



September 20, 2017

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

Ron Brown, Foreperson
Marin County Civil Grand Jury
3501 Civic Center Drive, Room #275
San Rafael, CA 94903

Subject: Central Marin Sanitation Agency's Response to the June 5, 2017, Marin County Civil Grand Jury Report – The Budget Squeeze: *How will Marin Fund Its Public Employee Pensions*

Dear Honorable Judge Simmons and Foreperson Brown,

Central Marin Sanitation Agency's (CMSA) Board of Commissioners reviewed and discussed the Grand Jury's Budget Squeeze Report at their June 13 Board meeting. At that meeting, the Board formed an ad hoc committee to work with staff to prepare draft responses to the Report's recommendations, and staff informed the Board that Foreperson Jay Hamilton-Roth granted CMSA's submittal extension request to September 30.

The CMSA Board appreciates the Grand Jury's work on the Budget Squeeze Report, and the opportunity to respond to its recommendations. On September 12, the CMSA Board reviewed and approved the Agency's responses, and directed us to submit them.

If you would like to discuss the Agency's responses, please contact General Manager Jason Dow at 415-459-1455, extension 145, or at jdow@cmsa.us.

Sincerely,

Diane Furst
CMSA Board Chair

Jason Dow
General Manager

Attachments

AGENCY RESPONSE TO GRAND JURY REPORT

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

Report Date: **June 5, 2017**

Response Date: **September 5, 2017**

Agency Name: Central Marin Sanitation Agency

Agenda Date: September 12, 2017

Response by: Jason Dow

Title: General Manager

FINDINGS

- I (we) agree with the findings numbered: N/A
- I (we) disagree *partially* with the findings numbered: N/A
- I (we) disagree *wholly* with the findings numbered: N/A

(Attach a statement specifying any portions of the findings that are disputed; include an explanation of the reasons therefor.)

RECOMMENDATIONS

- Recommendations numbered _____ have been implemented.
(Attach a summary describing the implemented actions.)
- Recommendations numbered R3, R4 have not yet been implemented, but will be implemented in the future.
(Attach a timeframe for the implementation.)
- Recommendations numbered R8 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 _____ will not be implemented because they are not warranted or are not reasonable.
(Attach an explanation.)

Date: 9/18/2017

Signed: _____

Number of pages attached 2

2016/2017 MARIN COUNTY CIVIL GRAND JURY

The Budget Squeeze: *How will Marin Fund Its Public Employee Pensions?*

Report Date – May 25, 2017

Public Release Date – June 5, 2017

CMSA Response Date – September 22, 2017

CMSA’S RESPONSES TO RECOMMENDATIONS

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 be Implemented in Future (Partially Implemented): CMSA publishes a Board adopted annual budget every fiscal year, for July 1 – June 30. That budget document includes the annual operating revenue and expense budgets with account descriptions, a 10-year Capital Improvement Program (CIP), and a 10-year Financial Forecast. During the development of each subsequent fiscal year’s budget, the CIP and Forecasts are updated to reflect prior year’s actual revenues and expenses and changes in future projections.

The budget’s 10-year Financial Forecast includes information on prior, current, and future year revenues, operating and capital expenses, debt service payments, and reserve account balances and uses. CMSA’s Board uses the Forecast as a decision making tool to adjust revenue and reserve levels to balance the operating budget, maintain a policy based level of operating reserves, and fund future capital activities. CMSA believes the annual budget document with CIP and Forecast aligns with the intent of this recommendation.

One element in this recommendation that is not currently implemented is showing the percent of total revenue needed for CalPERS pension contributions. CMSA will include this pension information in its FY18/19 and future budgets.

R4. Each agency should provide 10 years of audited financial statements and summary pension data for the same time period (or links to them) on the financial page of its website.

Will Be Implemented in the Future (Partially Implemented): CMSA annually prepares and publishes a Comprehensive Annual Financial Report (CAFR) that includes the Agency’s audited financial statements. The current and prior nine CAFR documents are available for viewing and downloading from the Financial Page on CMSA’s website. By the end of 2017, CMSA will add a link on the website’s Financial Page to a table or graph that shows 10-years of summary pension information.