



## REQUEST FOR PROPOSALS FOR

**Establishment, Administration, and Management  
Services of a Section 115 Trust for Other-Post  
Employment Benefits**

**Date Issued: September 13, 2019**

**Deadline for Submission: October 14, 2019, 5:00 PM**

**Luke Rioux  
Finance Director  
City of Goleta  
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**ADDITIONAL ATTACHMENTS**

- Attachment B – Actuarial Valuation as of June 30, 2018
- Attachment C – City of Goleta Sample Contract

**City of Goleta  
Request for Proposals  
Establishment, Administration, and Management Services of a Section 115  
Trust for Other-Post Employment Benefits**

**INTRODUCTION**

The City of Goleta (“the City”) is requesting proposals from eligible and qualified interested parties to provide comprehensive services for the establishment, administration, and management of an IRS-approved Section 115 Trust relating to the City’s long-term obligations for other post-employment benefits (OPEB), as required to be reported under Governmental Accounting Standards Board (“GASB”) Statement No. 75.

The City’s goal is to enter into a long-term relationship to obtain required Section 115 Trust management (including establishment and administration) services in the most efficient and cost-effective manner available. A Request for Proposals (RFP), which includes instructions for its completion, is attached. All firms or agencies qualified under the terms and conditions contained in this document are respectively requested to submit proposals. All proposals must be received by the City at 130 Cremona Drive, Suite B, Goleta, California 93117, **no later than 5:00 p.m. on October 14, 2019**. **Late proposals will not be considered.**

Respondents to this RFP shall submit completed proposals in a sealed envelope, clearly marked with “**Proposal for Section 115 Trust Services - OPEB RFP**” and the name of the firm submitting the proposal.

To be considered, three (3) hard copies, and an electronic copy of the proposal must be received by the City (not just postmarked), no later than **5:00 p.m. on Monday, October 14, 2019**. The electronic version must be emailed to [financegroup@cityofgoleta.org](mailto:financegroup@cityofgoleta.org) and three (3) hard copies mailed to the following address:

City of Goleta  
Attention: Finance  
130 Cremona Drive, Suite B  
Goleta, CA 93117

If you have any questions about the RFP, please submit your inquiries by e-mail to Luke Rioux, Finance Director at [lrioux@cityofgoleta.org](mailto:lrioux@cityofgoleta.org) or call (805) 562-5508.

## **BACKGROUND**

The City of Goleta is located on the south coast of Santa Barbara County, approximately 8 miles west of the City of Santa Barbara. The City is suburban in character and encompasses about 7.9 square miles of territory and has a population of approximately 30,000. The City's fiscal year begins on July 1 and ends on June 30.

The City of Goleta was incorporated on February 2, 2002, as a general law city which operates under the council/manager form of government. Goleta, which is not a full-service city, presently has six departments. These include General Government, Library, Finance, Public Works, Planning and Environmental Review, and Neighborhood Services and Public Safety. Police services are provided by contract with the Santa Barbara County Sheriff's Department. Fire protection services are provided by the Santa Barbara County Fire Department, which is fully supported by tax revenues from a special district. Water and sewer services are provided by independent special districts, with no costs flowing through the City of Goleta.

The City of Goleta has 69 active full time staff, as well as 10 current retirees. The Post-Retirement Medical Benefits have been funded on a "Pay as you go basis". With a "Pay as you go basis", there are no assets to offset liabilities that accumulate over the working lifetime of employee participants. The City paid benefit (\$136 per month in 2019) covers a portion of the medical premium of retirees for life. Since the City participates in the CalPERS program, it is subject to the Public Employees Medical & Hospital Care Act (PEMHCA) minimum contribution monthly rate adjusted for annual inflation. The benefits are therefore comparable to a pension plan. This benefit can be viewed as a pension of \$ 1,632 a year during 2019 and subject to annual inflationary increases the following years which is assumed at 3%.

Per the City's most recent Actuarial Valuation of Post-Retirement Medical Benefits, the Unfunded Accrued Liability including experience losses is \$1,827,335 as of June 30, 2018. A copy of the Actuarial Valuation of Post-Retirement Medical Benefits as of June 30, 2018 can be found as Attachment B.

## **OBJECTIVE**

The City desires to select a reputable firm to establish, administer and manage a qualified Section 115 irrevocable trust for Other Post-employment Benefits Trust as required under GASB.

The purpose of this process is to identify the firm that can provide comprehensive services and competitive pricing. The City plans to implement the irrevocable trust during the fiscal year ending June 30, 2020

## **SCOPE OF SERVICES**

The City of Goleta is exploring options for the establishment, administration and management of its unfunded long-term OPEB liabilities and intends to obtain the services of a qualified firm to provide the services as outlined below. The proposer should identify any additional services required, price them, and explain them in response. To be considered for selection, the Proposer must, at minimum provide the following services:

- 1) Assist City staff with establishment and implementation Section 115 Trust;
- 2) Provide a full-service program that includes trust administration, trustee, and investment management services;
- 3) Work with City staff to develop and provide a written investment policy statement for the investment of Section 115 Trust assets;
- 4) Work directly with City staff to prepare asset allocation guidelines and funding strategies for the trust based upon the City's investment objectives and risk tolerance;
- 5) Provide periodic reports, including quarterly and annual comparative performance analyses and evaluation reports of the investments of the trust and statements;
- 6) Coordinate all contributions into the Section 115 Trust and process requests for distributions;
- 7) Provide education/presentations regarding the OPEB trust program to other City staff if requested.
- 8) Assists with GASB 74/75 reporting; and
- 9) Comply with all requirements specified in this RFP and ensure compliance of the trust with all federal and state laws.

