



# City of West Allis

7525 W. Greenfield Ave.  
West Allis, WI 53214

## Resolution

**File Number: R-2013-0067**

**Final Action:**

MAR 19 2013

**Sponsor(s):** Administration & Finance Committee

Resolution relative to approving an Agreement with Key Benefit Concepts for completion of a subsequent study on the Other Post Employee Benefit (OPEB) Valuation in an amount not to exceed \$8,000.

WHEREAS, the Government Accounting Standards Bureau (GASB) requires public entities to complete an actuarial liability study of Other Post Employee Benefit (OPEB) valuation; and,

WHEREAS, Key Benefit Concepts completed the original OPEB valuation study for the City in February 2009 (January 1, 2008 valuation date), and the second OPEB valuation study for the City in February 2011 (January 1, 2010 valuation date); and,

WHEREAS, every two years the OPEB valuation needs to be updated; and,

WHEREAS, the subsequent studies are more complex than the initial studies and require more work than merely updating employees, which result in almost a complete redoing of the previous report; and,

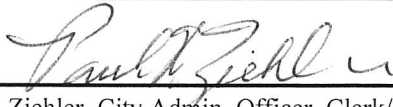
WHEREAS, Key Benefit Concepts is uniquely qualified to perform this subsequent valuation study because of it having done the initial study and its familiarity with the City's other post employee benefit plans, justifying this selection on a sole source basis; and,

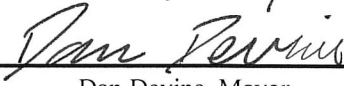
WHEREAS, Key Benefit Concepts has quoted a reasonable price of \$7,600-\$7,900 to do this third OPEB Subsequent Valuation Study.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of West Allis that the attached Agreement in an amount not to exceed \$8,000 between the City and Key Benefit Concepts be and is hereby approved.

BE IT FURTHER RESOLVED by the Common Council of the City of West Allis that the proper City officials are hereby authorized and directed to execute said agreement on behalf of the City.

ADM\ORDRES\ADMR442

ADOPTED MAR 19 2013  
  
Paul M. Ziehler, City Admin. Officer, Clerk/Treas.

APPROVED 3/22/13  
  
Dan Devine, Mayor

## Subsequent OPEB Valuation for the City of West Allis

### Previous Study

Key Benefit Concepts completed an actuarial liability study for the City of West Allis in January 2011. The study had a valuation date of January 1, 2010. We provided a standard detailed valuation of Other Post-Employment Benefits (OPEB) liability benefits. Since the prior valuation, the City has made changes to the post-employment benefits offered upon the retirement of those in classifications eligible for such benefits. Pages 4-8 illustrate the modified benefits that should be valued in the City's updated actuarial study. Based upon these benefits, we anticipate our fee range for an updated actuarial valuation to be \$7,600-\$7,900.

If the City wishes to have an updated study at this time, please sign and return the attached acceptance form and we will begin a subsequent liability study upon acceptance.

If further changes beyond those already noted on pages 4-8 have been made to your City's post-employment benefits, and the City is interested in an updated study at this time, please sign the attached acceptance as well as send us the modified benefits. We will review the changes and reply with modifications to our fees, if needed, based upon the noted benefit changes.

### New Study

Subsequent studies are more complex than initial studies and require more work than merely updating terminated employees and new hires. The retirement, termination and addition of employees can change the demographics of a group (i.e. average age and years of service, average age of medical plan participant). These demographics are critical in the calculation of the liabilities, particularly in that of the implicit rate subsidy. In other words, when performing a subsequent study, regardless if it is the actuary that performed the prior valuation or some other actuary, calculation of the liabilities is performed as of the new valuation date, based upon the actives and retirees of the City as of this new valuation date and their associated demographics. So, in this regards, it is as if we are performing an initial study all over again.

Fees: The fees for service is expected to be within the fee range shown, but shall be no more than the higher fee noted in the range. This allows for discrepancies in the benefit summaries and/or modifications to the valuation as determined upon acceptance.

<b>Subsequent Actuarial Valuation Fee Range</b>	
	Fee Range
Standard Detailed Valuation	\$ 7,600 - \$ 7,900
Visit to City to Present Updated Report	\$ 350 - \$ 350

Fees noted in this proposal are valid if accepted by March 15, 2013.

Subsequent studies and alterations are not included in the above noted fee range.

Review and Report: Our fees include a telephonic review of the draft report and preparation of an electronic version of the report and up to two hard copies of the final valuation report, if requested.

