

## RESPONSE TO GRAND JURY REPORT

Report Title: The Budget Squeeze: How Will Marin Fund Its Public Employee Pensions?

Report Date: May 25, 2017

Agenda Date: August 3, 2017

Response by: Ann Morrison

Title: Central Marin Police Authority Police Council

Police Council Chair

*250 Roberts Dr.*

*Larkspur CA 94939*

### FINDINGS

- None.

### RECOMMENDATIONS

- Recommendation number R3: **Agencies should publish long - term budgets (i.e., covering at least five years), update them at least every other year and report what percent of total revenue they anticipate spending on pension contributions**, will not be implemented because it is not warranted and/or is not reasonable.
  - Agencies should incorporate the use of economic forecasts and budget projections into the process for adopting an operating budget. The nature of these projections and the period covered by them should be made clear to the public. Projections for the Authority are entirely driven by the ability of member agencies to fund the Authority's operating budget, and so it is the Authority's practice to project costs through the period covered by adopted employment agreements (as these agreements determine nearly the entirety of the Authority's annual budget).
  - The Authority will continue to make whatever information is available about its pension contributions available to the public. Members of the public can decide how they wish to evaluate the cost of pension contributions relative to the Authority's budget.

- Recommendation number R4: **Each agency should provide 10 years of audited financial statements and summary data for the same period (or links to them) on the financial page of its public website**, has been implemented.
  - Through their websites, agencies should provide as many years of audited financial statements as they have available in a format easily published to their websites; hard copies of audited financial statements that are not available in a digitized format should be made available at the agency's offices.
  - The Authority has digitized financial statements on its website back to Fiscal Year 2012-13 (the inception of the Central Marin Police Authority), and will add to this library each year. The Authority does not believe it is best use of taxpayer money to pay to scan documents from fiscal years prior to 2012-13; these documents are available for review at the Authority's offices.
  
- Recommendation number R8: **Public agencies and public employee unions should begin to explore how introduction of defined contribution programs can reduce unfunded liabilities for public pensions**, will not be implemented because it is not warranted and/or is not reasonable.
  - If the Authority could introduce defined contribution programs for new hires, growth of its unfunded liability would likely be limited to defined benefits accrued by the existing and retired employee base. However, the Authority is a member of the California Public Employees' Retirement System (CalPERS), and, under current conditions, would have to terminate its membership in CalPERS in order to introduce defined contribution programs. In effect, the Grand Jury is suggesting that the Authority should study what the cost would be to terminate membership in CalPERS. As part of its deliberations for the Fiscal Year 2018-19 budget, the Police Council can decide if it is a good use of taxpayer money to pay for an estimated termination cost; based on studies conducted by other agencies, it can be speculated that the Authority's termination cost would be in the tens of millions of dollars.

Date: August 3, 2017

Signed: *Aun Morrison*

Number of pages attached - 0