## **PROPOSAL SUBMISSION REQUIREMENTS**

The proposer shall be responsible for preparing an effective, clear, and concise proposal. Proposals must contain the following information (detailed in A through I below):

- A. Cover Letter:** One printed page maximum. It should include the name of the proposing firm, its principal business address where the relationship will be managed, as well as the Project Manager and key staff. The Project Manager shall be the primary contact for the City. The letter should attest to its accuracy signed by an individual authorized to execute binding legal documents on behalf of the proposing firm or joint venture.
- B. Executive Summary of Proposal:** Two printed pages maximum. Provide a brief summary describing the proposer's ability to perform the work requested, a

history of the proposer's background and experience providing services, the qualifications of the proposer's personnel to be assigned, any subcontractor, sub consultants, and/or suppliers and a brief history of their background and experience, and any other information called for by this RFP.

**C. Approach:** This section should include:

- i. Firm's understanding of the services the City requires;
- ii. Describe how the firm would deliver/approach the establishment, administration and manage a qualified Section 115 Trust for Other Post-employment Benefits Trust as required under GASB
- iii. Identify Firm's approach for recommending funding strategies

**D. Key Team Member Summary:** Identify key team members of the Firm who are expected to assist the City of Goleta

**E. Qualifications and Experience:** The firm shall describe the experience and qualifications in service as a Trust services provider. The firm must clearly demonstrate that they have the experience, skill, and expertise necessary to successfully plan, implement and provide ongoing investment advisory services for the Trust. The firm should provide all of the following as part of the proposal:

- i. Specific knowledge and experience with fiduciary investment functions.
- ii. Prior experience with implementation of IRS Section 115 Trusts
- iii. Approval from the IRS in the form of a Private Letter Ruling (PLR) for a Single Employer or Multiple Employer trust accepting contributions for OPEB.
- iv. Any other relevant service the firm provides that may not have been identified in this RFP.

**F. Price/Fee for Service:** Provide your current schedule of fees and charges for the proposed services in a separate document. Fee quotes should be detailed by service including but not limited to:

- i. Investment management fees including policy development, asset allocation recommendation, asset management (including underlying fund or manager fees, and funding analysis)
- ii. Trust document and trustee/custodial services (including asset balance based fees)
- iii. Other management, administrative, or transaction fees
- iv. Detail any/all start-up fees and minimum annual fee
- v. Outline billing and payment expectations, including timing and method of payment
- vi. Describe any remaining fees not previously outlined above.

**G. Client References (Minimum of 3):** Provide a list of at least three references attesting to the firm's experience as it relates to providing Section 115 Trust for OPEB, preferably local government agencies located in California. The references must include contact name, title, address, e-mail address, telephone number and services used.

**H. Professional Services Agreement and Insurance:** Provide a statement that you have reviewed the Standard Professional Services Agreement and that your firm will be able to provide the required insurance in the amount, types, and endorsements. Alternatively, if there are provisions within the City's Standard Agreement, including insurance requirements, that are not acceptable to your firm, please indicate what provisions those are and why, and what substitution your firm would suggest. A copy of this agreement is provided as an attachment. See Attachment C.

**I. Response to Supplemental Questionnaire:** Provide responses to Attachment A: Trust Administration Questionnaire

## **EVALUATION OF PROPOSALS AND SELECTION PROCESS**

An evaluation committee will evaluate each respondent's relevant experience and expertise. Firms will be evaluated on the information presented in the submitted proposal. Final selection may be based on the proposal as well as any supplemental information requested by the evaluation committee, or obtained through interviews.

In selecting the firm, proposals will be evaluated generally on the following criteria:

- a) Proper submission of proposal
- b) Demonstrated understanding of the service requested
- c) Overall capabilities of the firm to meet the required services described in this RFP
- d) Qualifications/Experience of the firm and assigned individuals
- e) Fees charged and cost effectiveness of the proposed services
- f) Reference checks

If a clear choice is not evident, interviews may be scheduled with the highest ranking firms. Contract negotiations will begin immediately with the first choice candidate after the evaluation process.

## **PROPOSED SCHEDULE**

Dates are subject to change. We will make every effort to administer the proposal process in accordance with the terms and dates outlined below. However, we reserve the right to modify the proposal process and dates as deemed necessary.

| <b>EVENT</b>                                    | <b>TIME</b> | <b>ESTIMATED DATES</b>      |
|---|-------------|-----------------------------|
| RFP published and distributed                   |             | September 13, 2019          |
| Proposal submission deadline                    | 5:00 pm     | October 14, 2019            |
| Proposals evaluated by staff                    |             | October 15-October 30, 2019 |
| Oral interviews (TBD) – if required             |             | TBD                         |
| Finance Committee                               |             | TBD                         |
| Notification to finalist                        |             | December 3, 2019            |
| City Council submittal and approval of contract |             | December 3, 2019            |
| Contract executed/implementation begins         |             | Upon Council Approval       |

## **ADDITIONAL INFORMATION**

All responses to this RFP will become the property of the City of Goleta. All proposals and any subsequent contract will be subject to public disclosure per the “California Public Records Act,” California Government Code, sections 6250 – 6270, once the City has awarded the contract resulting from this solicitation.

The City will review and evaluate all proposals. The City reserves the right to request one or more oral interviews of any respondents prior to the final selection. The City assumes no liability for any cost incurred by any firm in the preparation of its proposal in response to this RFP, or presentation of the proposal or subsequent interview(s), nor for obtaining any required insurance.

The City reserves the right to reject any and all proposals, to request additional information concerning any proposals for the purpose of clarification, to accept or negotiate modifications to any proposal following the deadline, to waive any irregularities, if doing so would serve the interest of the City, to amend and/or reissue the RFP, and/or to discontinue or reopen the process at any time. The City retains sole discretion to evaluate proposals and make an award to the proposer that the City deems to have the most responsive proposal. The City reserves the right to negotiate all final terms and conditions of any contract as necessary to more closely match City needs.

