary meeting.
3. The required annual total contribution amounts needed to amortize the cost over the amortization period selected.
4. A breakdown of this liability by the following (Please see Attachment A, slides 35-41 for examples):
 - Age (<65 v. >65)
 - Benefit Group (Tier)
 - Fund
 - Labor Group
 - Miscellaneous v. Safety employees
 - Normal Costs v. Unfunded Actuarial Accrued Liability (UAAL) Amortization
 - Liability and Normal Cost by Bargaining Unit (7 units)
 - Current Employees/Retired Employees and Dependents (survivors) (2 groups)
5. A description of the actuarial basis and assumptions used in the valuation.
6. A description of assumption and other changes since the last valuation.
7. A written executive summary describing the results of the valuation.
8. Sensitivity Analysis (Please see Attachment A, slides 42-46 for examples):
 - Investment return analysis using all CalPERS Trust options

- Discount Rate
 - Amortization Period
 - Implied Subsidy
 - Other analyses suggested by proposer
9. Preparation of the California Employers' Retiree Benefit Trust (CERBT) Fund documentation and certifications needed by the City to send to CalPERS

The Consultant shall perform the following activities to complete the bi-annual actuarial review of the City's OPEB programs:

1. Meet with City representatives including Finance Committee and Council, as well as staff, up to four to five times. The preliminary meeting will be conducted to discuss and to understand assumptions and methods before the study is undertaken. In addition, at the first meeting, a project schedule will be agreed upon. The subsequent meeting will be held to explain and to present the results of the project. The consultant will then attend the Finance Committee Meeting and present results.
2. Submit a draft report for review and approval prior to submission of final report
3. Prepare a final written report summarizing conclusions and documenting the analysis. This report may be similar in format to the one prepared for the June 30 2013 actuarial valuation (Attachment A) including a written executive summary; though other formats may be acceptable.
4. The report should include exhibits summarizing all appropriate results for two fiscal years: the year ending June 30, 2015 and projected June 30, 2016. The report should also include information analyzing the impact of any changes in assumptions and methodology as well as plan experience relative to what would have been expected to occur during the preceding two years.
5. Proposer should attach two sample actuarial valuation reports from prior projects.

Other As-Needed Actuarial Analyses

Throughout the contract period, the City may require additional actuarial analyses related to labor negotiations, CalPERS pension valuations, or long-term financial analyses. Additionally, the City may require the consultant to attend arbitration hearings, Council meetings, etc.

C. Pricing Proposal

The proposal should break out pricing as follows:

1. Cost of Bi-annual valuation
2. Cost for attending additional meetings – unit of measure: hour by job classification;
3. Cost for additional actuarial reports/analysis – unit of measure: hour by job classification

D. Term of Contract: 6 years

EXHIBIT B
SCHEDULE OF PERFORMANCE

CHOOSE ONE OF THESE ALTERNATIVES TO DESCRIBE SCHEDULE:

CONTRACTOR shall perform the Services according to a schedule agreed upon by the City at the first meeting with the Consultant.

**EXHIBIT C
SCHEDULE OF FEES**

Compensation based upon fee schedule

CITY shall pay CONTRACTOR according to the following rate schedule. The maximum amount of compensation to be paid to CONTRACTOR, including both payment for services and reimbursable expenses, shall not exceed Thirty-eight Thousand, Nine Hundred Seventy-five Dollars (\$38,975.00). Any services provided or hours worked for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to CITY.

The fee information is relevant to a determination of whether the fee is fair and reasonable in light of the services to be provided. Provision of this information assists the City in determining the firm's understanding of the project, and provides staff with tools to negotiate the cost, provide in a table.

Services in the chart below include only the actuarial valuations as of the dates shown. Costs for reports that may be required as of the Measurement Date for accounting under the new GASB Statements 74 and 75 are excluded. The number and timing of any such reports are dependent on the City's selected Measurement Dates, and typically cost \$1,500 to \$3,500 each. We will give you an exact fee quote once the City selects its GASB 74 and 75 timing.

Hourly rates and fees below for 2017 and 2019 are based on assumed CPI of 2.5% per year.

