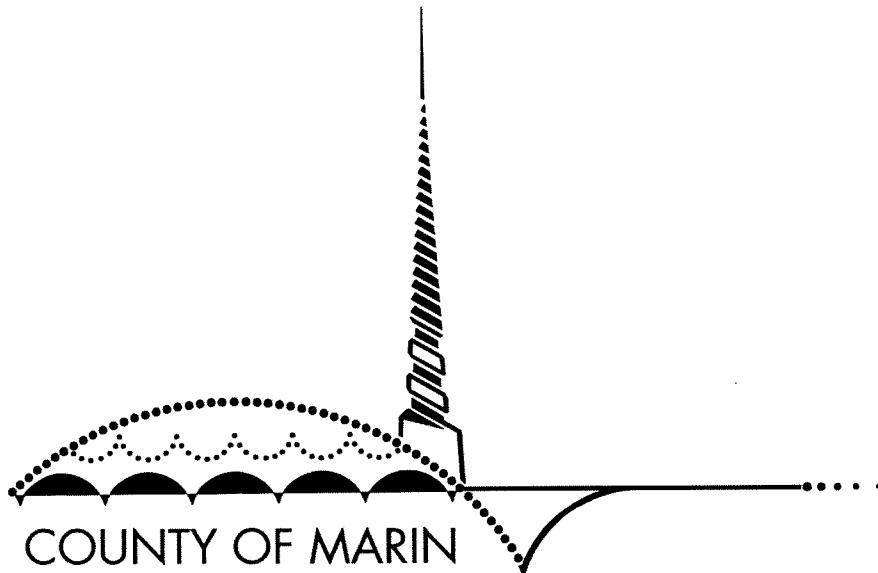


2014/2015 MARIN COUNTY CIVIL GRAND JURY

**Pension Enhancements: A Case of Government Code
Violations and A Lack of Transparency**

Report Date: April 9, 2015
Public Release Date: April 16, 2015



Pension Enhancements: A Case of Government Code Violations and A Lack of Transparency

SUMMARY

Unfunded pension liabilities are a concern for county and city governments throughout California. Reviewing this problem in Marin County, the Grand Jury examined four public employers that participate in the Marin County Employees' Retirement Association (MCERA): County of Marin, City of San Rafael, Novato Fire Protection District, and the Southern Marin Fire Protection District, hereafter collectively referred to as "Employer(s)".

The Grand Jury interviewed representatives of the County of Marin, sponsors of MCERA administered retirement plans, representatives of MCERA, and members of the various Employer governing boards and staff. It also consulted with actuaries, various citizen groups, and the Grand Jury's independent court-appointed lawyers.

In so doing, the Grand Jury found that those Employers granted no less than thirty-eight pension enhancements from 2001- 2006, each of which appears to have violated disclosure requirements and fiscal responsibility requirements of the California Government Code.

The Government Code contains specific requirements that must be met before local governments can increase the pension benefits for public employees. At the time of consideration of the enhancements at issue, the Employers were required to: (a) provide notice to the public of any potential pension increases on the Employer's board meeting agenda for public discussion; (b) obtain an actuarial evaluation of the future costs of the enhancement; (c) present that actuarial analysis at a public meeting two weeks before approving the increase; (d) explain the impact of the proposed increases on the pension's financial health and funding.

The Grand Jury found that the public Employers appear to have violated these requirements in a variety of ways—providing little, if any, notice to the citizens of Marin County that they would be responsible in the future for hundreds of millions of dollars of pension costs. In each case, the public Employers appear not to have provided proper public notice about the proposed pension enhancements. Not only were no public meetings noticed two weeks prior to approval, those meetings were never held. Most of the pension increases were approved through a consent agenda item at each Employer's board or council meeting. (Consent agendas are typically used for approving items that may not merit any discussion at the meeting and the consent items are approved together as a package through a single vote.) So, even if members of the public were in attendance at the board or council meeting, they might not realize that a pension increase was being approved or not realize the financial impact thereof.

The public Employers commissioned a single generalized actuarial study and then used that same study for a variety of different pension enhancements for multiple, diverse bargaining groups. The Employers continued to use the same study to justify pension increases even when that study was up to four years old. This financial information was not provided to the public. Additionally, although the Employers were required to disclose to the public the financial implications of each study two weeks prior to the public meeting at which the increases were approved, they appear not to have done so. The Grand Jury learned that, through a citizens Public Records Act request, this study was released in 2013. It is not known by the Grand Jury if a public request was made prior to this date.

All of these actions appear to have violated the legal obligations of the public Employers under the Government Code and the rights of the citizens of Marin County.

One result of these pension enhancements is that they contributed to the increase of the unfunded pension liability of MCERA; this unfunded liability increased from a surplus of \$26.5 million in 2000 to a deficit of \$536.8 million in 2013. This increase may expose the citizens of Marin County to additional tax burdens to cover the unfunded costs and may place the future financial viability of the pension plans at significant risk. Additionally, such an impact may impair the governments' ability to provide the broad range of essential services that citizens are expecting; instead those funds may be used to pay for employee pensions.

The Grand Jury recommends that the Employers adopt policies and procedures to ensure further compliance with legal requirements, with legal counsel responsible for ensuring compliance with the Government Code, and to establish a Citizens Pension Oversight Committee

This report is limited to those employers who participate in MCERA. It is beyond the resources of this Grand Jury to investigate all other Marin public employers (cities, towns, special districts) who participate in the California Public Employees' Retirement System (CalPERS). Given the pattern and practice by the Employers who sponsor MCERA, the Grand Jury expects that such an investigation might result in the same findings and recommendations as found in this report.

BACKGROUND

The Grand Jury received a citizen complaint that certain public Employers in Marin County had not properly disclosed pension enhancements to the public in the "early/mid 2000s" and that those enhancements had violated the California Government Code. In prior reports in 2005 and 2011, the Marin County Grand Jury had found that the unfunded liability for public pensions was continuing to grow. With this information the Grand Jury reviewed the Attorney General's opinions and case law that support propriety of a Grand Jury concluding violation of law. The Grand Jury therefore decided to investigate the complaint about statutory violations and the impact of those potential violations on the county and its citizens.

INVESTIGATIVE PROCESS

A. Interviews and Documents

The Grand Jury interviewed representatives of the County of Marin, various public Employers who sponsor MCERA, representatives of MCERA, and members of the various Employer governing boards and staff. It also consulted with actuaries, various citizen groups, and the Grand Jury's independent court-appointed lawyers.