## Attachment A – Trust Administration Questionnaire

Please respond to the following questions regarding your Section 115 Trust services. Include any additional information that you want the City to know. Include samples if it would be beneficial. Please attach your responses with your proposal.

- 1) Does your Section 115 trust program have approval from the IRS in the form of a Private Letter Ruling (PLR)?
- 2) Does your firm require a minimum invested amount to open a 115 retirement trust account?
- 3) Please describe your investment research and resources including investment manager/fund selection.
- 4) Explain your views on passive versus active management. What is your recommended allocation between passive and active management?
- 5) What are your approaches to rebalancing or reallocating asset classes, styles, and sectors for or on behalf of the fund? How do you add value in this process?
- 6) Describe the investment options available. Please provide 1, 3, and 5 year return history and underlying expense ratios for each fund/portfolio. Do your total portfolio returns comply with Global Investment Performance Standards (“GIPS®”)?
- 7) How frequently would you suggest your staff meet with the City and why? Who will attend these meetings?
  - o Throughout the contract period the firm must be available during regular business hours to provide informal advice and consultation on matters relating to the 115 Trust. Advice may include but is not limited to the analysis of funding options, asset allocation and strategies, and trust design. The firm will be expected to keep the City updated on Trust related issues and developments pertaining to Federal and State tax code requirements and changes in financial reporting pronouncements issued by GASB. A senior staff member will be responsible for responding to the City within one business day.

**Attachment B - Actuarial Valuation of Post-Retirement Medical Benefits**

**City of Goleta**

**Actuarial Valuation of  
Post-Retirement Medical Benefits**

**As of June 30, 2018**

**December 28, 2018**

*Actuarial & Financial Consulting*  
(909) 238-9200

# City of GOLETA

## Post-Retirement Medical Benefits

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# City of Goleta

## Post-Retirement Medical Benefits

### Executive Summary

This is the first full valuation as of 6/30/2018 in compliance with GASB 75. The changes in accounting rules from GASB 45 to GASB 75 change the definition of the expense and distinguishes between funding and accounting costs.

The Post-Retirement Medical Benefits have been funded on a “Pay as you go basis” which means that as the retiree population grows, the cost of retiree benefits also grows proportionately. This is in contrast to a funded benefit program that sets aside assets to fund the benefits during the working lifetime of the plan participants. At retirement, the accumulated assets (if funded) provide for the benefit costs and there is little or no financial effect from the stream of retiree medical benefit payments. With a “Pay as you go basis”, there are no assets to offset liabilities that accumulate over the working lifetime of employee participants.

The city paid benefit (\$136 per month in 2019) covers a portion of the medical premium of retirees for life. Since the city participates in the CalPERS program, it is subject to the Public Employees Medical & Hospital Care Act (PEMHCA) minimum contribution monthly rate adjusted for annual inflation. The benefits are therefore comparable to a pension plan. This benefit can be viewed as a pension of \$ 1,632 a year during 2019 and subject to annual inflationary increases the following years which is assumed at 3% for this report.

In addition to the census data and plan benefits, the assumptions are a major factor in determining the valuation results. The following assumptions and methods have changed since the prior 6/30/16 valuation.

- (1) **Mortality**: Table updated to the RP 2014 Table. Increase in expected benefit payout by roughly 1.5 years or approximately 8%.
- (2) **Discount Rate**: Decreased from 6.25% % to 3.75%. Increases liability by about 50%.
- (3) **Trend Rate for Pemhca Benefit**: From 3.50% to 3.00% per annum decreases liability by approximately 10%.
- (4) **Subsidy Age Adjustment Factors**: Changed from 1.58% to 1.36 at age 60 and from 2.14 to 1.88 at age74. After age 82 there are no age/cost increases. Decreases liability by about 7%..

# CITY OF GOLETA

## Post-Retirement Medical Benefits

### Executive Summary

- 5) **Cost Method:** Method changed from Unit Credit to Entry age Normal as required by GASB 75. This increases liability by approximately 32%.

As a guide to understanding the current and future levels of plan costs, the following table summarizes the number of plan participants.

|              | <u>ACTIVE</u>    | <u>RETIRED</u>   | <u>TOTAL</u>     |
|--------------|------------------|------------------|------------------|
| Under 65     | 63               | 5                | 68               |
| 65 & over    | <u>6</u>         | <u>5</u>         | <u>11</u>        |
| <b>Total</b> | <b><u>69</u></b> | <b><u>10</u></b> | <b><u>79</u></b> |

From the table we can see there are 79 participants 69 of which are currently active.

# City of Goleta

## Post-Retirement Medical Benefit

### Executive Summary (Continued)

#### Key Results

The total liabilities and expense for the City are significant with approximately 19.6% of the expense representing interest on the 6/30/17 liability. The increase in expense versus prior ARC is primarily a result of the change from GASB 45 to 75. The change in expense definition involves the amortization of deferred experience losses for 2017/18 (see pages 8 and 9 for detail).

Details of the results are provided in the balance of this report. The following table shows the results.

|              | <b>Entry Age Normal<br/>Actuarial<br/><u>Accrued Liability</u></b> |                         | <b>GASB 75<br/>Annual Expense<br/><u>2017/2018</u> **</b> |
|--------------|--|-------------------------|---|
| Actives      | \$1,219,766  | Service Cost (BOY)      | \$211,684   |
| Retirees     | 607,569  | 3.75% of Liab. & Svc C. | 56,387  |
|              |  | Amort. Def In-Flows.    | <u>20,054</u>   |
| <b>Total</b> | <b>\$1,827,335 *</b>   | <b>Total</b>            | <b>\$288,155</b>  |

\* Liability excludes Unamortized Deferred losses; see page 12, item 11.