City Visit: Many government entities do not require a presentation with the subsequent study. Thus, the subsequent valuation does not include a visit to the City to present the finalized report. However, this service is available at an additional cost. Please contact us if you should like a presentation.

Invoicing: Statements for work completed will be invoiced when a draft valuation is provided to the City. Payment is due upon receipt. Subsequent invoices will be sent if additional services are requested.

### **Proposal Acceptance**

If the City wishes to have an updated study at this time:

- Please sign and return the attached acceptance form and we will begin a subsequent liability study upon acceptance.

If further changes have been made to your City's post employment benefits, and the City is interested in an updated study at this time:

- Please sign the attached acceptance as noted and make the changes on the benefit summaries.
- We will review the changes and reply with modifications to our fees, if needed, based upon the noted benefit changes.



## Acceptance for a Subsequent Actuarial Liability Study

This forms an agreement between the City of West Allis and Key Benefit Concepts, LLC.

### Standard Detailed Valuation including OPEB:

The City accepts KBC's proposal to perform a subsequent Actuarial Valuation.

Please indicate if the City's medical plan is:     Fully Insured     Self-funded

Please check one box below:

- The Post Employment Benefit Summaries as provided in this proposal, accurately and completely reflect the current retirement benefits offered by the City.
- Modifications were made to the City's post-employment benefits beyond those already noted in the Post-Employment Benefit Summary. These additional modifications have been noted as illustrated on pages 4-8. The Post-Employment Benefit Summary **with** the noted changes accurately and completely reflects the retirement benefits currently offered by the City.

### **Disclaimer**

- Upon receipt of the eligibility and post employment benefit data required for valuation, should we find that eligibility and/or benefits are significantly different than outlined in this proposal, KBC reserves the right to revise our proposal and the associated fees for the study.
- **To avoid additional charges, please make sure the benefit summaries provided are correct.** Upon review of the draft report should further modifications be required beyond those noted in the summary with the acceptance, wherein the calculated liabilities are affected, additional fees will be charged. These fees will be based upon the additional time required to recalculate the liabilities. With the inclusion of the additional fee, the total due may exceed the fee range noted in this proposal.

### **City of West Allis**

  
\_\_\_\_\_  
Paul Ziehler, CAO, Clerk/Treasurer

3/25/13  
\_\_\_\_\_  
Date

*Facsimiles of acceptance signatures shall be as valid as the original signatures.*

## City of West Allis

Post Employment Benefit Summary  
Updated for the January 1, 2012 Valuation

***AFSCME - Local 80 Public Works & Clerical Union,  
Non-Represented & Department Head (Includes City Attorney)***

Hired Prior to April 1, 2008	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
Hired On or After April 1, 2008	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions will cease upon Medicare-eligibility, the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>

**Alderman & Municipal Judge**

Hired Prior to April 15, 2008	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City &amp; completed a minimum of 2 four-year terms</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
Hired On or After April 15, 2008	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 15 years of continuous service with the City &amp; completed a minimum of 2 four-year terms</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions will cease upon Medicare-eligibility, the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>

**West Allis Federation of Nurses**

Hired Prior to March 1, 2012	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City</p> <p><i>Hired On or After July 1, 2008:</i></p> <p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
Hired On or After March 1, 2012	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions will cease upon Medicare-eligibility, the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>



**Engineering Technician & Aides Association**

Hired Prior to March 1, 2012	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City</p> <p><b>Hired On or After August 1, 2008:</b></p> <p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
Hired On or After March 1, 2012	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions will cease upon Medicare-eligibility, the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>

**West Allis Professional Police Association**

Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City</p> <p><b>Hired On or After August 1, 2008:</b></p> <p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>

**West Allis Professional Fire Fighter's Union**

Retiring Prior to March 1, 2013	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City</p> <p><b>Hired On or After February 1, 2009:</b></p> <p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
Retiring On or After March 1, 2013	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City</p> <p><b>Hired On or After February 1, 2009:</b></p> <p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Continuing Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share).</p> <p><b><i>The City's contributions will cease upon an individual's (i.e. the retiree, spouse and/or dependent) eligibility for other health insurance including Medicare-eligibility.</i></b> If the individual is the retiree, then coverage with the City for all members (i.e. the retiree, spouse and/or dependent) would cease.</p> <p>This coverage will also cease in the event that the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
<p><b>Note:</b> Upon loss of other insurance coverage, the individual (i.e. the retiree, spouse and/or dependent) may be eligible to re-enroll in the City's coverage provided they meet the eligibility requirements.</p>	