Among other documents, the Grand Jury reviewed: (a) all available agendas, minutes, and staff letters and reports to the Board of Supervisors that dealt with collective bargaining agreements during 2001- 2006; (b) all available agendas and minutes for each of the MCERA plan sponsors' (Employers') from 2001- 2006; (c) Retirement Benefit Studies prepared by MCERA's actuary at the time, William M. Mercer ¹; (d) MCERA's Annual Actuarial Reports each year from 2000 through 2013 and the bi-annual Active & Retired Experience Analysis for the same period; (e) various published reports, studies and papers related to the topic of public employee pensions. The bibliography contains a more complete listing of all reports, studies and papers reviewed.

The Grand Jury also carefully reviewed the relevant provisions of the California Government Code that were in effect during 2001- 2006.

B. Relevant Provisions of the California Government Code

The Grand Jury carefully reviewed Sections 7507, 23026, 31515.5, and 31516 of the California Government Code, which address noticing and actuarial requirements for approving salary and enhanced benefit increases.² Because the Government Code has changed over time, the Grand Jury was careful to review provisions of the Government Code that were in place at the time the pension enhancements were approved.

These statutes impose specific obligations on Employers when they consider pension increases. The purpose of these statutes is to ensure timely public disclosure, allow for a public discussion at board meetings, and to require a reasoned decision-making process based on actuarial input.

1. Section 7507

Cal. Gov't Code § 7507 (2001) requires city and county entities to "...secure the services of an enrolled actuary to provide a statement of the actuarial impact upon future annual

¹ These studies (see Appendix A) estimated the future annual actuarial cost of the pension enhancements. A separate study was conducted for the County of Marin (including special districts under the control of the County), City of San Rafael, Southern Marin Fire Protection District and the Novato Fire Protection District.

² Government Code Section 7507 is found in Title 1 of the Government Code under the Public Pension and Retirement Plans division. Government Code Section 23026 is found in Division 1 of Title 3 of the Government Code, which pertains to county governance. Sections 31515.5 and 31516 are found under the County Employees Retirement Law of 1937 ("CERL").

costs before authorizing increases in public retirement plan benefits. The future annual costs as determined by the actuary shall be made public at a public meeting at least two weeks prior to the adoption of any increases in public retirement plan benefits.” (Note that Section 7507 was amended in 2009 to require that an actuary be present at the public meeting and that the adoption of any benefit be on a regular calendar, as opposed to a consent calendar.)

2. *Section 23026*

Cal. Gov’t Code § 23026 (2001) contains four separate requirements that a board of supervisors of any local pension system must fulfill before enhancing pension benefits. It states that the board of supervisors

- “shall make public, at a regularly scheduled meeting of the board, all salary and benefit increases that affect either or both represented employees and non-represented employees;”
- “shall” include “[n]otice of any salary or benefit increase . . . on the agenda for the meeting as an item of business;”
- “shall” provide that notice “prior to the adoption of the salary or benefit increase;” and
- “shall include an explanation of the financial impact that the proposed benefit change or salary increase will have on the funding status of the county employees’ retirement system.”

The Grand Jury notes that these notice provisions provide citizens the opportunity to know what is being offered to the public employees and to understand exactly how much those new benefits will cost them.

3. *Section 31515.5*

Consistent with Section 23026, Cal. Gov’t Code § 31515.5 (2001) requires the board of supervisors to notice, at a regularly scheduled meeting, all salary and benefit increases. It authorizes the preparation of an actuarial estimate on the impact of the salary and benefit requirements. Specifically, the mandatory language provides that the board of supervisors:

- “shall make public, at a regularly scheduled meeting of the board, all salary and benefit increases that affect either or both represented employees and nonrepresented employees;”
- “shall” include “[n]otice of any salary or benefit increase . . . on the agenda for the meeting as an item of business;”

- “shall” provide “[n]otice . . . prior to the adoption of the salary or benefit increase;” and
- “shall include an explanation of the financial impact that proposed benefit change or salary increase will have on the funding status of the county employees’ retirement system.”

4. *Section 31516*

Like Section 7507, Cal. Gov’t Code § 31516 (2001) requires that the board of supervisors “shall” hire an “actuary to provide a statement of the actuarial impact upon future annual costs before authorizing benefits.” It also provides that the actuary’s report “shall be made public at a public meeting at least two weeks prior to the adoption of any increases in benefits.”

DISCUSSION

A. The Statutory Violations Uncovered by the Grand Jury Investigation

Government Code provisions require a public airing of proposed pension increases for public employees and the actual costs of those increases. Government Code provisions provide an internal brake for public Employers by forcing them to consider the real cost of the increases. The Grand Jury found that the Employer sponsors of MCERA did not comply with these sections of the Government Code and appear to have added millions of dollars to their unfunded pension liabilities.

The evidence reviewed by the Grand Jury shows that none of the Employers appear to have complied with the Government Code in any of the thirty-eight pension enhancements analyzed during 2001-06:

- Employers appear not to have given proper notice that there would be a public meeting regarding the pension enhancements.
- Employers appear not to have disclosed their actuarial studies to the public before the meeting when the pension enhancements were approved. They appear to have violated the law requiring disclosure two weeks prior to a public meeting. Most of the actuarial studies were not made public until a records request in August 2013—*more than a decade after most of the increases!*
- Only five actuarial studies were performed to support the thirty-eight pension enhancements (see Appendix A). The first study in 1999 was used to justify a pension enhancement in 2001. The four other studies were performed in 2001, one for each of the four Employers in MCERA. Of the 2001 studies, one was used to justify *twenty-two* different pension enhancements for diverse

bargaining groups through June 2005. The second 2001 study was used for nine enhancements for many different employee groups. The third 2001 study was used to justify two enhancements in 2001. The final 2001 study was used to justify pension enhancements in November 2005 and September 2006, even though the analysis appears to have been out-of-date.

- The repeated use of a single actuarial report to justify sweeping changes across many different negotiating groups over a multi-year period is a statutory violation of the Government Code.³ The studies only contained a breakdown between “safety” and “miscellaneous” employees, and did not break the costs down by the individual bargaining units that would be receiving the changes. Appendix A contains a breakdown of all 38 pension enhancements, including the date of the actuarial study used to justify those increases.

These previously mentioned violations are summarized in the following table. Every pension enhancement reviewed by the Grand Jury appears to have violated a section of the California Government Code, as displayed in Table I.