Scope	Labor Categories (e.g., Consultant, Sr. Consultant, etc.)	Est. Hours	Hourly Rate	Extended Rate
Task 1: OPEB Biennial valuation (6/30/2015)	Partner (Bartel)	20	\$ 305	\$6,100
	Partner (Redding)	25	\$ 255	\$6,375
	Assistant Vice President	50	\$ 205	\$10,250
	Actuarial Analysts	125	\$ 130	\$16,250
Total, Not to Exceed, Task 1				\$ 38,975
Task 2: Cost for attending additional meetings	Partner (Bartel)	*	\$ 305	
	Partner (Redding)	*	\$ 255	
	Assistant Vice President	*	\$ 205	
	Actuarial Analysts	*	\$ 130	
Total, Not to Exceed, Task 2				
Task 3: Costs for additional actuarial reports/analyses	Partner (Bartel)	*	\$ 305	
	Partner (Redding)	*	\$ 255	
	Assistant Vice President	*	\$ 205	
	Actuarial Analysts	*	\$ 130	
Total, Not to Exceed, Task 3				
TOTAL NOT TO EXCEED (Tasks 1 - 3)				\$38,975

* Per page 2 of RFP Attachment B, pricing for Task 2 and Task 3 is per hour.

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“Exhibit C - SCHEDULE OF FEES” continued...

Scope	Labor Categories (e.g., Consultant, Sr. Consultant, etc.)	Est. Hours	Hourly Rate	Extended Rate
Task 1: OPEB Biennial valuation (6/30/2017)	Partner (Bartel)	20	\$ 320	\$6,400
	Partner (Redding)	25	\$ 270	\$6,750
	Assistant Vice President	50	\$ 215	\$10,750
	Actuarial Analysts	125	\$ 135	\$16,875
Total, Not to Exceed, Task 1				\$40,775
Task 2: Cost for attending additional meetings	Partner (Bartel)	*	\$ 320	
	Partner (Redding)	*	\$ 270	
	Assistant Vice President	*	\$ 215	
	Actuarial Analysts	*	\$ 135	
Total, Not to Exceed, Task 2				
Task 3: Costs for additional actuarial reports/analyses	Partner (Bartel)	*	\$ 320	
	Partner (Redding)	*	\$ 270	
	Assistant Vice President	*	\$ 215	
	Actuarial Analysts	*	\$ 135	
Total, Not to Exceed, Task 2				
TOTAL NOT TO EXCEED (Tasks 1 - 3)				\$40,775

* Per page 2 of RFP Attachment B, pricing for Task 2 and Task 3 is per hour. Hourly rates above will depend on CPI. 2.5% annual rate used for illustration.

Scope	Labor Categories (e.g., Consultant, Sr. Consultant, etc.)	Est. Hours	Hourly Rate	Extended Rate
Task 1: Bi-annual valuation (6/30/2019)	Partner (Bartel)	20	\$ 335	\$6,700
	Partner (Redding)	25	\$ 285	\$7,125
	Assistant Vice President	50	\$ 225	\$11,250
	Actuarial Analysts	125	\$ 140	\$17,500
Total, Not to Exceed, Task 1				\$42,575
Task 2: Cost for attending additional meetings	Partner (Bartel)	*	\$ 335	
	Partner (Redding)	*	\$ 285	
	Assistant Vice President	*	\$ 225	
	Actuarial Analysts	*	\$ 140	
Total, Not to Exceed, Task 2				
Task 3: Costs for additional actuarial reports/analyses	Partner (Bartel)	*	\$ 335	
	Partner (Redding)	*	\$ 285	
	Assistant Vice President	*	\$ 225	
	Actuarial Analysts	*	\$ 140	
Total, Not to Exceed, Task 3				
TOTAL NOT TO EXCEED (Tasks 1 - 3)				\$42,575

* Per page 2 of RFP Attachment B, pricing for Task 2 and Task 3 is per hour. Hourly rates above will depend on CPI. 2.5% annual rate used for illustration.

END FEE SCHEDULE.

**EXHIBIT D
INSURANCE REQUIREMENTS**

CONTRACTORS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, **AFFORDED BY COMPANIES WITH AM BEST'S KEY RATING OF A-VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.**

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS, AS SPECIFIED, BELOW:

REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER'S COMPENSATION EMPLOYER'S LIABILITY	STATUTORY STATUTORY		
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$1,000,000	\$1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY	\$1,000,000	\$1,000,000
		- EACH PERSON	\$1,000,000	\$1,000,000
		- EACH OCCURRENCE	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000	\$1,000,000
NO	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	ALL DAMAGES	\$1,000,000	
YES	THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED: CONTRACTOR, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS' COMPENSATION, EMPLOYER'S LIABILITY AND PROFESSIONAL INSURANCE, NAMING AS ADDITIONAL INSURED CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.			