For funding, if the City adopts a policy with a 10 to 15 year amortization of unfunded liabilities, the possibility of a cash flow shortfall is minimized even if there are more than expected retirements. Additional contributions are always recommended to ensure the benefit commitment.

The current active employees' average age is approximately 46 so that we may anticipate about 25 retirements in the next 10 years since 29 of the employees are age 50 or older.

#### Conclusion

- Since regular retirement for current active employees is generally allowed as early as age 50 with 5 years of service. The retiree benefit payments in the next several years are limited by the Pemhca requirements.

# City of Goleta

## Post-Retirement Medical Benefits

### Executive Summary (Continued)

#### Conclusion (Continued)

- Since plan benefits are for life, retiree benefit costs are anticipated over the next 75 years for the current population. The City however, is shielded to a significant extent from the impact of ongoing medical inflation because benefits are equal to the Pemhca minimum with an assumed inflation percentage, currently 3% of \$136 per month. Prior year increases have been in the 3% to 4.5% range. As the \$ 136 increases, the inflation percentage tends to diminish since the increases tend to be in a narrow dollar range.
- Establishing a separate trust for funding the plan would increase the benefit security for plan participants and ultimately reduce the city's benefit liability. The immediate effect would be to use a higher discount rate that would lower the liability by roughly 10% to 15%, all other things being equal. At this point, investing a substantial portion of funds into stocks is risky because of the red flags that are present. However, currently investing the bulk of initial contributions in fixed income instruments is prudent.

# **City of Goleta**

## **Post-Retirement Medical Benefits**

### **Certification**

We have completed the Actuarial Valuation for the City of Goleta Post-Retirement Medical Benefits Program as of June 30, 2018. The purpose of the report is to summarize the valuation results of the liabilities and annual accounting expense under GASB 75.

The results shown in this report are based upon the employee data and financial information for determining the actuarial accrued liability and other values included in this report.

On the basis of paragraph two above, the valuation was performed in accordance with generally accepted actuarial practices utilizing actuarial assumptions that reflect anticipated future experience. The valuation is complete and fairly discloses the actuarial position of the plan.

Respectively submitted,

Marvin J. Paull; FSA, EA, MAAA  
Principal

# City of Goleta

## Post-Retirement Medical Benefits

### Summary of Benefit Present Values

| <u>Present Value</u>                                  | <u>Active<br/>Employees</u> | <u>Retirees</u>  | <u>Total</u>       |
|---|-----------------------------|------------------|--------------------|
| Actuarial Accrued<br>Liability                        | \$1,219,766                 | \$607,569        | \$1,827,335        |
| Future Service Costs                                  | <u>1,914,461</u>            | <u>0</u>         | <u>1,914,461</u>   |
| <b>Total Present Value of<br/>all Future Benefits</b> | <b>\$3,134,227</b>          | <b>\$607,569</b> | <b>\$3,741,796</b> |

# CITY OF GOLETA

## Post-Retirement Medical Benefits

### Amortization of Unfunded Actuarial Accrued Liability (for funding purposes) 2017/2018

|   | <b>Active</b> | <b>Retired</b> | <b>Total</b> |
|---|---------------|----------------|--------------|
| <b>Unfunded Actuarial Accrued Liability</b> | \$1,219,766   | \$607,569      | \$1,827,335  |
| <b>Annual Payroll</b>                       | \$6,317,404   |                | \$6,317,404  |

|  | <b>Amort.<br/>Period</b> | <b>UAAL<br/>Factor</b> | <b>Active</b> | <b>Retired</b> | <b>Total</b> |
|--|--------------------------|------------------------|---------------|----------------|--------------|
|  | <b>15</b>                | 0.0851892              | \$103,911     | \$51,758       | \$155,669    |
|  | <b>20</b>                | 0.0693611              | 84,604        | 42,142         | 126,746      |
|  | <b>25</b>                | 0.0600787              | 73,282        | 36,502         | 109,784      |
|  | <b>30</b>                | 0.0540604              | 65,941        | 32,845         | 98,786       |

#### Amortization As a Percent of Payroll

|  |           |       |       |       |
|--|-----------|-------|-------|-------|
|  | <b>15</b> | 1.64% | 0.82% | 2.46% |
|  | <b>20</b> | 1.34% | 0.67% | 2.01% |
|  | <b>25</b> | 1.16% | 0.58% | 1.74% |
|  | <b>30</b> | 1.04% | 0.52% | 1.56% |

# City of Goleta

## Post-Retirement Medical Benefits

### GASB 75 Expense

|   | <u>Amounts</u>   |
|---|------------------|
| 1. Service Cost (beginning of year)                       | \$211,684 *      |
| 2. Interest on Beginning of Year Liability & Service Cost | 56,387 **        |
| 3. Amortization of 6/30/18 Deferred In-Flows              | 20,054           |
| 4. Benefits Paid with interest to 6/30/2018. ***          | <u>0</u>         |
| <b>GASB 75 Expense for 2017/18</b>                        | <b>\$288,125</b> |

\* New hires after 6/30/2017 excluded since they were not employees as of 6/30/2017.

\*\* Interest = .0375% x (\$1,291,968 + \$211,684 (BOY Liability plus Service Cost)).

\*\*\* Retiree benefits are paid out of the city's general funds and recorded as a separate expense charge in the city's financial statements.

