



THE TOWN OF  
CORTE MADERA  
MARIN COUNTY CALIFORNIA

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CORTE MADERA, CA  
94925-1418

[www.townofcortemadera.org](http://www.townofcortemadera.org)

TOWN MANAGER  
TOWN COUNCIL  
415-927-5050

TOWN CLERK  
415-927-5086

FINANCE / BUS. LICENSE  
415-927-5055

FIRE DEPARTMENT  
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PLANNING / ZONING  
415-927-5064

BUILDING INSPECTOR  
415-927-5062

TOWN ENGINEER  
PUBLIC WORKS  
415-927-5057

RECREATION DEPARTMENT  
415-927-5072

SANITARY DISTRICT NO. 2  
415-927-5057

CENTRAL MARIN  
POLICE AUTHORITY  
415-927-5150

August 1, 2017

The Honorable Judge Kelly V. Simmons  
Marin County Superior Court  
P.O. Box 4988  
San Rafael, CA 94913-4988

Jay Hamilton-Roth, Foreperson  
Marin County Civil Grand Jury  
3501 Civic Center Drive, Room 275  
San Rafael, CA 94903

SUBJECT: Response to 2016-2017 Marin Civil Grand Jury Report -  
Marin's Retirement Health Care Benefits: The Money Still  
Isn't There

Dear Foreperson Hamilton-Roth:

Thank you for your recent report, *Marin's Retirement Health Care Benefits: The Money Still Isn't There*, dated May 10, 2017. Pursuant to Penal Code 933.05, I am writing on behalf of the Town of Corte Madera, to respectfully respond to the report.

The report requests that the Town respond to Recommendations R1 – R9. The Town's response to the report's recommendation was approved by the Town Council at the August 1, 2017 Town Council meeting, and is included below. Please note that the Town has implemented all nine of the Recommendations in the report. The Town believes that this is a reflection of the Town's commitment to fully funding its retiree health care obligations.

Additionally, the Town would like to comment on Appendix D on page 33 of 37. The chart on this page that illustrates the 2016 ARC as a percentage of revenue shows Corte Madera's percentage as being the highest in the County. This is a result of the Town changing its OPEB amortization period from the standard 30 years to 16 years so that the Town's OPEB obligations will be fully funded in 16 years based on the information available at the time of this change. Also as a result of this change, and the Town making an annual pre-payment of \$500,000, the Town lowered its Annual Required Contribution (ARC) by approximately \$755,000, or 40%, to approximately \$1.1 million in 2016, which is not reflected on the chart due to timing differences. Finally, the Town lowered its unfunded liability (UAAL) by \$2,086,000, or 17.7%, between 2012 and 2016.

Please accept our appreciation for the service you provide to the residents of Marin County, and for addressing this important issue. Should you have any questions regarding this response, please contact the Town Clerk, Rebecca Vaughn, at 415-927-5085 or [rvaughn@tcmmail.org](mailto:rvaughn@tcmmail.org).

Sincerely,

Diane Furst  
Mayor

## RESPONSE TO GRAND JURY REPORT

Report Title: **Marin's Retirement Health Care Benefits: The Money Still Isn't There**

Report Date: **May 17, 2017**

Response Date: **August 17, 2017**

Agency Name: Town of Corte Madera

Agenda Date: August 1, 2017

Response by: Diane Furst

Title: Mayor

### RECOMMENDATIONS

- Recommendations numbered R1-R2 and R4-R9 have been implemented.  
(Attach a summary describing the implemented actions.)
- Recommendations numbered R3 have not yet been implemented, but will be implemented in the future.  
(Attach a timeframe for the implementation.)
- Recommendations numbered N/A require further analysis.  
(Attach an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.)
- Recommendations numbered N/A will not be implemented because they are not warranted or are not reasonable.  
(Attach an explanation.)

Date: 8/1/17 Signed: Diane Furst

Number of pages attached 3

**TOWN OF CORTE MADERA - RESPONSE TO THE MARIN COUNTY CIVIL GRAND JURY REPORT, *Marin's Retirement Health Care Benefits: The Money Still Isn't There***

**RECOMMENDATIONS**

**The 2016/2017 Marin County Civil Grand Jury recommends that:**

**R1: "Each agency should adopt a formal, written policy for contributions to its OPEB plan."**

**Response:** This recommendation has been implemented. The formal policy of pre-funding OPEB is on page 80 of the June 30, 2016 CAFR, <http://www.townofcortemadera.org/DocumentCenter/Home/View/249>. Beginning in FY 2014-2015, the policy was changed to pre-fund at \$500,000 per fiscal year.