- I. INSURANCE COVERAGE MUST INCLUDE:
 - A. A PROVISION FOR A WRITTEN THIRTY DAY ADVANCE NOTICE TO CITY OF CHANGE IN COVERAGE OR OF COVERAGE CANCELLATION; AND
 - B. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONTRACTOR'S AGREEMENT TO INDEMNIFY CITY.
 - C. DEDUCTIBLE AMOUNTS IN EXCESS OF \$5,000 REQUIRE CITY'S PRIOR APPROVAL.
- II. CONTRACTOR MUST SUBMIT CERTIFICATE(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE.
- III. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO "ADDITIONAL INSURED"

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.

B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSUREDS UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSUREDS, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.
2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

NOTICES SHALL BE MAILED TO:

**PURCHASING AND
CONTRACT ADMINISTRATION
CITY OF PALO ALTO
P.O. BOX 10250
PALO ALTO, CA 94303**

**AMENDMENT NO. 1 TO CONTRACT NO. C15159278
BETWEEN THE CITY OF PALO ALTO AND
BARTEL ASSOCIATES, LLC**

This Amendment No. 1 (this "Amendment") to Contract No. C15159278 (the "Contract" as defined below) is entered into as of September 1, 2015, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and BARTEL ASSOCIATES, LLC, a limited liability corporation, located at 411 Borel Avenue, Suite 620, San Mateo, CA 94402 ("CONTRACTOR"). CITY and CONTRACTOR are referred to collectively as the "Parties" in this Amendment.

RECITALS

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of actuarial services related to the City's non-pension Other Post-Employment Benefits (OPEB) benefits, as detailed therein.

B. The Parties now wish to amend the Contract in order to include CalPERS pension valuations in the Scope of Services, replacing Exhibit "A" ("Scope of Services"), and add to the compensation amount, replacing Exhibit "C" ("Schedule of Fees"), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

SECTION 1. Definitions. The following definitions shall apply to this Amendment:

- a. **Contract.** The term "Contract" shall mean Contract No. C15159278 between CONSULTANT and CITY, dated September 1, 2015.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

SECTION 2. Section 5, "Compensation for Original Term", of the Contract is hereby amended to read as follows:

"5. COMPENSATION FOR ORIGINAL TERM. CITY shall pay and CONTRACTOR agrees to accept as not-to-exceed compensation for the full performance of the Services and reimbursable expenses, if any:

- The total maximum lump sum compensation of _____ dollars (\$)); **OR**
- The sum of _____ dollars (\$) per hour, not to exceed a total maximum compensation amount of _____ dollars (\$)); **OR**
- For Services detailed in Exhibit A (Scope of Services), including OPEB biennial

valuations as of June 30, 2015, June 30, 2017, and June 30, 2019 and other Services, sums calculated in accordance with the fee schedule set forth at Exhibit C, not to exceed a total maximum compensation amount of Two Hundred Thirty Thousand Dollars (\$230,000).

CONTRACTOR agrees that it can perform the Services detailed in Exhibit A (Scope of Services), including OPEB biennial valuations as of June 30, 2015, June 30, 2017, and June 30, 2019; other as needed actuarial analyses; and CalPERS pension valuations for an amount not to exceed the total maximum compensation set forth above. Any hours worked or services performed by CONTRACTOR for which payment would result in a total exceeding the maximum amount of compensation set forth above for performance of the Services shall be at no cost to CITY.

- In addition, included in the total maximum compensation amount above, the CITY has set aside the sum of ten thousand dollars (\$10,000.00) for Additional Services. CONTRACTOR shall provide Additional Services only by advanced, written authorization from the City Manager or designee. CONTRACTOR, at the CITY's request, shall submit a detailed written proposal including a description of the scope of services, schedule, level of effort, and CONTRACTOR's proposed maximum compensation, including reimbursable expense, for such services. Compensation shall be based on the hourly rates set forth above or in Exhibit C (whichever is applicable), or if such rates are not applicable, a negotiated lump sum. CITY shall not authorize and CONTRACTOR shall not perform any Additional Services for which payment would exceed the amount set forth above for Additional Services. Payment for Additional Services is subject to all requirements and restrictions in this Agreement."

