



April 19, 2022

Adam Cox
General Manager
Chester Public Utility District
251 Chester Airport Rd
Chester, CA 96020
Re: Actuarial Services

Dear Mr. Cox:

Bartel Associates would be pleased to provide the CChester Public Utilities District actuarial consulting services. This letter summarizes the potential scope of work for various projects, and our fee estimate.

Bartel Associates

Bartel Associates, LLC is an employee-owned California-based actuarial consulting firm specializing in providing counties, cities, districts, and other public agencies with actuarial consulting services including retiree medical valuations, pension plan valuations, retirement plan design, and actuarial audits. With over 250 OPEB public agency clients and up to 100 CalPERS studies performed per year, we are experts in this field. Our clients and their auditors tell us that our accounting reports comply with GASB requirements, and are clear and easy to follow. We can provide references upon request.

Retiree Healthcare - Background

The District provides healthcare benefits to retirees through CalPERS “PEMHCA.” The district currently pays 100% of the premium for retirees and their spouses and eligible dependents. We propose a June 30, 2021 valuation to be the basis for the GASBS 75 accounting information for fiscal years 21/22 and 22/23, which will be provided in 2 separate reports after each year-end.

Retiree Healthcare - Valuation Fees

We can offer the District a choice of two approaches for the actuarial valuation.

- **Basic Valuation** – includes all information required to comply with GASBS 75, as well as a summary of the plan provisions, census data, actuarial methods and assumptions, and plan liabilities as of the valuation date. In addition, journal entries (for GASBS 75) will be provided. We will review the reports with you over the phone/Zoom.

Project	Approximate Start/Completion	Fees
GASBS 75 accounting report for 21/22 (based on 6/30/21 valuation/measurement date) including “crossover test” to determine the discount rate	May 2022/ August 2022	8,000
GASBS 75 accounting report for 22/23 (based on 6/30/21 valuation rolled forward to the 6/30/22 measurement date)	July 2023/ August 2023	2,500
Total for 2 years:		\$ 10,500

Retiree Healthcare - Option: Consulting Services

Following completion of the basic valuation, Bartel Associates can perform additional actuarial analyses, such as

- 1) Alternatives for funding the OPEB plan, payment schedules and projections of savings
- 2) Options to change benefits for future employees and potential cost savings
- 3) A meeting with the District (via video conference call) focusing on understanding the plan’s



status and planning for its financial management

The additional fee for consulting services depends on the scope of services and our hourly billing rates, but is typically \$3,000 - \$6,000.

CalPERS - Background

The District participates in CalPERS, providing Miscellaneous and Safety Classic and PEPRAs retirees with pension benefits. The plans are in CalPERS risk pools.

CalPERS has implemented a number of recent changes that are still being phased into required contributions. In addition, CalPERS changed the asset allocation and discount rate at the November 2021 Board meeting with a significant impact on future contributions.

Our analysis will include a projection of the CalPERS employer contribution rates taking into account any Employer Paid Member Contributions and cost-sharing and also reflecting current market conditions. We will discuss options the District has for addressing the unfunded liability, and can include modeling showing the impact of paying down the UAL.

CalPERS – Project Scope and Fees

The following table summarizes the projects and fee estimates:

Project	Estimated	Not To Exceed
■ CalPERS review, historical information, contribution projections including impact of variable investment returns, discussion of UAL paydown options, and staff meeting	\$7,500	\$8,500
■ <i>Option: General Board discussion only, without contribution projections or other specific District information</i>	\$3,500	4,000
■ Optional Additional contribution analysis, including projections with payments to CalPERS or supplemental (Section 115) trust	3,000	3,500
■ Virtual meeting with City staff	Included	Included
■ Optional Board Presentation	1,500	2,000
■ Total (includes all options)	\$12,000	\$14,000

CalPERS – Financial Reporting under GASB Statement 68

CalPERS provides only minimal information to risk pool agencies for their financial statement reporting. Small agencies must either do the complex calculations themselves, or use the CalPERS tool which is also quite complicated. Bartel Associates provides a report with all required information, backup and journal entries.

Project	FY 2022 Fee
■ GASB Statement 68 reporting including meeting to walk through report	\$1,850



Our fee quotes assume:

- We will bill the City monthly for project progress. Hourly rates generally increase each year with cost of living, but the valuation fee quote above will not change. Hourly rates apply to any work outside the scope of services for the valuation as listed above.

Position	2022 Hourly Rates
Partner & Vice President (Redding)	\$ 310
Assistant Vice President (Lin)	280
Associate Actuary	230
Senior Actuarial Analyst (Doroshenko)	210
Actuarial Analyst	170

- There will be no additional charges for expenses (e.g., travel, telephone, copying, etc.). The hourly rates and fee quote above include our costs for these items.
- OPEB Participant census data requested will be based on the CalPERS OPEB Extract. All plan, financial, and census information requested will be provided and be internally consistent.
- Our OPEB fee will be higher if substantial plan changes occur which preclude the use of the June 30, 2021 valuation for GASBS 75 reporting in the 2nd year.
- For GASB 68, recognition schedule for prior deferred inflows and outflows is provided to us. Typically your auditors will have this.
- The CalPERS project does not include time for:
 - **Formal Report.** The project includes a discussion outline with significant detail. This document is not meant to be a stand-alone explanation to give to Council. A Formal Report is a stand-alone report summarizing results. Our fees to prepare this will be approximately \$3,000.
 - **More than 1 meeting.** The above fees include a (virtual) meeting to discuss results with the City. Additional meetings (e.g. Council, Committee, or bargaining group meetings) will increase the above time by actual meeting and preparation time. If no additional work is necessary, then fees will be \$1,000 to \$1,500 for an additional virtual meeting.

Timing

Normally, the actuarial reports are delivered about 6-8 weeks after we receive all the requested information and the District replies to any questions we may have. GASB 68 and 75 reporting information will be completed 2-3 weeks after we receive the year-end data, provided the base OPEB report has been completed.

Please email me at mbredding@bartel-associates.com or call me (650-377-1617) with any questions on this letter.

Sincerely,

A handwritten signature in blue ink that reads "Mary Elizabeth Redding".

Mary Elizabeth Redding, FSA
Vice President & Actuary

Copies: Bianca Lin, Kateryna Doroshenko

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