Table I: Previously Mentioned Violations of The California Government Code				
	<i>Section 7507</i>	<i>Section 23026</i>	<i>Section 31515.5</i>	<i>Section 31516</i>
Marin County Board of Supervisors	23	23	23	23
City Council of San Rafael	9			
Novato Fire Protection District Board	2			
Southern Marin Fire Protection District Board	4			
Grand total of procedural violations:				107

The citizens of Marin County essentially had little or no notice of the pension enhancements, little or no ability to give input into the enhancements, little or no information about the financial impact of the pension enhancements, and little or no opportunity by which they could discuss, provide input or consider the impact on the health of the MCERA pension fund.

³ The attached appendices at the end of the report contain the supporting data gathered by the Grand Jury.

Despite public statements that the enhancements were necessary to attract new employees, all of these enhancements were done on a retroactive basis. The employees' enhanced pension benefits were essentially recalculated back to the employee's first date of hire, no matter how long ago that was.

In sum, the Grand Jury found that the Employers did not comply with the Government Code.

B. Potential Impact of the Violations on the Validity of the Pension Enhancements

The Grand Jury believes that the statutory violations outlined in this report may require the Employers to reconsider whether or not benefits under those enhancements have vested. There is a question as to whether any of the procedural irregularities described in the report affect the vesting of retirement benefits. This is a legal question, beyond the scope of the Grand Jury's review

The Grand Jury is aware of assertions that many pension enhancements cannot be challenged because of the so-called California Rule, which essentially provides that the state retirement statutes create contracts, and that they do so on the first day of employment.⁴

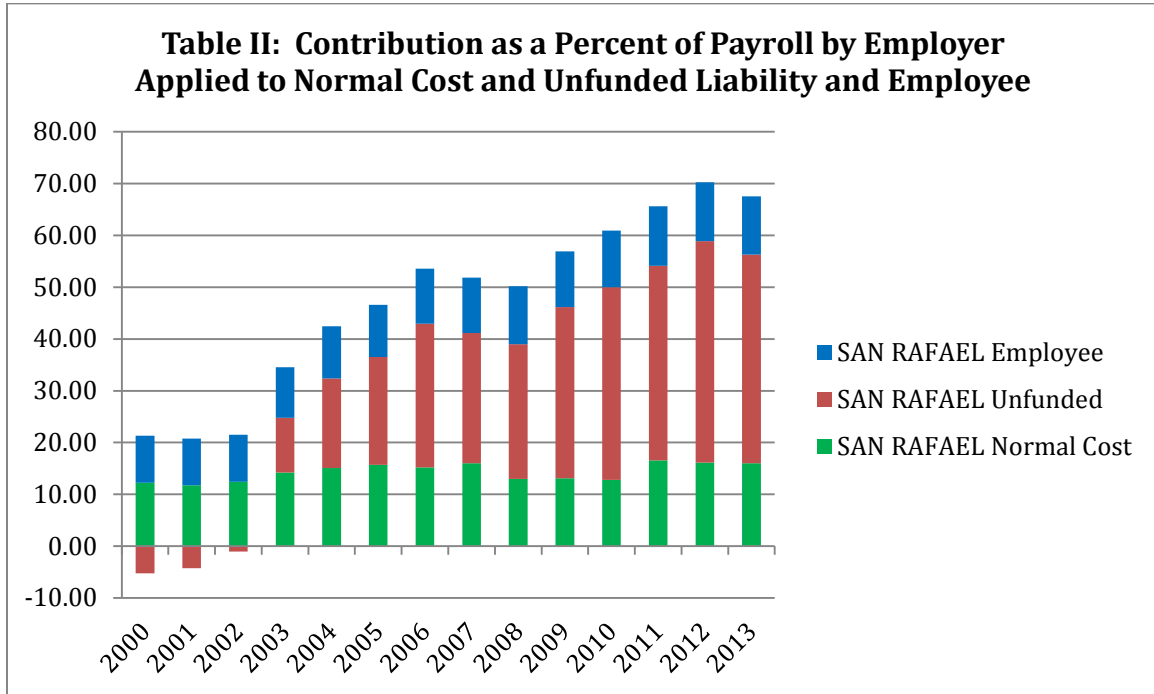
The violations discussed above may have prevented the formation of a valid contract, which means that the future benefits under the collective bargaining agreement may or may not have vested under the California Rule. It appears to the Grand Jury that valid contracts may or may not have been created to provide for vested retirement benefits under the California Rule. In addition to the question of vesting of retirement benefits, there is also a question as to whether valid contracts were created. Again, these are legal questions, beyond the scope of the Grand Jury's review.

Action on this issue should not be delayed, as the effects of any improperly enhanced pensions grow each year. Annual Employer contributions grew over 379% from \$18.40 million to \$69.85 million between 2000 and 2013 (see Appendix B). The corresponding employee contributions increased 258%, from \$6.85 million to \$17.66 million. Marin County also made a supplemental payment of \$32.20 million in 2013 to reduce the unfunded liability, in addition to the \$109.80 million supplemental payment in 2003 when the County issued a Pension Obligation Bond. The pension costs are increasing the payroll.

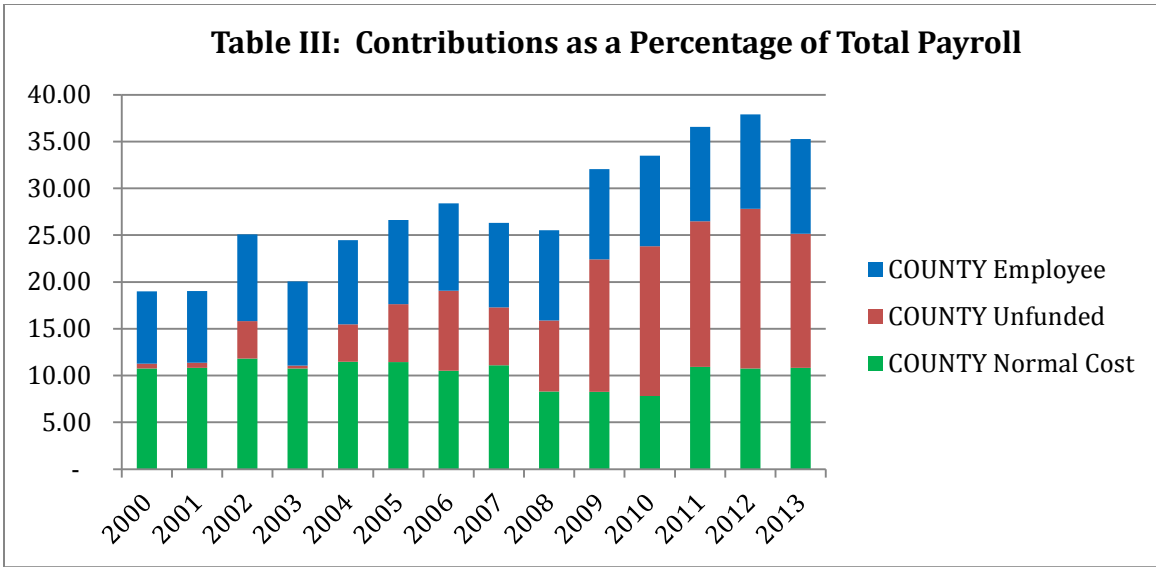
For example, the pensions enacted by the City Council of San Rafael constitute an additional 70% to the payroll costs. So, for every dollar paid in payroll, an additional 70

