

May 1, 2012

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SUBJECT: Community Feedback from Educational Forum on Sustainable Pensions and Next Steps in Pension Reform Efforts

Dear Board Members:

RECOMMENDATIONS

1. Receive report on Educational Forum on Sustainable Public Pension held April 3, 2012;
2. Direct staff to pursue next steps concerning pension reform as outlined in staff report.

Overview

In December 2011, your Board endorsed the Governor's 12-point plan for pension reform, one of few public agencies and the first, and so far only, government body within Marin County to do so. While aspects of the plan are debated in the state legislature, the Board asked staff to convene a community forum on the topic.

On April 3, the three-hour forum "Sustainable Pensions for Marin County Government" was held with almost 200 attendees, including those directly involved (staff, volunteers, panelists).

The purpose of the event was to:

- develop a shared understanding of how Marin County's pension system works;
- explain options available to County government in making changes;
- provide different perspectives and possible next steps.

In addition to providing information and receiving community suggestions, the forum was also a chance to model successful community engagement practices around a difficult financial issue, as recommended by the Public Communications Plan adopted in January 2012. The new practice for this forum included a collaborative planning process involving key points of view

(not just County staff) providing simplified, straightforward information that is sent out early to forum participants, agreement among key players of the “basic facts,” and a shared presentation of those facts, proactive outreach to community groups, facilitated discussion by neutral parties (League of Women Voters and Civic Center volunteers in this case), peer review of the agenda by other experts in the field of non-partisan public information and engagement.

On balance, verbal and written feedback from most participants was appreciative and positive. 57 worksheets with evaluations were returned, which represents about 1/3 of attendees not directly related to the event staff, panelists or volunteers. Of those responses, many agreed that the purpose of the meeting was clear (95%), the agenda and process were appropriate (79%), they had enough information to participate (95%), there were enough opportunities to express their views (68%), and the facilitator provided a well-managed and safe environment (66%). 70% said the “Basic Facts” publication created by the planning group was helpful, and 81% and 61% said the panelist presentations with questions/answers and the basic PowerPoint presentation was helpful, respectively. 70% said the level of the information presented was just about right (neither too technical nor too simplified).

All materials from the forum and the video were posted to the web (<http://www.marincounty.org/Main/Pensions>) within a week following the meeting. All questions submitted at the meeting are included in the report, and responses are in process. All further information will be posted to the County’s website. The final summary report is attached.

Participant Feedback on Possible Next Steps

Suggestions on possible next steps were provided by participants, and comments were made in the following general categories (in no particular order). More information is provided in the full report.

- Take Action on a Hybrid Plan;
- Implement a Defined Contribution Plan and/or with Social Security;
- Establish Retiree Health Care Trust;
- Limit Pension Benefits for Retirees;
- Raise Retirement Ages;
- Ensure Employee Fairness;
- Change/evaluate the MCERA Investment (Discount) Rate;
- Take Legislative action or support the Governor’s Plan;
- Reduce, freeze or review employee salaries and/or compensation; look at total compensation;
- Define sustainability/financial health;
- Have more open debate and discussion on this;
- Change systems regarding campaign contributions to employee labor unions.

Next Steps in Pension Reform

Based on the community feedback and your Board's Pension Reform Guidelines, Staff is recommending the following actions for your consideration.

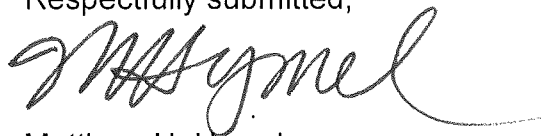
1. **Consistent with your recent budget actions, set up the Other Post Employment Benefits (OPEB) trust for FY 12-13 to reduce long-term liabilities for retiree health.** By setting up the trust, we will reduce our debt by \$210 million over the next 15 years and will be one of the few public agencies paying down its liability, as well as paying for “pay-as-you-go” costs. Over the next few months, the Administrator’s Office will work with the Department of Finance and County Counsel to evaluate our trust options and will return to your Board with recommendations to establish the trust along with an investment schedule.
2. **Negotiate a lower cost pension tier for Firefighters and seek state legislation to allow sharing of pension costs for our new safety tier.** Once we have successfully negotiated a new tier with Firefighters, we would seek a “me-too” legislation consistent with last year’s AB89, a San Mateo County-only bill that allows cost sharing for new tiers. This has already been negotiated with the Deputy Sheriff’s Association. If successful, we will have introduced a new, lower-cost pension benefit for all new employees (safety and miscellaneous).
3. **Negotiate with all bargaining units a 2% cap of the amount the County pays toward the employee’s share of pension costs (“Employer pick up”).** This has been negotiated with the largest employee union, the Marin Association of Public Employees (MAPE), and a tentative agreement has been reached with our mid-managers association. We will need to bargain with all other groups for this change.
4. **Seek and advocate for state reform consistent with our Pension Reform Guidelines.** Staff is recommending that we continue to advocate for the Governor’s 12-point plan, but also consider supporting other legislative reforms that achieve similar results. For example, Senator Steinberg has indicated that State lawmakers are considering a hybrid plan that would allow for a defined benefit component capped at a certain salary level. Once legislation is introduced, we would return to the Board to consider a County position.
5. **Begin efforts to explore a Marin County hybrid plan.** To support your Board’s policy direction, we need to contract with an actuarial firm to begin to design options for a Marin-specific hybrid plan. To help inform the plan design, we would hold informational sessions with our employee bargaining units and receive further public input. Next, we would need to

negotiate the new plan and get Marin-specific legislation approved to begin the plan.

6. **Continue to provide public information and seek input from the community.** Staff will provide follow-up information that has been requested by community members at the forum, including understandable information about retiree health, clarification of what can or can't be changed, information about various hybrid plan options, MCERA's investment strategy and investment return assumptions, and comparison of public versus private sector compensation.

Please let me know if you have any questions or concerns.

Respectfully submitted,



Matthew H. Hymel
County Administrator

Attachment A