# City of Goleta

## Post-Retirement Medical Benefits

### Summary of Deferred In-Flows & Out-Flows

|                                 | <u>Deferred In-Flows</u>         | <u>Deferred Out-Flows</u> |
|---------------------------------|----------------------------------|---------------------------|
| 1. 2017/18 Investment Earnings  | N/A                              | N/A                       |
| 2. Other Gains & Losses 2017/18 | <u>\$ 223,452 <sup>(a)</sup></u> | <u>\$0</u>                |
|                                 | \$0                              | \$0                       |

### AMORTIZATION <sup>(b)</sup>

|                                 | <u>Deferred In-Flows</u> | <u>Deferred Out-Flows</u> |
|---------------------------------|--------------------------|---------------------------|
| 1. 2017/18 Investment Earnings  | N/A                      | N/A                       |
| 2. Other Gains & Losses 2017/18 | <u>\$20,054 ( c)</u>     | <u>0</u>                  |
|                                 | \$20,054                 | \$ 0                      |

(a) Other Experience losses during the Year

(b) Amortization commences with the 2017/18 year

(c) Includes interest and principle.

# City of Goleta

## Post-Retirement Medical Benefits

### Funded Status

|  |             |
|--|-------------|
| <b>(1) Actuarial Accrued Liability 6/30/2018 (AAL) *</b> | \$1,827,335 |
| <b>(2) Less Assets</b>                                   | <u>0</u>    |
| <b>(3) Unfunded Actuarial Accrued Liability (UAAL)</b>   | \$1,827,335 |
| <b>(4) Funded Ratio : (2) ÷ (1)</b>                      | 0.0%        |
| <b>(5) Covered Payroll</b>                               | 6,317,404   |
| <b>(6) UAAL/Covered Payroll</b>                          | 28.90%      |

\* Before deducting 2017/18 Experience losses.

## City of Goleta

### Post-Retirement Medical Benefits Effect of a 1% Change in Interest & Trend Rates

| <b>INTEREST<br/>RATE</b> | <b>2017/18 **<br/>Service Cost</b> | <b>6/30/2018<br/>Accrued<br/>Liability *</b> |
|--------------------------|------------------------------------|--|
| - 1%                     | \$354,000                          | \$1,965,000                                  |
| No Change                | 290,904                            | 1,615,558                                    |
| + 1%                     | 233,000                            | 1,296,000                                    |

  

| <b>TREND<br/>RATE</b> | <b>2017/18 **<br/>Service Cost</b> | <b>6/30/2018<br/>Accrued<br/>Liability *</b> |
|-----------------------|------------------------------------|--|
| - 1%                  | \$ 251,300                         | \$1,408,200                                  |
| No Change             | 290,904                            | 1,615,558                                    |
| + 1%                  | 337,700                            | 1,885,000                                    |

\* After deducting Unamortized Experience losses in 2017/18

\*\* Includes new hires since 6/30/2017.

# City of Goleta

## Post-Retirement Medical Benefits

### Reconciliation of 6/30/17 and 6/30/18 Liabilities

|   |                   |
|---|-------------------|
| 1. Total Accrued GASB 75 Liability at 6/30/2017   | \$1,291,968       |
| 2. Plus Service Cost 2017/2018 (End of Year) *  | 290.904           |
| 3. Plus Interest @ 3.75% on the 6/30/2017 Accrued Liability: 3.75% of (\$ 1,291,968)        | 48.449            |
| 4. Less Benefit Paid with ½ Year's Interest   | <u>(27,438)</u>   |
| 5. Accrued Liability at 6/30/2017 based on GASB 75 before experience losses.                | \$1,603,883       |
| 6. Plus Deferred experience losses for 2017/2018 **   | <u>223,452</u>    |
| 7. Accrued Liability at 6/30/2018 based on GASB 75 before amortization of experience losses | \$1,827,335       |
| 8. Less Assets  | <u>0</u>          |
| 9. 6/30/2018 Unfunded Accrued Liability including experience losses.                        | \$1,827,335       |
| 10. Less End of Year balance of unamortized Deferred experience losses during 2017/18.      | <u>\$ 211,777</u> |
| 11. 6/30/18 Unfunded Accrued Liability less Deferred experience losses.                     | \$ 1,615,558      |

\*\* Includes new hires after 6/30/2017.

\*\* Amortization of deferred In-flows of 2017/18 losses begins for the 2017/18 Fiscal Year.

# City of Goleta

## Post-Retirement Medical Benefits

### Assumptions and Cost Method

1. Interest Discount: 3.75% per annum
2. Mortality: RP2014 Mortality Table Blended for males and females (50% /50%). Spouses are on average the same age as employees for the Joint and Survivor Benefit liability calculation.
3. Salary Scale 2.0% per annum
4. PEMHCA Medical Trend: 3.00%
5. Termination Prior to Retirement: See Table A
6. Age at Retirement: 60 or eligibility age if later
7. Medical Benefit Cost Paid by District: See Plan Provision Summary (page 15)
8. Valuation Date: June 30, 2018
9. Assets as of June 30, 2018: \$0
10. Percent of survivor election to continue coverage 50%



# City of Goleta

## Post-Retirement Medical Benefits

### Assumptions and Method

14. Pemhca Age Adjustment Factors:

| <u>Attained<br/>Age</u> | <u>Age Adjustment<br/>Factor</u> |
|-------------------------|----------------------------------|
| 47                      | 1.00                             |
| 60                      | 1.36                             |
| 65                      | 1.53                             |
| 74                      | 1.88                             |
| 80                      | 1.94                             |
| 82 +                    | 2.03                             |

# City of Goleta

## Post-Retirement Medical Benefits

### Assumptions and Method

#### Table A

| <u>Attained Age</u> | <u>Rate of Termination</u> |
|---------------------|----------------------------|
| 20 – 29             | 11.0%                      |
| 30 – 39             | 7.0%                       |
| 40 – 45             | 2.0%                       |
| 46 – 50             | .5%                        |
| Over 50             | 0.0%                       |