⁴ Professor Amy B. Monahan discusses the California Rule in depth in *Statutes as Contracts? The "California Rule" and Its Impact on the public Pension Reform*, 97 Iowa Law Review 1029 (2012).

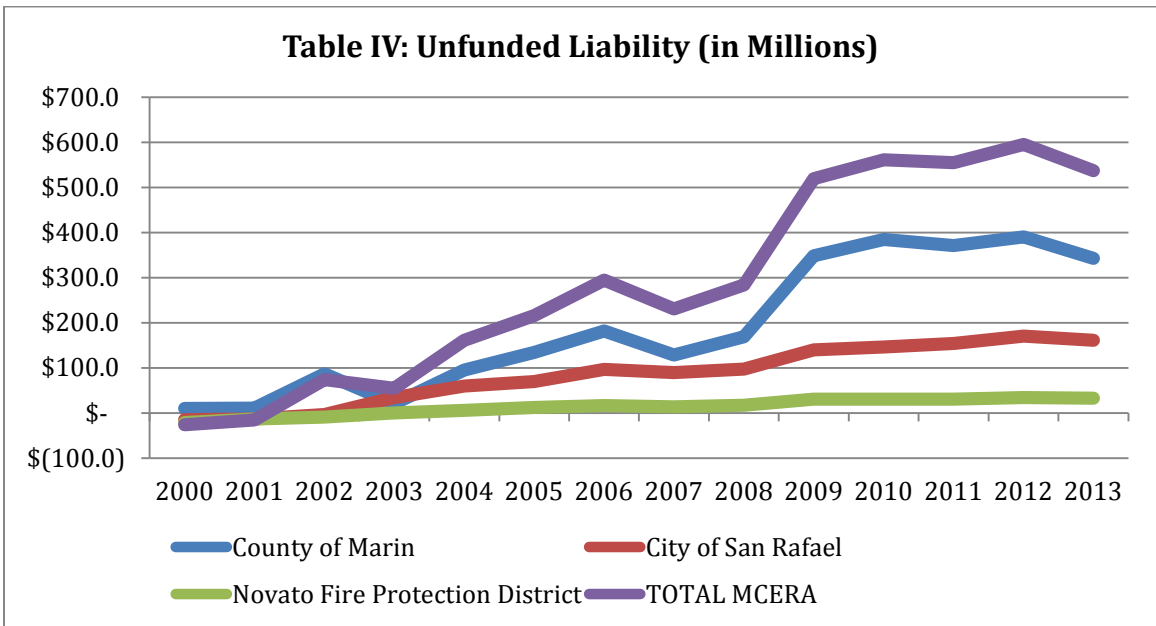
cents is needed to pay for pensions—most of which is to pay the unfunded liability, as can be seen in Table II:



The pensions for the employees of the County of Marin constitute fully an additional 35% of the payroll cost. Again, most of these costs are to pay the unfunded liability as shown in Table III (also see Appendix C):



Even though public employees and public Employers are paying more, the unfunded liability continues to grow. The MCERA’s unfunded liability grew from the 2000 surplus of \$26.5 million to a deficit of \$536.8 million as of 2013⁵. The unfunded liability is the sole responsibility of the Employers and, therefore, the taxpayers of Marin County. The following chart (Table IV) demonstrates the extent of the problem (also see Appendix D):



⁵ NOTE: Between the approval of this report by the Marin Grand Jury Plenary on Feb 12, 2015 and the date of its publication, the MCERA Board accepted the Actuarial Valuation Report as of June 30, 2014. This report has no effect on the premise of this Pension report, which focuses predominately on the procedural violations of the Gov. Code.

FINDINGS

The Marin County Civil Grand Jury finds that in connection with thirty-eight pension enhancements from 2001- 2006, the Employers appear to have repeatedly violated Cal. Gov't Code § 7507, 23026, 31515.5, and 31516. Specifically:

- F1. The Employers appear to have repeatedly violated Cal. Gov't Code § 7507 by using the same actuarial evaluation report for many different pension increases and by failing to publicly disclose those increased costs before adopting them. The evaluations did not review the proposed increases for each individual bargaining unit; the Employers continued using the evaluation after years had passed. These factors appear to have contributed to the current unfunded liabilities of MCERA.
- F2. The County appears to have violated Cal. Gov't Code § 23026 by (a) failing to make the pension increases public through a “regularly scheduled meeting” of the Board, including through the use of consent agendas; (b) failing to provide public notice of that increase on a board agenda; (c) failing to provide a public notice of the “financial impact” that the increase would have on MCERA. These violations excluded the public from examining the fiscal impact of the pension increases and from participating in the board’s decision process.
- F3. The County appears to have violated Cal. Gov't Code § 31515.5 by (a) failing to make the pension increases public through a “regularly scheduled meeting” of the board, including through the use of consent agendas, (b) failing to provide prior public notice of that increase on board agendas, and (c) failing to provide a public notice of the “financial impact” that the increase would have on MCERA. The public appears to have been excluded from examining the fiscal impact of the pension increases and from participating in the approval process. It also appears that the public was unaware of potential future financial obligations.
- F4. The County appears to have violated Cal. Gov't Code § 31516 by (a) failing to secure an actuarial statement that explains the financial impact of the specific pension increase on MCERA and by (b) failing to make that actuarial report public at least two weeks prior to the adoption of the increase of benefits. This appears to have excluded the public from examining the fiscal impact of the pension increases, from participating in the board’s decision-making process, and from understanding their potential future financial obligations.
- F5. If the pension increases were not made in accordance with the California Government Code, the citizens of Marin County were never given proper notice about pension increases that are now costing them millions of dollars. These increases and associated liabilities are a contributing factor to why MCERA has a collective unfunded pension liability of approximately \$536.8 million.

