



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 22-621

Board Meeting Date: 8/2/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Rocio Kirczun, Human Resources Director
Lisa Okada, Deputy Director of Human Resources
Subject: Agreement with Milliman Inc. for Actuarial Services

RECOMMENDATION:

Adopt a resolution authorizing an amendment with Milliman Inc. for actuarial services, increasing the amount by \$250,000 to an amount not to exceed \$750,000.

BACKGROUND:

The County has contracted with Milliman, Inc. to provide actuarial services associated with the County's liability for retiree health and other post-employment benefits (OPEB) to comply with Governmental Accounting Standards Board (GASB) standards. The original Agreement was for the term of December 1, 2020 through December 31, 2021, and initially authorized an amount up to \$200,000 for these actuarial services. The parties subsequently amended the Agreement to increase the maximum amount payable to \$500,000, and to increase the term through December 31, 2022.

Per GASB 74 and 75, the County must conduct annual actuarial valuations of the County's retiree health liability. This includes a calculation of the County's unfunded actuarial accrued liability which is the estimated long-term liability to provide retiree health coverage for current retirees as well as for current employees when they retire, and the County's annual determined contribution (ADC), or the amount of funds needed to contribute on an annual basis to cover the costs of retiree health coverage for current and future retirees.

DISCUSSION:

Milliman completed the 2021 annual actuarial valuation and provided an actuarial analysis of a potential retiree health change; however, due to ongoing negotiations with labor groups and retiree health design changes being an ongoing topic, additional actuarial analysis for proposed scenarios continues to be requested from Milliman. Given Milliman's knowledge and expertise around the County's complex retiree health benefits and its role in supporting the County's current union negotiation process, there is a strong need to continue Milliman's actuarial services for an additional year and increase the contract amount. Additional funds for this contract will be allocated for labor

negotiations with Deputy Sheriff’s Association, Organization of Sheriff’s Sergeants, Probation Detention Association, and other labor unions as well as for the 2022 actuarial report, which includes programming changes for the American Federation of State, County, and Municipal Employees (AFSCME) retiree health implemented on June 12, 2022.

County Attorney’s Office has reviewed and approved the Agreement Amendment as to form.

The resolution contains the County’s standard provisions allowing amendment of the County fiscal obligations by a maximum of \$25,000 (in aggregate).

PERFORMANCE MEASURE:

	2020 Actual	2021 Actual	2022 Projected
Actuarial valuations comply with GASB requirements	100%	100%	100%

FISCAL IMPACT:

There is an increase of \$250,000 associated with this agreement for a total obligation of \$750,000, which is covered by non-departmental services.