SECTION 3. The following exhibit(s) to the Contract is/are hereby amended or added, as indicated below, to read as set forth in the attachment(s) to this Amendment, which is/are hereby incorporated in full into this Amendment and into the Contract by this reference:

- a. Exhibit "A" entitled "SCOPE OF SERVICES", of the Contract is hereby deleted and replaced in its entirety to read as attached to this Amendment as Exhibit "A", entitled "SCOPE OF SERVICES, AMENDMENT NO. 1", AMENDED, REPLACES PREVIOUS..
- b. Exhibit "C" entitled "SCHEDULE OF FEES", of the Contract is hereby deleted and replaced in its entirety to read as attached to this Amendment as Exhibit "C", entitled "SCHEDULE OF FEES, AMENDMENT NO. 1", AMENDED, REPLACES PREVIOUS..

SECTION 4. **Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

SECTION 5. **Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)

SIGNATURES OF THE PARTIES

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment effective as of the date first above written.

CITY OF PALO ALTO

BARTEL ASSOCIATES, LLC

City Manager (Contract over \$85k)

Officer 1

DocuSigned by:
By: **Mary Elizabeth Redding**
Name: **Mary Elizabeth Redding**
Title: Vice President

APPROVED AS TO FORM:

Officer 2 (Required for Corp. or LLC)

City Attorney or designee
(Contract over \$25k)

DocuSigned by:
By: **Doug Pryor**
Name: **Doug Pryor**
Title: Vice President and Secretary

Contracts Administrator
(Checklist Approval)

Attachments:

Exhibit "A" entitled "SCOPE OF SERVICES, AMENDMENT NO. 1" (Amended – Replaces Previous)
Exhibit "C" entitled "SCHEDULE OF FEES, AMENDMENT NO. 1" (Amended – Replaces Previous)

EXHIBIT "A"
SCOPE OF SERVICES, AMENDMENT NO. 1
(Amended – Replaces Previous)

A. Project Purpose

CONTRACTOR will prepare bi-annual actuarial valuation of the City's non-pension Other Post-Employment Benefits (OPEB), as per applicable Governmental Accounting Standards Board (GASB) and actuarial requirements. The last OPEB valuation was prepared as of June 30, 2013. Additionally, the City requires as-needed actuarial services for labor negotiations, CalPERS projections, or other financial analyses.

B. Other Post-Employment Benefits Valuation

CONTRACTOR will provide an actuarial evaluation of the City's OPEB in compliance with applicable GASB and actuarial requirements. Specifically, the consultant will provide:

1. A determination of the City's retiree medical benefit actuarial liability on a biannual basis as of June 30, 2015, June 30, 2017, and June 30, 2019.
2. Within 60 days after receipt of the necessary payroll and other information from CITY, the CONTRACTOR will meet with CITY to discuss the OPEB liability and funding level options and will recommend actuarial and economic assumptions appropriate for the City based on plan benefits, anticipated funding levels, and the current economic environment.
3. The required annual total contribution amounts needed to amortize the cost over the amortization period selected.
4. A breakdown of this liability by the following:
 - Age (<65 v. >65)
 - Benefit Group (Tier)
 - Fund
 - Labor Group
 - Miscellaneous v. Safety employees
 - Normal Costs v. Unfunded Actuarial Accrued Liability (UAAL) Amortization
 - Liability and Normal Cost by Bargaining Unit (7 units)
 - Current Employees/Retired Employees and Dependents (survivors) (2 groups)
5. A description of the actuarial basis and assumptions used in the valuation.
6. A description of assumption and other changes since the last valuation.
7. A written executive summary describing the results of the valuation.
8. Sensitivity Analysis:
 - Investment return analysis using all CalPERS Trust options
 - Discount Rate
 - Amortization Period
 - Implied Subsidy
 - Other analyses suggested by proposer
9. Preparation of the California Employers' Retiree Benefit Trust (CERBT) Fund documentation and certifications needed by CITY to send to CalPERS.