- F6. Because there appear to have been statutory violations, the future pension benefits provided for by the enhancements may or may not have vested as rights of the public employees under California law.

RECOMMENDATIONS

- R1. The Employers develop, adopt and implement a policy and procedures (including staff training) to prevent future violations of the California Government Code when increases in pension benefits are proposed. The Employers should consider making their legal counsel responsible for ensuring compliance with the Government Code.
- R2. The Employers develop, adopt and implement a policy for “reporting out” to the public regarding the employment and pension costs in terms of the amount and the Employer’s ability to pay on a current cash flow basis.
- R3. Each Employer establish a Citizens’ Pension Oversight Committee comprised of resident tax payers who would: 1.) review pension funding levels in light of the Employer’s ability to pay; 2.) review proposed pension changes before final Employer approval of any collective bargaining agreement; 3.) review the Employer’s compliance with Government Codes related to pensions; 4.) develop written quarterly reports for the public as to the financial security of the pension fund.

REQUIRED RESPONSES

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses from the following:

- Marin County Board of Supervisors: All Findings and Recommendations.
- City Council of San Rafael: All Findings and Recommendations.
- Novato Fire Protection District Board: All Findings and Recommendations.
- Southern Marin Fire Protection District Board: All Findings and Recommendations.

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted in accordance with Penal Code Section 933 (c) and subject to the notice, agenda and open meeting requirements of the Brown Act.

The California Penal Code Section 933(c) states that “...the governing body of the public agency shall comment to the presiding judge on the findings and recommendations pertaining to matters under the control of the governing body.” Further, the Ralph M.

Brown Act requires that any action of a public entity governing board occur only at a noticed and agendized public meeting.

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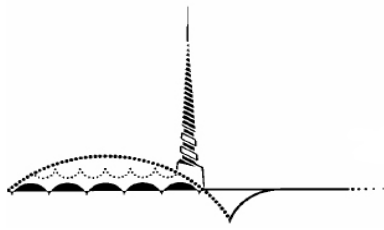
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Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation

NOTE: Civil Grand Jury reports do not identify individuals interviewed pursuant to Penal Code Section 929.



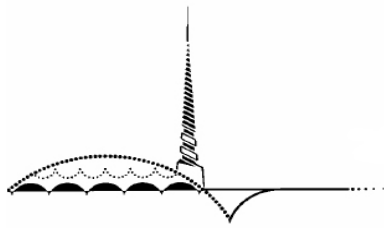
Marin County Civil Grand Jury

APPENDIX A – Part 1

Approval Summary by Employer by Board Date and Bargaining Group

Employer	Board Meeting Date	Agenda Item	Bargaining Unit	Actuarial Study Date	Public Meeting 2 weeks Prior	New Tier					
						Formula	Max. COLA	FAC* Period	Benefits Retroactive	Govt. Code	Effective Date
MC	1/9/2001	13	PMA - Teamsters Local 856	2/23/1999	NO	3% @ 55	2%	3 Years	YES	31664.2	7/1/2001
MC	5/14/2002	CA-6	MCFFA - Safety	6/5/2001	NO	3% @ 55	2%	3 Years	YES	31664.2	7/7/2002
MC	6/4/2002	CA-5a	MCFFA - Miscellaneous	6/5/2001	NO	2% @ 55	2%	3 Years	YES	31676.16	7/7/2002
MC	6/4/2002	CA-5b	MCFOB	6/5/2001	NO	3% @ 55	2%	3 Years	YES	31664.2	7/7/2002
MC	6/18/2002	CA-5b	Non-Rep Miscellaneous	6/5/2001	NO	2% @ 55	2%	3 Years	YES	31676.16	7/7/2002
MC	6/18/2002	CA-5b	Non-Rep Safety	6/5/2001	NO	3% @ 55	2%	3 Years	YES	31664.2	7/7/2002
MC	6/18/2002	CA-5c	Teamsters 856 - Misc.	6/5/2001	NO	2% @ 55	2%	3 Years	YES	31676.16	7/7/2002
MC	6/18/2002	CA-5c	Teamsters 856 - Safety	6/5/2001	NO	3% @ 55	2%	3 Years	YES	31664.2	7/7/2002
MC	6/18/2002	CA-5d	MCMEA	6/5/2001	NO	2% @ 55	2%	3 Years	YES	31676.16	7/7/2002
MC	6/18/2002	CA-5e	IATSE, Local 16	6/5/2001	NO	2% @ 55	2%	3 Years	YES	31676.16	7/7/2002
MC	6/18/2002	CA-5f	PMA - Misc.	6/5/2001	NO	2% @ 55	2%	3 Years	YES	31676.16	7/7/2002
MC	6/18/2002	CA-5f	PMA - Safety	6/5/2001	NO	3% @ 55	2%	3 Years	YES	31664.2	7/7/2002
MC	6/25/2002	19	Non-Rep Miscellaneous	6/5/2001	NO	2% @ 55	2%	3 Years	YES	31676.16	7/7/2002
MC	6/25/2002	19	Non-Rep Safety	6/5/2001	NO	3% @ 55	2%	3 Years	YES	31664.2	7/7/2002
MC	7/9/2002	CA-7d	MAPE	6/5/2001	NO	2% @ 55	2%	3 Years	YES	31676.16	7/7/2002
MC	7/9/2002	CA-7e	SEIU Local 535	6/5/2001	NO	2% @ 55	2%	3 Years	YES	31676.16	7/7/2002
MC	7/9/2002	CA-7f	MCDSA	6/5/2001	NO	3% @ 55	2%	3 Years	YES	31664.2	7/7/2002
MC	7/9/2002	CA-7f	MCDSA	6/5/2001	NO	3% @ 50	2%	3 Years	YES	31664.1	1/2/2005
MC	7/16/2002	CA-4	MCSSO	6/5/2001	NO	3% @ 55	2%	3 Years	YES	31664.2	7/7/2002
MC	7/16/2002	CA-4	MCSSO	6/5/2001	NO	3% @ 50	2%	3 Years	YES	31664.1	1/2/2005
MC	7/27/2004	16a	MCDFDA	6/5/2001	NO	3% @ 50	2%	3 Years	YES	31664.1	1/2/2005
MC	7/27/2004	16b	MCFOCA	6/5/2001	NO	3% @ 50	2%	3 Years	YES	31664.1	1/2/2005
MC	6/28/2005	23	MCFFA - Safety	6/5/2001	NO	3% @ 50	2%	3 Years	YES	31664.1	1/2/2005
CSR	10/21/2002	CA-8	MME	4/30/2001	NO	2.7% @ 55	2%	1 Year	YES	31676.19	7/1/2004
CSR	10/21/2002	CA-8	SRPMMA	4/30/2001	NO	3% @ 55	2%	1 Year	YES	31664.2	7/1/2004
CSR	10/21/2002	CA-9	SRFCOA	4/30/2001	NO	3% @ 55	2%	1 Year	YES	31664.2	7/1/2004
CSR	11/18/2002	CA-7	SRPA - Misc.	4/30/2001	NO	2.7% @ 55	2%	1 Year	YES	31676.19	7/1/2004
CSR	11/18/2002	CA-7	SRPA - Safety	4/30/2001	NO	3% @ 55	2%	1 Year	YES	31664.2	7/1/2004
CSR	12/2/2002	CA-6	SEIU Local 949	4/30/2001	NO	2.7% @ 55	2%	1 Year	YES	31676.19	7/1/2004
CSR	12/2/2002	CA-6	MAPE	4/30/2001	NO	2.7% @ 55	2%	1 Year	YES	31676.19	7/1/2004
CSR	9/5/2006	CA-7	SRFA - Misc.	4/30/2001	NO	2.7% @ 55	2%	1 Year	YES	31676.19	7/1/2007
CSR	9/5/2006	CA-7	SRFA - Safety	4/30/2001	NO	3% @ 55	2%	1 Year	YES	31664.2	7/1/2007
NFD	6/6/2001	K-2	Non-Rep Miscellaneous	1/19/2001	NO	2% @ 55	4%	1 Year	YES	31676.16	1/1/2002
NFD	6/6/2001	K-3	Non-Rep Safety	1/19/2001	NO	3% @ 50	4%	1 Year	YES	31664.1	1/1/2002
SMF	5/23/2001	3	SMFFA - Misc.	3/16/2001	NO	2% @ 55	4%	1 Year	YES	31676.16	7/1/2001
SMF	5/23/2001	3	SMFFA - Safety	3/16/2001	NO	3% @ 50	4%	1 Year	YES	31664.1	7/1/2001
SMF	11/22/2005	1	SMFC&C	3/16/2001	NO	3% @ 55	2%	1 Year	YES	31664.2	7/1/2005
SMF	9/27/2006	1	Non-Rep Miscellaneous	3/16/2001	NO	2.7% @ 55	2%	1 Year	YES	31676.19	1/1/2007