# City of Goleta

## Post Retirement Medical Benefits

### Plan Provisions

|   |   |
|---|---|
| <b>Eligibility for regular benefits:</b>    | Age 50 and 5 years of service.  |
| <b>Eligibility for disability benefits:</b> | There are no disability benefits with respect to the retiree medical plan.  |
| <b>Covered Participants:</b>                | Eligible retirees and family members are covered.   |
| <b>Coverage after death:</b>                | After the death of the retiree, benefits continue for the spouse if elected.  |
| <b>Benefits:</b>                            | The 2018 monthly benefit of \$133 covers a portion of the participant monthly premium which is the required PEMHCA minimum. This amount has increased annually to \$ 136 per month that began January 2019. |

Project Name:

**AGREEMENT FOR PROFESSIONAL SERVICES  
BETWEEN THE CITY OF GOLETA  
AND  
(Insert Name of CONSULTANT or CONTRACTOR)**

This AGREEMENT FOR PROFESSIONAL SERVICES (herein referred to as "AGREEMENT") is made and entered into this \_\_\_\_ day of \_\_, 20\_\_, by and between the **CITY OF GOLETA**, a municipal corporation (herein referred to as "CITY"), and **CONSULTANT NAME**, \_ (herein referred to as "CONSULTANT").

**WHEREAS**, the CITY has a need for professional \_ services for \_ ; and

**WHEREAS**, the CITY does not have the personnel able and/or available to perform the services required under this AGREEMENT, and therefore, the CITY desires to contract for professional services to accomplish this work; and

**WHEREAS**, the CITY noticed a request for proposals and/or qualifications for professional \_ services through a competitive bid process; and

**WHEREAS**, the City Council, on this \_\_\_\_\_ day of (month), 20\_\_, approved this AGREEMENT and authorized the City Manager to execute the AGREEMENT.

CITY and CONSULTANT agree as follows:

**1. RETENTION AS CONSULTANT**

CITY hereby retains CONSULTANT, and CONSULTANT hereby accepts such engagement, to perform the services described in Section 2. CONSULTANT warrants it has the qualifications, experience, and facilities to properly and timely perform said services.

**2. DESCRIPTION OF SERVICES**

The services to be performed by CONSULTANT are as follows:

Professional \_ services in conjunction with \_\_. Services shall generally include \_\_, as more particularly set forth in the Scope of Work, attached as Exhibit "A," and incorporated herein.

CONSULTANT shall deliver to CITY the deliverables defined in Exhibit "A." <or> as follows: (If brief, list scope of work here).

### **3. COMPENSATION AND PAYMENT**

(a) **Maximum and Rate.** The total compensation payable to CONSULTANT by CITY for the services under this AGREEMENT **SHALL NOT EXCEED** the sum of \$ \_\_\_\_\_ (herein "not to exceed amount"), and shall be earned as the work progresses on the following basis:

Hourly at the hourly rates and with reimbursement to CONSULTANT for those expenses set forth in CONSULTANT's Schedule of Fees marked Exhibit "B," attached and incorporated herein. The rates and expenses set forth in that exhibit shall be binding upon CONSULTANT until \_\_\_\_\_, after which any change in said rates and expenses must be approved in writing by CITY's Project Manager as described in Section 5 (CITY is to be given 60 days notice of any rate increase request), provided the not to exceed amount is the total compensation due CONSULTANT for all work described under this AGREEMENT.

(b) **Payment.** CONSULTANT shall provide CITY with written verification of the actual compensation earned, which written verification shall be in a form satisfactory to CITY's Project Manager, as described in Section 5. Invoices shall be made no more frequently than on a monthly basis, and describe the work performed (including a list of hours worked by personnel classification). All payments shall be made within 30 days after CITY's approval of the invoice.

### **4. EXTRA SERVICES**

CITY shall pay CONSULTANT for those CITY authorized extra services, not reasonably included within the services described in Section 2, as mutually agreed to in advance. Unless CITY and CONSULTANT have agreed in writing before the performance of extra services, no liability and no right to claim compensation for such extra services or expenses shall exist. The applicable hourly rates for extra services shall be at the hourly rates set forth in the compensation exhibit. Any compensation for extra services shall be part of the total compensation and shall not increase the not to exceed amount identified in Section 3.

### **5. CITY PROJECT MANAGER AND SERVICES BY CITY**

The services to be performed by CONSULTANT shall be accomplished under the general direction of, and coordinate with, CITY's "Project Manager", as that staff person is designated by CITY from time to time, and who presently is \_\_\_\_\_. Project Manager shall have the authority to act on behalf of the CITY in administering this AGREEMENT but shall not be authorized to extend the term of the AGREEMENT or increase the not to exceed amount.

CITY shall perform the services defined in Exhibit "A" <or> as follows:

**6. TERM, PROGRESS AND COMPLETION**

The term of this AGREEMENT is from the date first written above to \_\_, unless term of this AGREEMENT is extended or the AGREEMENT is terminated as provided for herein.

CONSULTANT shall not commence work on the services to be performed until (i) CONSULTANT furnishes proof of insurance as required by paragraph 10 below, and (ii) CITY gives written authorization to proceed with the work provided by CITY's Project Manager. All services shall be completed within \_\_\_\_\_ calendar days following the notice to proceed <or> according to the following schedule: \_\_\_\_\_. <or> According to the schedule for delivery of services attached as Exhibit "C" and incorporated herein.

**7. OWNERSHIP OF DOCUMENTS**

All drawings, designs, data, photographs, reports and other documentation (other than CONSULTANT's drafts, notes and internal memorandum), including duplication of same prepared by CONSULTANT in the performance of these services, are the property of CITY. CITY shall be entitled to immediate possession of the same upon completion of the work under this AGREEMENT, or at any earlier or later time when requested by CITY. CITY agrees to hold CONSULTANT harmless from all damages, claims, expenses, and losses arising out of any reuse of the plans and specifications for purposes other than those described in this AGREEMENT, unless written authorization of CONSULTANT is first obtained.