**R2: "Each agency's standard practice should be to consistently satisfy its formal, written OPEB contribution policy."**

**Response:** This practice has been implemented. The Town continues to satisfy the formal policy set forth in FY 2014-2015.

**R3: "Each agency's OPEB contribution policy and practice should support a projection under GASB 75 that its OPEB plan assets will be sufficient to make all projected OPEB benefit payments."**

**Response:** The Town Council agrees with this recommendation. The OPEB contribution policy and practice will support a projection under GASB 75. Which means the Town's OPEB plan assets and annual operating contributions will be sufficient to make all projected OPEB benefit payments.

**R4: "Each agency that uses special reserve funds for Postemployment Benefits should transition to a trust meeting the criteria of GASB 75."**

**Response:** This recommendation has been implemented. In FY 2008-2009, the Town of Corte Madera began pre-funding OPEB through the California Employers' Retiree Trust (CERBT) Fund. This OPEB 115 Trust meets the criteria of GASB 75. The balance of the OPEB Trust as of June 30, 2017 is \$1,800,000. It is projected to be \$2,400,000 at the close of FY 2017-2018.

**R5: "Each term of service, elected or appointed officials should take a public agency financial class."**

**Response:** The Town Council agrees with this recommendation. The Town agrees that public finance training is important to assist elected and appointed officials in performing their fiduciary responsibility. New Town Council members participate in League of California Cities orientation and have access to Government Finance Officers Association materials prepared for public officials.

The Town has also identified a number of training opportunities that include formal classes, online materials, and one-on-one or small group meetings. Every other year, prior to formal budget discussion by the Town Council, a pension and OPEB

update is presented by an independent actuary with information about recent and pending legislative and market changes that may affect the Town.

The Town is also exploring additional educational materials provided through the Government Finance Officers Association (GFOA) and International City Management Association (ICMA) to assist officials in understanding the complex dynamics and their roles.

It should be noted, that elected and appointed officials routinely consider a multitude of complex issues, including public finance matters. The Town Council recognizes training may be helpful and should be available. Any requirement to make trainings mandatory on each complex issue would be an unreasonable expectation. Town staff strives to provide sufficient information in an understandable format for elected and appointed officials to make informed decisions.

**R6: “Each agency should make its CAFRs, Audit, and GASB valuations more readily understandable by the general public.”**

**Response:** This recommendation has been implemented. The Town understands the importance of providing clear and uncomplicated information to the public. The Town produces a Comprehensive Annual Financial Report (CAFR), Audit and GASB Valuation reports. The Town formed a Town Council Finance Subcommittee this past year and one of their areas of emphasis was to improve the content and presentation of our fiscal reports.

It should be noted that much of the information in the CAFR and valuations is required by state and federal guidelines, rating agencies, and professional standards which must be included and presented in specific formats. However, there are ways to communicate the related information in a more understandable way and layout, such as newsletters, staff reports, and public presentations. Town staff strives to make these reports as understandable as possible.

**R7: “Each agency should ensure that all of its public financial presentations are more readily understandable and schedule during hours convenient for the public.”**

**Response:** This recommendation has been implemented. The Town entered a contract with OpenGov in 2016 in an effort to make financial information more understandable and accessible. Town staff and the Town Council Finance Committee is determined to present simplified visual financial presentations. These meetings are scheduled on weekday evenings to encourage participation by residents. All Town Council meetings are video recorded and available on the Town’s website.

**R8: “Each agency should have the following downloadable and text-searchable documents readily accessible on their website: the last five years of CAFR/Audits and the last three actuarial reports.”**

**Response:** This recommendation has been implemented. The last six years of CAFR/Audits and the last three actuarial reports are available on the Town’s

website at: <http://www.townofcortemadera.org/136/Finance>. All documents are downloadable and text searchable.

**R9: “Before the next round of bargaining begins, each agency should prioritize the cost containment strategies to be used, including reducing or eliminating OPEB benefits for future employees.”**

**Response:** This recommendation has been implemented. Through collective bargaining (July of 2011 thru January 2013) the Town reduced OPEB benefits for future employees for all Town employees. The Town reduced OPEB benefits for all employees hired after July 1, 2013 to the PEMHCA minimum, the lowest amount that can be offered by agencies that contract with CalPERS for medical benefits. The Town continues to evaluate alternatives to CalPERS medical benefits.

A report was prepared by Bartel Associates on March 1, 2016 titled, “Impact of Recent Changes in Retiree Healthcare Plans” and is available on the Town website at: <http://www.townofcortemadera.org/DocumentCenter/Home/View/2014>.