* Final Annual Compensation



Marin County Civil Grand Jury

APPENDIX A – Part 2

Approval Summary by Employer by Board Date and Bargaining Group

Employer ¹	Board Meeting Date	Agenda Item ²	Bargaining Unit	Old Tier				Bargaining Unit - County
				Formula	Max. COLA ³	FAC Period ⁴	Govt. Code	
MC	1/9/2001	13	PMA - Teamsters Local 856	2% @ 61 1/4	2%	3 Years	31676.1	Probation Managers Association - Teamsters Local 856
MC	5/14/2002	CA-6	MCFFA - Safety	2% @ 50	4%	1 Years	31664	Marin County Firefighters Association - Safety
MC	6/4/2002	CA-5a	MCFFA - Miscellaneous	2% @ 61 1/4	2%	3 Years	31676.1	Marin County Firefighters Association - Miscellaneous
MC	6/4/2002	CA-5b	MCFOB	2% @ 50	4%	1 Years	31664	Marin County Fire Operations Battalion Chiefs
MC	6/18/2002	CA-5b	Non-Rep Miscellaneous	2% @ 61 1/4	2%	3 Years	31676.1	Marin County Non-Representative Employees - Miscellaneous
MC	6/18/2002	CA-5b	Non-Rep Safety	2% @ 50	4%	1 Years	31664	Marin County Non-Representative Employees - Safety
MC	6/18/2002	CA-5c	Teamsters 856 - Misc.	2% @ 61 1/4	2%	3 Years	31676.1	Teamsters 856 - Miscellaneous
MC	6/18/2002	CA-5c	Teamsters 856 - Safety	2% @ 50	4%	1 Years	31664	Teamsters 856 - Safety
MC	6/18/2002	CA-5d	MCMEA	2% @ 61 1/4	2%	3 Years	31676.1	Marin County Management Employees Association
MC	6/18/2002	CA-5e	IATSE, Local 16	2% @ 61 1/4	2%	3 Years	31676.1	International Association of Theatrical and Stage Employees - Local 16
MC	6/18/2002	CA-5f	PMA - Misc.	2% @ 61 1/4	2%	3 Years	31676.1	Marin County Probation Association - Miscellaneous
MC	6/18/2002	CA-5f	PMA - Safety	2% @ 50	4%	1 Years	31664	Marin County Probation Association - Safety
MC	6/25/2002	19	Non-Rep Miscellaneous	2% @ 61 1/4	2%	3 Years	31676.1	Marin County Non-Representative Employees - Miscellaneous
MC	6/25/2002	19	Non-Rep Safety	2% @ 50	4%	1 Years	31664	Marin County Non-Representative Employees - Safety
MC	7/9/2002	CA-7d	MAPE	2% @ 61 1/4	2%	3 Years	31676.1	Marin Association of Public Employees
MC	7/9/2002	CA-7e	SEIU Local 535	2% @ 61 1/4	2%	3 Years	31676.1	SEIU Local 535 - H&HS Service Workers and Marin County Nurses
MC	7/9/2002	CA-7f	MCDSA	2% @ 50	4%	1 Years	31664	Marin County Deputy Sheriffs Association
MC	7/9/2002	CA-7f	MCDSA	3% @ 55	2%	3 Years	31664.2	Marin County Deputy Sheriffs Association
MC	7/16/2002	CA-4	MCSSO	2% @ 50	4%	1 Years	31664	Marin County Sheriffs' Staff Officers Association
MC	7/16/2002	CA-4	MCSSO	3% @ 55	2%	3 Years	31664.2	Marin County Sheriffs' Staff Officers Association
MC	7/27/2004	16a	MCFDFA	3% @ 55	2%	3 Years	31664.2	Marin County Fire Department Firefighters Association
MC	7/27/2004	16b	MCFOCA	3% @ 55	2%	3 Years	31664.2	Marin County Fire Operations Battalion Chiefs Association
MC	6/28/2005	23	MCFFA - Safety	3% @ 55	2%	3 Years	31664.2	Marin County Fire Chief & Deputy Fire Chief
CSR	10/21/2002	CA-8	MME	2% @ 58 1/2	3%	1 Year	31676.11	Mid-Management Employees
CSR	10/21/2002	CA-8	SRPMMMA	2% @ 50	3%	1 Year	31664	San Rafael Mid-Management Association
CSR	10/21/2002	CA-9	SRFCOA	2% @ 50	3%	1 Year	31664	San Rafael Fire Chief Officers Association
CSR	11/18/2002	CA-7	SRPA - Misc.	2% @ 58 1/2	3%	1 Year	31676.11	San Rafael Police Association - Miscellaneous
CSR	11/18/2002	CA-7	SRPA - Safety	2% @ 50	3%	1 Year	31664	San Rafael Police Association - Safety
CSR	12/2/2002	CA-6	SEIU Local 949	2% @ 58 1/2	3%	1 Year	31676.11	SEIU Local 949
CSR	12/2/2002	CA-6	MAPE	2% @ 58 1/2	3%	1 Year	31676.11	Marin Association of Public Employees
CSR	9/5/2006	CA-7	SRFA - Misc.	2% @ 58 1/2	3%	1 Year	31676.11	San Rafael Fire Fighters Association - Misc.
CSR	9/5/2006	CA-7	SRFA - Safety	2% @ 50	3%	1 Year	31664	San Rafael Fire Fighters Association - Safety
NFD	6/6/2001	K-2	Non-Rep Miscellaneous	2% @ 58 1/2	4%	1 Year	31676.11	Novato Fire - All Miscellaneous
NFD	6/6/2001	K-3	Non-Rep Safety	2% @ 50	4%	1 Year	31664	Novato Fire - Safety
SMF	5/23/2001	3	SMFFA - Misc.	2% @ 58 1/2	4%	1 Year	31676.11	Southern Marin Fire Fighters Association - Misc.
SMF	5/23/2001	3	SMFFA - Safety	2% @ 50	4%	1 Year	31664	Southern Marin Fire Fighters Association - Safety
SMF	11/22/2005	1	SMFC&C	2% @ 50	4%	1 Year	31664	Southern Marin Fire Chiefs & Captains
SMF	9/27/2006	1	Non-Rep Miscellaneous	2% @ 58 1/2	4%	1 Year	31676.11	Southern Marin Unrepresented Miscellaneous