**8. PERSONAL SERVICES/NO ASSIGNMENT/SUBCONTRACTOR**

This AGREEMENT is for professional services which are personal to CITY. \_\_\_\_\_ is deemed to be specially experienced and is a key member of CONSULTANT's firm, and shall be directly involved in the performance of this work. This key person shall communicate with, and periodically report to, CITY on the progress of the work. Should any such individual be removed from assisting in this contracted work for any reason, CITY may terminate this AGREEMENT. This AGREEMENT may not be subcontracted without the City's prior written consent.

**9. HOLD HARMLESS AND INDEMNITY**

**(a) Hold Harmless for CONSULTANT's Damages.** CONSULTANT holds CITY, its elected officials, officers, agents, and employees, harmless from all of CONSULTANT's claims, demands, lawsuits, judgments, damages, losses, injuries or liability to CONSULTANT, to CONSULTANT's employees, to CONSULTANT's contractors or subcontractors, or to the owners of CONSULTANT's firm, which damages, losses, injuries or liability occur during the work required under this AGREEMENT, or occur while CONSULTANT is on CITY property, or which are connected, directly or indirectly, with CONSULTANT's performance of any activity or work required under this AGREEMENT.

**(b) Defense and Indemnity of Third Party Claims/Liability.** CONSULTANT shall investigate, defend, and indemnify CITY, its elected officials, officers, agents, and employees, from any claims, lawsuits, demands, judgments, and all liability including, but not limited to, monetary or property damage, lost profit, personal injury, wrongful death, general liability, automobile, infringement of copyright/patent/trademark, or professional errors and omissions arising out of, directly or indirectly, an error, negligence, or omission of CONSULTANT or any of CONSULTANT's officers, agents, employees, representatives, subconsultants, or subcontractors, or the willful misconduct of CONSULTANT or any of CONSULTANT's officers, agents, employees, representatives, subconsultants, or subcontractors, in performing the services described in, or normally associated with, this type of contracted work. The duty to defend shall include any suits or actions concerning any activity, product or work required under this AGREEMENT, and also include the payment of all court costs, attorney fees, expert witness costs, investigation costs, claims adjusting costs and any other costs required for and related thereto.

**(c) No Waiver.** CITY does not waive, nor shall be deemed to have waived, any indemnity, defense or hold harmless rights under this section because of the acceptance by CITY, or the deposit with CITY, of any insurance certificates or policies described in Section 10.

## **10. INSURANCE**

CONSULTANT shall, at CONSULTANT's sole cost and expense, provide insurance as described herein. All insurance is to be placed with insurers authorized to do business in the State of California with an A.M. Best and Company rating level of A- or better, Class VII or better, or as otherwise approved by CITY.

Insurance shall include the following (or broader) coverage:

- a) Insurance Services Office Commercial Liability coverage "occurrence" form CG 00 01 or its exact equivalent with an edition date prior to 2004 and with minimum limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
- b) Insurance Services Office form number CA 0001 or equivalent covering Automobile Liability, including hired and non-owned automobile liability with a minimum limit of 1,000,000 per accident. If the Service Provider owns no vehicles, this requirement may be satisfied by a non-owned and hired auto endorsement to Service Provider's commercial general liability policy.
- c) Workers' Compensation insurance complying with California worker's compensation laws, including statutory limits for workers' compensation and an Employer's Liability limit of \$1,000,000 per accident or disease.

Liability insurance policies required to be provided by CONSULTANT hereunder shall contain or be endorsed to contain the following provisions:

- a) CITY, its employees, officials, agents and member agencies shall be covered as additional insureds. Coverage shall apply to any and all liability arising out of the work performed or related to the contract. Additional insured status under the general liability requirement shall be provided on Insurance Services Office Form CG 20 10 with an edition date prior to 2004, or its exact equivalent. Additional insured status for completed operations shall be provided either in the additional insured form or through another endorsement such as CG 20 37 with an edition date prior to 2004.
- b) General and automobile liability insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability. Coverage will not be limited to CITY's vicarious liability.
- c) Liability coverage shall be primary and non-contributing with any insurance maintained by CITY.
- d) Evidence of coverage (including the workers' compensation and employer's liability policies) shall provide that coverage shall not be suspended, voided, canceled or reduced in coverage or in limits except after 30 days' prior written notice has been given to CITY. Such provision shall not include any limitation of liability of the insurer for failure to provide such notice.
- e) No liability insurance coverage provided to comply with this AGREEMENT shall prohibit CONSULTANT, or CONSULTANT's employees, or agents, from waiving the right of recovery prior to a loss. CONSULTANT waives its right of recovery against CITY.
- f) CONSULTANT agrees to deposit with CITY within fifteen days of Notice to Proceed of the Contract certificates of insurance and required endorsements.
- g) There shall be no recourse against CITY for payment of premiums or other amounts with respect to the insurance required to be provided by CONSULTANT hereunder. Any failure, actual or alleged, on the part of CITY to monitor compliance with these requirements will not be deemed as a waiver of any rights on the part of CITY. CITY has no additional obligations by virtue of requiring the insurance set forth herein. In the event any policy of insurance required under this AGREEMENT does not comply with these requirements or is canceled and not replaced, CITY has the right but not the duty to obtain the insurance it deems necessary and any premium paid by CITY will be promptly reimbursed by CONSULTANT or CITY will withhold amounts sufficient to pay premium from CONSULTANT payments.

- h) CONSULTANT agrees to provide immediate notice to CITY of any claim or loss against CONSULTANT arising out of the work performed under this AGREEMENT. CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CITY.

