Minutes – Executive Policy Committee – December 11, 2013

REPORTS

Minute No. 59 Single Source Negotiations - Consultants assisting with Various Actuarial Services

EXECUTIVE POLICY COMMITTEE DECISION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service:

1. That single source negotiations be approved with Eckler Ltd. to assist with various requirements for professional actuarial services for The City of Winnipeg on an as required basis for a term not to exceed that under which Eckler Ltd. is engaged to provide actuarial services to the Winnipeg Civic Employees Benefits Program, being five years with annual extensions thereafter with mutual agreement of the parties, and, combined with recommendation 2, for an amount not to exceed the annual budget for these services.

2. That single source negotiations be approved with Western Compensation and Benefits Consultants for professional consultant actuarial services for The City of Winnipeg on an as required basis for a term not to exceed five years and, combined with recommendation 1, for an amount not to exceed the annual budget for these services.

3. That the Chief Financial Officer approve assignment awards arising out of recommendations 1 and 2 above.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor Nordman,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

ADMINISTRATIVE REPORT

Title: **Single source negotiations for Consultants assisting with Various Actuarial Services Required**

Critical Path: **Executive Policy Committee**

AUTHORIZATION

Author	Department Head	CFO	CAO
P. Olafson	Mike Ruta	Mike Ruta	D. Joshi A/CAO

RECOMMENDATIONS

1. That Executive Policy Committee approve single source negotiations with Eckler Ltd. to assist with various requirements for professional actuarial services for The City of Winnipeg on an as required basis for a term not to exceed that under which Eckler Ltd. is engaged to provide actuarial services to the Winnipeg Civic Employees Benefits Program, being five years with annual extensions thereafter with mutual agreement of the parties, and, combined with recommendation 2, for an amount not to exceed the annual budget for these services.

2. That Executive Policy Committee approve single source negotiations with Western Compensation and Benefits Consultants for professional consultant actuarial services for The City of Winnipeg on an as required basis for a term not to exceed five years and, combined with recommendation 1, for an amount not to exceed the annual budget for these services.

3. That the Chief Financial Officer approve assignment awards arising out of recommendations 1 and 2 above.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

As the total amount to be paid by the City for the proposed consultant service single source contracts is estimated to exceed $35,000 cumulatively and the consultant services are not

related to a capital project included in the capital budget, authorization for the single source negotiations is required from EPC pursuant to Administrative Standard FM-002. After EPC approval of single source negotiations, the CFO has the authority to award contracts where the value is not expected to exceed $5 million under the authority delegated under Administrative Standard FM-002.

IMPLICATIONS OF THE RECOMMENDATIONS

Approval of this report will allow for contract awards that comply with the Materials Management Policy.

HISTORY

On June 3, 2013, the Winnipeg Civic Employees Benefits Program ("WCEBP") directed a Request for Proposal to select actuarial firms in respect of actuarial services for WCEBP.

As a result of that RFP, the WCEBP Board and the Winnipeg Police Pension Plan Board have recently approved that a contract for professional actuarial services be awarded to Eckler Ltd. ("Eckler"). This contract will be for an initial term of five years.

The City of Winnipeg regularly requires the services of a professional actuary. These services include (and with adoption of this report's recommendation 1 could include but not be limited to) employee benefit plan reviews, collective bargaining support, analysis, determination and projections for employer contribution rates for the Winnipeg Civic Employees' Benefits Plan and the Winnipeg Police Pension Plan, reviews of the status of the City Account in the Winnipeg Civic Employees' Benefits Plan, reviews and projections for accounts in the Winnipeg Police Pension Plan including deficiencies and surpluses, accounting support in respect of the City's annual consolidated financial statements, group life insurance plan reviews and analyses, and actuarial valuations and administrative support associated with the City's Supplemental Executive Retirement Plan, sick leave benefits, the City of Winnipeg Council Pension Benefits Program and previous council pension plans.

While most of these engagements individually are less than the $35,000 threshold requiring approval of Executive Policy Committee, cumulatively these engagements will exceed this threshold over the term and the Public Service felt it appropriate to seek Executive Policy Committee's approval.

There is a benefit to having the WCEBP professional actuary serve the same role for The City of Winnipeg on services like these. Their knowledge of the various benefit plans means the professional actuary of WCEBP is well positioned to understand the implications to the City in whole. Their perspective will ensure engagements are undertaken with a consistent approach, ensuring that the results of the various engagements are comparable.

The contract WCEBP has with Eckler provides for disclosure by Eckler to the various boards associated with its work under that contract of any proposed work with the City of Winnipeg that any issue or matter involving the WCEBP, the City of Winnipeg Civic Employees' Group Life Insurance Plan, the Winnipeg Police Pension Plan, and/or the City of Winnipeg Police Employees' Group Life Insurance Plan. Consent from the applicable boards will be required prior to Eckler providing advice or services to The City of Winnipeg.

The City would also like to pursue single source negotiations with Western Compensation and Benefits Consultants ("WCBC") for professional consultant actuarial services on an as required basis. WCBC has similarly been engaged by WCEBP to provide consulting services in support of various initiatives. WCBC has a lengthy history with the City and is very knowledgeable on City matters.

No contracts will be awarded without sufficient budget authority. The budget for this type of work for 2013 is $180,250. The annual amount expended is dependent on the amount and scope of work required.

The effect of these recommendations will be immediate upon Executive Policy Committee approval except for those engagements currently underway.

The Council Pension Benefits Program, established under by-law 7869/2001, is governed by its own Board, the composition of which and duties are outlined in that by-law. If the recommendations are approved, the effect of these recommendations will be available to this Board but will remain subject to the approval of that Board.

A public bid solicitation would not be required pursuant to the Agreement on Internal Trade because the proposed services would be provided by licensed professionals that are exempt from the application of the Agreement on Internal Trade.

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FINANCIAL IMPACT

Financial Impact Statement **Date:** November 26, 2013

Project Name: Single source negotiations for Consultants assisting with Various Actuarial Services Required **Year of Program: 2014**

	2014	2015	2016	2017	2018
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 183,856	$ 187,532	$ 187,532	$ 187,532	$ 187,532
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ 183,856	$ 187,532	$ 187,532	$ 187,532	$ 187,532
Less: Existing Budget Amounts	183,856	187,532	187,532	187,532	187,532
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The direct costs assumes that the full amount of the budget will be expended annually. The actual amount to be expended will be dependent on the amount of work needed annually. The budgets for 2014 through 2016 are those budgeted in the preliminary draft 2014 operating budget. This budget is assumed to carry on in 2017 and 2018.

original signed by Radhika Abeysekera

Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with:

Corporate Support Service Department

SUBMITTED BY

Department: Corporate Finance
Division: Corporate Controller's
Prepared by: Paul D. Olafson, CA
Date: November 26, 2013
File No.: Actuary