



# NOVATO FIRE DISTRICT

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July 13, 2017

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

Re: Marin Civil Grand Jury Report responses:  
*The Budget Squeeze How Will Marin Fund Its Public Employee Pensions?*

Dear Judge Simmons:

Attached is the official response of the Novato Fire Protection District to the recommendations of the Grand Jury's report titled, "*The Budget Squeeze How Will Marin Fund Its Public Employee Pensions?*" The Novato Fire Protection District (District) is required to respond to Recommendations #3, #4 and #8. Our required response to the report's recommendations were approved by the Novato Fire Protection District Board of Directors at their meeting on July 12, 2017.

The Fire District appreciates the attention that the Grand Jury has given to the important public finance issues and concerns facing Marin's citizens. We fully support processes that will reduce retirement benefits liabilities. The Novato Fire Protection District seeks to remain a financially stable and fiscally responsible public service agency. Please note that this response is signed by the Board's Vice President. Board President Steve Metcho is a retiree receiving a pension from the Marin County Public Employees Retirement Association. As such, he recused himself from any Board discussion and action on this report.

**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.**

The recommendation will not be implemented because it is not warranted. The District successfully utilizes a single fiscal year based budget that is based upon an annual strategic plan. Utilizing a multi-year budget would not be appropriate due to the inability to accurately project revenue projections from property tax or emergency medical services

billing clients for more than one year in advance as well as the difficulty in projecting future expenses due to the unpredictability of emergency incidents that the Fire District may be required to mitigate in a multi-year term.

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

This recommendation has not been implemented but will be implemented in the future. We have posted our annual audited financial statements on our website for the preceding 11 years. The District has posted pension data since 2014 on its website and will continue to post this data annually.

- R8 Public agencies and public employee unions should begin to explore how introduction of defined contribution programs can reduce unfunded liabilities for public pensions.**

This recommendation has not yet been implemented but will be implemented in the future. The District is aware of the potential reduction in unfunded liabilities that can be achieved through the replacement of defined benefit plans with defined contribution plans. This item is subject to collective bargaining requirements. The District has recently completed three year memorandum of understanding documents (MOU) with each of our three represented labor organizations. This recommendation will be implemented during the next MOU negotiations, which are anticipated to occur in 2019.

Respectfully submitted,



William Davis  
Vice President  
Novato Fire Protection District Board of Directors

Cc: Fire Chief Mark Heine  
Marin County Civil Grand Jury Foreperson Jay Hamilton-Roth