CONTRACTOR shall perform the following activities to complete the bi-annual actuarial review of the City's OPEB programs:

1. Meet with City representatives including Finance Committee and Council, as well as staff, at least four to five times. The preliminary meeting will be conducted to discuss and to understand assumptions and methods before the study is undertaken. In addition, at the first meeting, a project schedule will be agreed upon. The subsequent meeting will be held to explain and to present the results of the project. CONTRACTOR will then attend Finance Committee and/or City Council meetings to present results.
2. Submit a draft report for review and approval prior to submission of final report
3. Prepare a final written report summarizing conclusions and documenting the analysis. This report may be similar in format to the one prepared for the June 30, 2013 actuarial valuation including a written executive summary, though other formats may be acceptable.
4. The report should include exhibits summarizing all appropriate results for two fiscal years (i.e. fiscal year ending June 30, 2015 and projected June 30, 2016). The report should also include information analyzing the impact of any changes in assumptions and methodology as well as plan experience relative to what would have been expected to occur during the preceding two years.

C. GASB 75 Reports

In addition to the OPEB valuation work described in Section B, annual reports providing the accounting information required under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)*, which was first effective for fiscal year ending June 30, 2018. CONTRACTOR will prepare GASBS 75 reports for fiscal years 2017/18, 2018/19, 2019/20 and 20120/21. Each report will include all actuarial information required for GASBS 75:

1. Note Disclosures
2. Required Summary Information (RSI)
3. Supporting Exhibits, including the Crossover Test
4. Journal Entries
5. An allocation of OPEB amounts by Fund, and by Department within the General Fund

D. Other As-Needed Actuarial Analyses

Throughout the contract period, CITY may require additional actuarial analyses related to labor negotiations, CalPERS pension valuations, or long-term financial analyses. Additionally, CITY may require the CONTRACTOR to attend arbitration hearings, Finance Committee meetings, Council meetings, etc.

E. CalPERS Pension Valuations

In addition to the work above, CITY will require a comprehensive analysis of CalPERS Pension Valuations and impact of changes in CalPERS actuarial assumptions, including but not limited to CalPERS funding policy changes, demographic assumption changes, risk mitigation strategy changes, and the phase-in to a lower discount rate of 7.0% from 7.5%. The strategic asset

allocation of CalPERS and annual inflation assumptions will also be analyzed. The analysis of these various factors and their impact on the City's anticipated contributions to CalPERS will be discussed and used to inform a conversation about options to address the City's long-term pension obligations. This analysis will also include a discussion of using a 6.2% discount rate to calculate the City's normal cost contribution to CalPERS compared to both the 7.0% discount rate currently used by CalPERS as well as the potential for CalPERS to lower their discount rate through a risk mitigation strategy. It is anticipated that this marginal cost will aid the City in calculating its contributions to its Section 115 Pension Trust Fund and inform conversations with the City Council about a pension funding policy. Additionally, the City may ask for consultation on potential disbursement strategies to maximize the effectiveness of the Section 115 Trust Fund and ensure that proactive funding for the City's long-term pension obligations is optimally utilized.

EXHIBIT "C"
SCHEDULE OF FEES, AMENDMENT NO. 1
(Amended – Replaces Previous)

CITY shall pay CONTRACTOR according to the following rate schedule. The maximum amount of compensation to be paid to CONTRACTOR, including both payment for services and any specified reimbursable expenses, shall not exceed the amounts set forth in Section 5 of the Agreement. Any services provided or hours worked for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to CITY.

The fee information is relevant to a determination of whether the fee is fair and reasonable in light of the services to be provided. Provision of this information assists the City in determining the firm's understanding of the project, and provides staff with tools to negotiate the cost, provide in a table.

Compensation based upon deliverables

Services in the chart below refer to services referenced in Exhibit "A" – Scope of Services, Amendment No. 1, Section B – Other Post-Employment Benefits Valuation as of the dates shown. Costs for reports that may be required as of the Measurement Date for accounting under the new GASB Statements 74 and 75 are excluded. The number and timing of any such reports are dependent on the City's selected Measurement Dates, and typically cost \$1,500 to \$3,500 each. CONSULTANT will provide an exact fee quote once the City selects its GASB 74 and 75 timing.

Hourly rates and fees below for 2017 and 2019 are based on assumed CPI of 2.5% per year.

