

RESPONSE TO GRAND JURY REPORT

Report Title: *The Budget Squeeze – How Will Marin Fund Its Public Employee Pensions?*
Report Date: May 25, 2017
Public Release Date: June 5, 2017
Response By: Ross Valley Sanitary District Board of Directors
By: Doug Kelly, Board President

The Marin County Grand Jury requested a response to their recommendations numbered R3, R4 and R8 from Ross Valley Sanitary District.

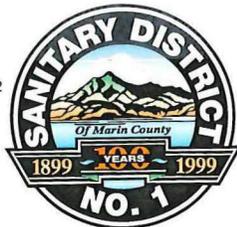
RECOMMENDATIONS:

- Recommendations numbered R3 and R4 have been implemented.
(Attach a summary describing implemented actions.)
- Recommendations numbered N/A have not yet been implemented, but will be implemented in the future.
(Attach a timeframe for the implementation.)
- Recommendation number R8 requires 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: Aug 23, 17

Signed: Doug Kelly

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RECOMMENDATIONS

Ross Valley Sanitary District (R3, R4, R8)

- 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.**

Done. The District produces and publishes an annual budget document including a five-year financial forecast. Also included in the annual budget document is a graphic showing retirement costs as a percentage of total personnel costs (14% of \$5,211,800). As noted in the Grand Jury Report, the District's retirement costs represents approximately 3% of total annual revenue.

- 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).**

Done. At the time of this Grand Jury Report, the District website (<http://rvsd.org/about-us/financial-information>) had posted the last seven years of CAFRS/Audits and the most recent actuarial reports (2013 CalPERS Valuation Report and 2016 OPEB Valuation Report). Other financial disclosure documents posted on the District website include the following: the last seven years of Board-approved budgets, a Five-Year Financial Forecast, Infrastructure Asset Management Plan, and the Financial Reserves Policy. In response to this recommendation, the District has also posted the older audited financial statements.

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

Requires Further Analysis. The District acknowledges that there are areas to explore for alternative retirement benefits packages to minimize the risk of future obligations. As noted in the Grand Jury Report, any changes to agencies that are participants in CalPERS would require approval of the CalPERS board, and negotiations with the relevant collective bargaining unit would also be required.