**11. RELATIONSHIP OF CONSULTANT TO CITY**

The relationship of the CONSULTANT to CITY shall be that of an independent contractor and that in no event shall CONSULTANT be considered an officer, agent, servant or employee of CITY. CONSULTANT shall be solely responsible for any workers compensation insurance, withholding taxes, unemployment insurance, and any other employer obligations associated with the described work.

**12. CORRECTIONS**

In addition to the above indemnification obligations, CONSULTANT shall correct, at its expense, all errors in the work that may be disclosed during CITY's review of CONSULTANT's report or plans. Should CONSULTANT fail to make such correction in a reasonably timely manner, such correction shall be made by CITY, and the cost thereof shall be charged to CONSULTANT or withheld from any funds due to CONSULTANT hereunder.

**13. TERMINATION BY CITY**

CITY, by notifying CONSULTANT in writing, may upon \_\_\_\_\_ calendar days notice, terminate without cause any portion or all of the services agreed to be performed under this AGREEMENT. If termination is for cause, no notice period need be given. In the event of termination, CONSULTANT shall have the right and obligation to immediately assemble work in progress for the purpose of closing out the job. All compensation for actual work performed and charges outstanding at the time of termination shall be payable by CITY to CONSULTANT within 30 days following submission of a final statement by CONSULTANT unless termination is for cause. In such event, CONSULTANT shall be compensated only to the extent required by law.

**14. ACCEPTANCE OF FINAL PAYMENT CONSTITUTES RELEASE**

The acceptance by CONSULTANT of the final payment made under this AGREEMENT shall operate as and be a release of CITY from all claims and liabilities for compensation to CONSULTANT for anything done, furnished, or relating to CONSULTANT'S work or services. Acceptance of payment shall be any negotiation of CITY's check or the failure to make a written extra compensation claim within 10 calendar days of the receipt of that check. However, approval or payment by CITY shall not constitute, nor be deemed, a release of the responsibility and liability of CONSULTANT, its employees, subcontractors, agents and CONSULTANTS for the

accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by CITY for any defect or error in the work prepared by CONSULTANT, its employees, subcontractors, agents and CONSULTANTS.

**15. AUDIT OF RECORDS**

At any time during normal business hours and as often as it may deem necessary, CONSULTANT shall make available to a representative of CITY for examination of all its records with respect to all matters covered by this AGREEMENT and will permit CITY to audit, examine and/or reproduce such records. CONSULTANT will retain such financial records, time sheets, work progress reports, invoices, bills and project records for at least two years after termination or final payment under this AGREEMENT.

**16. WAIVER; REMEDIES CUMULATIVE**

Failure by a party to insist upon the strict performance of any of the provisions of this AGREEMENT by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future. No waiver by a party of a default or breach of the other party shall be effective or binding upon such party unless made in writing by such party, and no such waiver shall be implied from any omissions by a party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or breach, or cover any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a party under this AGREEMENT, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

**17. CONFLICT OF INTEREST**

CONSULTANT is unaware of any CITY employee or official that has a financial interest in CONSULTANT'S business. During the term of this AGREEMENT and/or as a result of being awarded this AGREEMENT, CONSULTANT shall not offer, encourage or accept any financial interest in CONSULTANT'S business by any CITY employee or official.

**18. CONSTRUCTION OF LANGUAGE OF AGREEMENT**

The provisions of this AGREEMENT shall be construed as a whole according to its common meaning of purpose of providing a public benefit and not strictly for or against any party. It shall be construed consistent with the provisions hereof, in order to achieve the objectives and purposes of the parties. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neutral genders or vice versa.

**19. MITIGATION OF DAMAGES**

In all situations arising out of this AGREEMENT, the parties shall attempt to avoid and minimize the damages resulting from the conduct of the other party.

**20. GOVERNING LAW**

This AGREEMENT, and the rights and obligations of the parties, shall be governed and interpreted in accordance with the laws of the State of California. Should litigation occur, venue shall be in Superior Court of Santa Barbara County.

**21. NONDISCRIMINATION**

CONSULTANT shall comply with the federal Americans with Disability Act, Public Law 101-336, and observe the disability discrimination prohibitions of such laws in the performance of the work required under this AGREEMENT.

**22. TAXPAYER IDENTIFICATION NUMBER**

CONSULTANT shall provide CITY with a complete Request for Taxpayer Identification Number and Certification, Form W-9 (Rev. 12-87), as issued by the Internal Revenue Service.

**23. NON-APPROPRIATION OF FUNDS**

Payments due and payable to CONSULTANT for current services are within the current budget and within an available, unexhausted and unencumbered appropriation of CITY funds. In the event CITY has not appropriated sufficient funds for payment of CONSULTANT services beyond the current fiscal year, this AGREEMENT shall cover only those costs incurred up to the conclusion of the current fiscal year.

**24. MODIFICATION OF AGREEMENT**

The tasks described in this AGREEMENT and all other terms of this AGREEMENT may be modified only upon mutual written consent of CITY and CONSULTANT.

**25. USE OF THE TERM "CITY"**

Reference to "CITY" in this AGREEMENT includes City Manager or any authorized representative acting on behalf of CITY.

**26. PERMITS AND LICENSES**

CONSULTANT, at its sole expense, shall obtain and maintain during the term of this AGREEMENT, all appropriate permits, licenses, and certificates that may be required in connection with the performance of services under this AGREEMENT.



**In concurrence and witness whereof**, this AGREEMENT has been executed by the parties effective on the date and year first above written.

**CITY OF GOLETA**

**CONSULTANT**

\_\_\_\_\_  
Michelle Greene, City Manager

\_\_\_\_\_  
By: \_\_\_\_\_, Title:

**ATTEST**

\_\_\_\_\_  
Deborah Lopez, City Clerk

\_\_\_\_\_  
By: \_\_\_\_\_, Title

**APPROVED AS TO FORM**

\_\_\_\_\_  
Winnie Cai, Deputy City Attorney