¹ Employer:

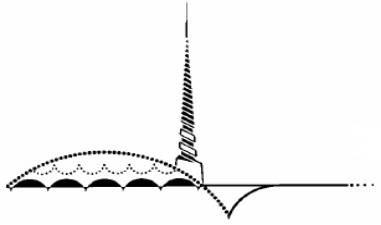
- MC - Marin County
- CSF - City of San Rafael
- NFD - Novato Fire Protection District
- SMF - So. Marin Fire Protection District

² Agenda Item

- CA - Consent Agenda

³ COLA - Cost of Living Adjustment

⁴ FCA - Final Annual Compensation



Marin County Civil Grand Jury

Appendix B Dollar Contributions By Employer and Employee By Fiscal Year

	COUNTY/SPECIAL DISTRICT		SAN RAFAEL		NOVATO		Employer	Employee	Grand Total
	Employer Paid	Employee Paid	Employer Paid	Employee Paid	Employer Paid	Employee Paid			
2000	15,768,000	5,271,228	2,358,000	1,162,419	273,000	415,204	18,399,000	6,848,851	25,247,851
2001	15,576,000	5,706,639	2,187,000	1,166,351	301,000	451,476	18,064,000	7,324,465	25,388,465
2002	18,723,000	6,587,047	2,880,000	1,244,094	383,000	485,648	21,986,000	8,316,789	30,302,789
2003	131,158,143 ¹	8,284,908	3,233,937	1,517,195	568,400	546,810	134,960,480	10,348,913	145,309,393
2004	21,581,008	8,328,127	4,184,515	1,764,708	1,125,442	154,210	26,890,965	10,247,046	37,138,011
2005	22,085,000	8,930,513	7,653,000	2,556,394	2,343,000	504,326	32,081,000	11,991,233	44,072,233
2006	36,870,000	9,556,254	4,231,000	3,024,285	2,526,000	462,290	43,627,000	13,042,829	56,669,829
2007	35,317,874	9,897,919	11,187,614	3,207,738	3,611,546	383,090	50,117,034	13,488,747	63,605,782
2008	39,656,000	11,842,237	14,068,000	3,542,034	4,366,000	496,802	58,090,000	15,881,073	73,971,073
2009	36,638,000	13,114,001	13,702,000	3,769,257	4,215,000	514,557	54,555,000	17,397,815	71,952,815
2010	39,437,000	13,283,850	12,700,000	3,610,423	4,134,000	525,411	56,271,000	17,419,684	73,690,684
2011	46,777,000 ²	12,898,325	14,996,000	3,335,501	4,484,000	566,477	66,257,000	16,800,303	83,057,303
2012	47,541,000 ³	12,425,725	14,244,000	2,960,485	4,405,000	488,414	66,190,000	15,874,624	82,064,624
2013	82,141,000 ⁴	14,040,595	16,544,000 ⁵	3,146,837	4,332,000	476,704	103,017,000	17,664,136	120,681,136

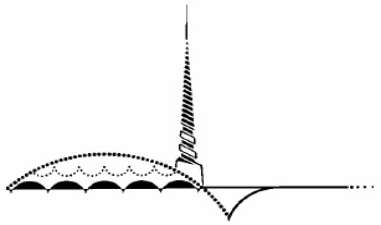
¹ For the FYE 6/30/2003 includes Pension Obligation bond of \$109,826,000 from Conty of Marin

² For the FYE 6/30/2011, the Courts made a contribution of \$1.0 million and the Mosquito District made a contribution if \$0.5 million, both in addition to the Annual Required Contribution.

³ For the FYE 6/30/2012, the Courts made a contribution of \$1.0 million and the Mosquito District made a contribution if \$0.5 million, both in addition to the Annual Required Contribution.