Scope	Labor Categories (e.g., Consultant, Sr. Consultant, etc.)	Est. Hours	Hourly Rate	Extended Rate
Task 1: OPEB Biennial valuation (6/30/2015)	Partner (Bartel)	20	\$ 305	\$6,100
	Partner (Redding)	25	\$ 255	\$6,375
	Assistant Vice President	50	\$ 205	\$10,250
	Actuarial Analysts	125	\$ 130	\$16,250
Total, Not to Exceed, Task 1				\$ 38,975
Task 2: Cost for attending additional meetings	Partner (Bartel)	*	\$ 305	
	Partner (Redding)	*	\$ 255	
	Assistant Vice President	*	\$ 205	
	Actuarial Analysts	*	\$ 130	
Total, Not to Exceed, Task 2				
Task 3: Costs for additional actuarial reports/analyses	Partner	*	\$ 305	
	Partner (Bartel)	*	\$ 230	
	Partner (Redding)	*	\$ 205	
	Actuarial Analysts	*	\$ 130	
Total, Not to Exceed, Task 3				
TOTAL NOT TO EXCEED (Tasks 1 - 3)				\$38,975

* Per page 2 of RFP Attachment B, pricing for Task 2 and Task 3 is per hour.

(NEXT PAGE)

EXHIBIT "C" – SCHEDULE OF FEES, AMENDMENT NO. 1 (Amended – Replaces Previous)

Scope	Labor Categories (e.g., Consultant, Sr. Consultant, etc.)	Est. Hours	Hourly Rate	Extended Rate
Task 1: OPEB Biennial valuation (6/30/2017)	Partner (Bartel)	20	\$ 320	\$6,400
	Partner (Redding)	25	\$ 270	\$6,750
	Assistant Vice President	50	\$ 215	\$10,750
	Actuarial Analysts	125	\$ 135	\$16,875
Total, Not to Exceed, Task 1				\$40,775
Task 2: Cost for attending additional meetings	Partner (Bartel)	*	\$ 320	
	Partner (Redding)	*	\$ 270	
	Assistant Vice President	*	\$ 215	
	Actuarial Analysts	*	\$ 135	
Total, Not to Exceed, Task 2				
Task 3: Costs for additional actuarial reports/analyses	Partner (Bartel)	*	\$ 320	
	Partner (Redding)	*	\$ 270	
	Assistant Vice President	*	\$ 215	
	Actuarial Analysts	*	\$ 135	
Total, Not to Exceed, Task 2				
TOTAL NOT TO EXCEED (Tasks 1 - 3)				\$40,775

* Per page 2 of RFP Attachment B, pricing for Task 2 and Task 3 is per hour. Hourly rates above will depend on CPI. 2.5% annual rate used for illustration.

Scope	Labor Categories (e.g., Consultant, Sr. Consultant, etc.)	Est. Hours	Hourly Rate	Extended Rate
Task 1: Bi-annual valuation (6/30/2019)	Partner (Bartel)	20	\$ 335	\$6,700
	Partner (Redding)	25	\$ 285	\$7,125
	Assistant Vice President	50	\$ 225	\$11,250
	Actuarial Analysts	125	\$ 140	\$17,500
Total, Not to Exceed, Task 1				\$42,575
Task 2: Cost for attending additional meetings	Partner (Bartel)	*	\$ 335	
	Partner (Redding)	*	\$ 285	
	Assistant Vice President	*	\$ 225	
	Actuarial Analysts	*	\$ 140	
Total, Not to Exceed, Task 2				
Task 3: Costs for additional actuarial reports/analyses	Partner (Bartel)	*	\$ 335	
	Partner (Redding)	*	\$ 285	
	Assistant Vice President	*	\$ 225	
	Actuarial Analysts	*	\$ 140	
Total, Not to Exceed, Task 3				
TOTAL NOT TO EXCEED (Tasks 1 - 3)				\$42,575

* Per page 2 of RFP Attachment B, pricing for Task 2 and Task 3 is per hour. Hourly rates above will depend on CPI. 2.5% annual rate used for illustration.

(NEXT PAGE)

EXHIBIT "C" – SCHEDULE OF FEES, AMENDMENT NO. 1 (Amended – Replaces Previous)

Compensation based upon fee schedule

CITY shall pay CONTRACTOR according to the following rate schedule for work referenced in Exhibit "A" – Scope of Services, Amendment No. 1, Section C – Other As-Needed Actuarial Analyses (also referred to as Additional Services in Section 5 of the Agreement) and Section D – CalPERS Pension Valuations. The maximum amount of compensation to be paid to CONTRACTOR, including both payment for services and reimbursable expenses, shall not exceed the amounts set forth in Sections 5 of the Agreement. Any services provided or hours worked for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to CITY.