⁴ For the FYE 6/30/2013, the County of Marin made a contribution of \$32.2 million in addition to the Annual Required

⁵ For the FYE 6/30/2013, the City of San Rafael made a contribution of \$1.0 million in addition to the Annual Required



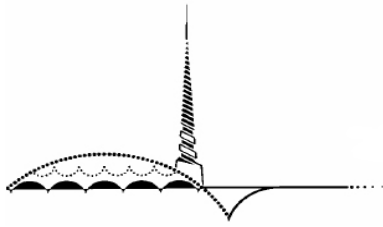
Marin County Civil Grand Jury

Appendix C

Contributions By Employer and Employee By Fiscal Year as a Percent of Payroll

	COUNTY / SPECIAL DISTRICTS			SAN RAFAEL				NOVATO				
	Employer		Employee	Employer			Employee	Employer			Employee	
	Normal Cost	Unfunded Liability	Total	Normal Cost	Normal Cost	Unfunded Liability	Total	Normal Cost	Normal Cost	Unfunded Liability	Total	Normal Cost
2000	10.74	0.52	11.26	7.73	12.24	-5.25	6.99	9.07	15.33	-15.33	0.00	11.31
2001	10.81	0.55	11.36	7.66	11.75	-4.23	7.52	9.04	22.13	-17.47	4.66	11.86
2002	11.80	4.01	15.81	9.28	12.40	-1.05	11.35	9.14	23.22	-12.66	10.56	12.00
2003	10.75	0.31	11.06	9.01	14.19	10.59	24.78	9.78	23.49	-0.03	23.46	11.14
2004	11.48	4.00	15.48	9.00	15.10	17.31	32.41	10.02	25.08	6.74	31.82	11.21
2005	11.45	6.19	17.64	8.99	15.70	20.82	36.52	10.07	25.16	12.86	38.02	11.17
2006	10.50	8.57	19.07	9.33	15.24	27.73	42.97	10.60	24.78	17.79	42.57	12.28
2007	11.09	6.21	17.30	9.03	16.01	25.17	41.18	10.65	24.87	14.35	39.22	12.48
2008	8.30	7.60	15.90	9.63	12.98	26.02	39.00	11.15	22.78	16.28	39.06	12.75
2009	8.25	14.17	22.42	9.64	13.08	33.07	46.15	10.77	19.47	24.10	43.57	13.12
2010	7.82	16.01	23.83	9.66	12.82	37.18	50.00	10.92	19.21	24.45	43.66	13.36
2011	10.94	15.56	26.50	10.09	16.59	37.56	54.15	11.46	23.03	22.97	46.00	13.34
2012	10.76	17.06	27.82	10.09	16.15	42.72	58.87	11.36	22.19	26.59	48.78	13.66
2013	10.82	14.33	25.78*	10.11	16.02	40.26	57.70*	11.27	21.59	27.54	50.37*	13.57

*Includes Phased In Administrative Expense



Marin County Civil Grand Jury

Appendix D

Assets and Liabilities by Employer and Total by Year

Year (*)	TOTAL MCERA				County of Marin				City of San Rafael				Novato Fire Protection District			
	Actuarial Value of Assets (\$ Million's)	Actuarial Value of Liabilities (\$ Million's)	Unfunded Liability (\$ Million's)	Funding Ratio (%)	Actuarial Value of Assets (\$ Million's)	Actuarial Value of Liabilities (\$ Million's)	Unfunded Liability (\$ Million's)	Funding Ratio (%)	Actuarial Value of Assets (\$ Million's)	Actuarial Value of Liabilities (\$ Million's)	Unfunded Liability (\$ Million's)	Funding Ratio (%)	Actuarial Value of Assets (\$ Million's)	Actuarial Value of Liabilities (\$ Million's)	Unfunded Liability (\$ Million's)	Funding Ratio (%)
2000	883.7	857.3	(26.5)	103.1%	634.4	644.3	9.8	98.5%	171.7	156.8	(14.9)	109.5%	77.6	56.2	(21.4)	138.2%
2001	961.2	945.6	(15.6)	101.6%	690.3	701.2	10.9	98.4%	186.1	172.9	(13.1)	107.6%	84.8	71.5	(13.3)	118.7%
2002	989.8	1,063.7	73.8	93.1%	711.8	798.4	86.6	89.2%	190.6	187.1	(3.4)	101.8%	87.5	78.2	(9.3)	111.9%
2003	1,098.9	1,153.7	54.7	95.3%	828.4	849.0	20.5	97.6%	185.6	219.8	34.2	84.4%	84.9	84.8	(0.0)	100.0%
2004	1,116.9	1,277.7	160.8	87.4%	843.2	938.2	95.0	89.9%	189.0	248.7	59.7	76.0%	84.8	90.9	6.0	93.3%
2005	1,140.7	1,356.2	215.5	84.1%	858.2	992.2	134.0	86.5%	195.7	265.2	69.5	73.8%	86.8	98.8	11.9	87.9%
2006	1,210.9	1,505.6	294.6	80.4%	908.8	1,090.3	181.6	83.3%	209.8	306.1	96.3	68.5%	92.4	109.1	16.7	84.7%
2007	1,352.0	1,582.9	231.0	85.4%	1,013.5	1,141.7	128.2	88.8%	235.8	325.2	89.5	72.5%	102.7	116.0	13.3	88.5%
2008	1,485.9	1,769.6	283.7	84.0%	1,111.1	1,280.2	169.1	86.8%	262.7	360.3	97.6	72.9%	112.1	129.1	17.0	86.8%
2009	1,343.3	1,862.4	519.2	72.1%	1,002.2	1,350.5	348.3	74.2%	239.8	379.8	140.0	63.1%	101.2	132.1	30.9	76.6%
2010	1,368.7	1,929.7	561.0	70.9%	1,018.1	1,402.4	384.3	72.6%	248.5	394.9	146.4	62.9%	102.1	132.4	30.3	77.1%
2011	1,430.3	1,985.1	554.8	72.1%	1,065.3	1,436.0	370.8	74.2%	259.0	412.7	153.8	62.7%	106.1	136.3	30.3	77.8%
2012	1,477.8	2,072.8	594.9	71.3%	1,101.4	1,491.9	390.5	73.8%	267.3	437.8	170.5	61.1%	109.1	143.1	33.9	76.3%
2013	1,619.7	2,156.6	536.9	75.1%	1,217.7	1,560.7	342.9	78.0%	286.3	447.6	161.3	64.0%	115.6	148.3	32.6	78.0%

* As of 6/30