Position	2020 Hourly Rate
Partner & Vice Present (Redding)	\$300
Assistant Vice President (Lin, Van Valer)	\$270
Associate Actuary	\$220
Senior Actuarial Analyst	\$200
Actuarial Analyst	\$160



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

09/03/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Sargeant Insurance Agency, LLC. 7740 Painter Avenue #210 Whittier CA 90602		CONTACT NAME: Cathy Service Van Wyke-Stahl PHONE (A/C. No. Ext): (818) 561-2600 FAX (A/C. No): (818) 436-5988 E-MAIL ADDRESS:	
INSURED BARTEL ASSOCIATES, LLC 411 BOREL AVE STE 101 SAN MATEO CA 94402-3525		INSURER(S) AFFORDING COVERAGE INSURER A: Indian Harbor Insurance Co NAIC # 36940 INSURER B: EMPLOYERS PREFERRED INS. CO. 10346 INSURER C: Liberty Mutual Insurance 24082 INSURER D: INSURER E: INSURER F:	

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

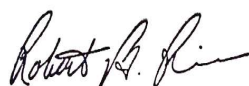
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
C	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			BKS (20) 57 29 73 74	09/01/2019	09/01/2020	EACH OCCURRENCE \$ 2,000,000.00 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 2,000,000.00 MED EXP (Any one person) \$ 15,000.00 PERSONAL & ADV INJURY \$ 2,000,000.00 GENERAL AGGREGATE \$ 4,000,000.00 PRODUCTS - COMP/OP AGG \$ 4,000,000.00
C	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			BAS (20) 57297374	09/01/2019	09/01/2020	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000.00 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	EIG 2685705-01	09/01/2019	09/01/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000.00 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000.00 E.L. DISEASE - POLICY LIMIT \$ 1,000,000.00
A	MISC. PROFESSIONAL LIABILITY			MPP001715215	09/01/2019	09/01/2020	Dam Lim (Ea Claim) 5,000,000.00 Dam Lim (Pol Agg) 5,000,000.00

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CITY OF PALO ALTO, IT'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND VOLUNTEERS ARE HEREBY NAMED AS AN ADDITIONAL INSURED BY CONTRACT ON POLICY # BKS (20) 57297374 and BAS (20) 57297374 AS RESPECTS TO OPERATIONS OF THE NAMED INSURED ONLY, SEE CG2010. COVERAGE UNDER POLICY # BKS (20) 57297374 & BAS (20) 57297374 IS PRIMARY AND NON-CONTRIBUTORY ABOVE ANY OTHER INSURANCE THE CERTIFICATE HOLDER(S) MAY CARRY. 30 DAY NOTICE OF CANCELLATION.

CERTIFICATE HOLDER**CANCELLATION**

City of Palo Alto ATTN: ACCOUNTING MANAGER 250 Hamilton Avenue Palo Alto, CA 94301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations
City of Palo Alto, it's officials, officers, employees, agents and Volunteers.	ALL LOCATIONS OF THE NAMED INSURED
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable Limits of Insurance shown in the Declarations;
whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

BARTEL ASSOCIATES, LLC. POLICY# BKS (20) 57297374 & BAS (20) 57297374

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIMARY AND NONCONTRIBUTORY – OTHER INSURANCE CONDITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to the **Other Insurance** Condition and supersedes any provision to the contrary:

Primary And Noncontributory Insurance

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

(1) The additional insured is a Named Insured under such other insurance; and

(2) You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT-CALIFORNIA

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 2 % of the California workers' compensation premium otherwise due on such remuneration.

Schedule

Person or Organization

Job Description

With respect to all employees subject to the workers' compensation laws of the state of California, any person or organization for whom the Named Insured has agreed by written contract to furnish this waiver.

This policy is subject to a minimum charge of \$250 for the issuance of waivers of subrogation

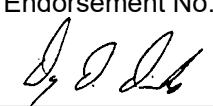
This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.
(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

This endorsement, effective 09/01/2019 at 12:01 AM standard time, forms a part of
Policy No. EIG 2685705 01 Of the EMPLOYERS PREFERRED INS. CO.
Carrier Code 00920

Issued to BARTEL ASSOCIATES LLC

Endorsement No.

Premium

Countersigned at _____ on _____ By:  _____

Authorized Representative