

Summary of Responses

2012-13 Marin Grand Jury Report – Marin’s Retirement Healthcare Benefits: The Money Isn’t There

The 2012-2013 Marin Grand Jury (GJ), concerned with the large and mostly unfunded retiree health care benefits promised by Marin county governmental entities, issued a report on May 22, 2013 summarizing its investigation of the funding status of 40 such entities (including the County, cities and towns, and some special districts and school districts). The survey disclosed that the various plans surveyed had a collective liability of \$577 million but only \$55 million had been set aside to cover this liability. The GJ report notes: “Of the 40 entities studied, only 12 have funded more than 5% of their liability...” and “26 of the 40 had made no funding at all.”

The GJ report recommended steps to improve the inadequacies of the present funding including setting aside funds in a separate investment account, lowering the amortization period to accumulate needed funds on a more realistic timely basis, negotiating caps on benefit levels, negotiating a higher retirement age for the benefits to commence, and increasing transparency of liability accounting so that constituents and employees could more readily know the extent of the promise, the growing cost of the benefits and the means or lack of means to provide for the benefits.

Because the report was issued close to the end of the 7/1 – 6/30 GJ term, the Marin Chapter of the California Grand Jurors’ Association subsequently (with the blessing of the then-sitting Grand Jury) followed up on the Report’s six recommendations, emphasizing collecting clarifications from respondents who had failed in their initial responses to adequately or specifically reply. Respondents who had indicated in their original responses to the Grand Jury report either that (a) further analysis was required, or (b) the recommendation would be implemented in the future, were asked to provide further details on both the specific action steps to be taken and a time line for

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their implementation. All such respondents except the Ross Valley Sanitary District replied. Their updated recommendation responses were included with their original responses that did not require follow up. The result is presented in the table below:

#	County, Towns & Cities Schools Special Districts	R1: Begin setting aside in separate investment accounts, funds to Amortize Unfunded Actuarial Accrued Liability.	R2: Begin program to lower amortization period to fund UAAL to approach 17-year period within 10 years.	R3: Negotiate caps on amounts committed to pay existing and new employees for retiree health care benefits.	R4: Negotiate a higher retirement age than currently applicable for start of paying retiree health care benefits.	R5: Require active employees to make a contribution towards the cost of their retiree health care benefits.	R6: Place a link on website to provide latest actuarial valuation of AAL, UAAL, discount factor and projection of “Pay-Go” costs for each of current and subsequent 10 years.
	County-Towns-Cities						
1	County of Marin	Partially implemented	Rejected	Partially Implemented	Rejected	Will Consider 6/30/15	Implemented
2	Belvedere	Rejected	Rejected	Implemented	Rejected	Implemented	Implemented (check)
3	Corte Madera	Partially implemented	Rejected	Implemented	Rejected	Rejected	Implemented
4	Fairfax	Implemented	Rejected	Will implement in future	Rejected	Implemented	Will implement in future
5	Larkspur	Requires analysis	Requires analysis	Requires analysis	Requires analysis	Requires analysis	Implemented
6	Mill Valley	Implemented	Rejected – Review later	Implemented	Implemented	Implemented	Implemented
7	Novato	Implemented	Implemented	Implemented	Implemented	Implemented	Implemented
8	Ross	Implemented	Implemented	Requires analysis	Rejected	Requires analysis	Will implement in future
9	San Anselmo	Rejected	Rejected	Rejected	Restricted by CalPERS	Rejected	Implemented
10	San Rafael	Implemented	Implemented	Implemented	Implemented	Implemented	Will implement in future
11	Sausalito	Implemented	To be reviewed 7/15	Will implement 7/15	Will implement 7/15	Will implement 7/15	Implemented
12	Tiburon	Implemented	Rejected	Rejected	Rejected	Rejected	Implemented
	Schools						
1	Dixie School	Implemented	Partially implemented	Implemented	Rejected	Implemented	Will implement 7/15
2	Kentfield School District	Rejected	Rejected	Rejected	Rejected	Rejected	Implemented
3	Larkspur/ C.M. School Dist.	Rejected	Implemented	Implemented	Rejected	Implemented	Implemented
4	Mill Valley School District	Implemented	Implemented	Requires analysis	Implemented	Implemented	Implemented
5	Marin Comm. College Dist.	Implemented	Implemented	Implemented	Rejected	Implemented	Implemented
6	Novato Unified School Dist.	Rejected	Rejected	Implemented	Rejected	Implemented	Implemented
7	Reed Union School District	Requires analysis	Rejected	Implemented	Rejected	Rejected	Will implement in future

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8	San Rafael City School	Implemented	Implemented	Rejected	Rejected	Implemented	Implemented
9	Shoreline School District	Implemented	Rejected	Implemented	Rejected	Implemented	Implemented
10	Ross School District	Rejected	Rejected	Implemented	Implemented	Implemented	Rejected
Special Districts							
1	Central Marin Police Auth.	Will implement in future	Rejection	May implement later	Rejected	May implement later	May implement later
2	CMSA	Implemented	Will implement in future	Implemented	Will implement in future	Will implement in future	?
3	Kentfield Fire Protection Dis.	Implemented	Implemented	Will review 7/15	Implemented	To be reviewed 7/15	Implemented
4	Las Gallinas Valley San. Dist.	Implemented	Rejected	Implemented	Rejected	Partially implemented	Implemented
5	Marin Muncpl. Water Dist.	Implemented	Implemented	Implemented	Will review 7/15	Requires analysis	Will implement in future
6	Marin-Sonoma Mosquito Dis.	Will implement in future	Requires analysis	Rejected	Rejected	Rejected	Implemented
7	Marinwood Com. Svcs. Dist.	Rejected	Rejected	Rejected	Partially Implemented	Rejected	Implemented
8	North Marin Water District	Implemented	Implemented	Implemented	Rejected	Implemented	Implemented
9	Novato Fire District	Implemented	Will implement in future	Implemented	Implemented	Implemented	Implemented
10	Novato Sanitary District	Implemented	Requires analysis	Implemented	Implemented	Will review 7/15	Implemented
11	Ross Valley Fire Dept.	Implemented	Requires analysis	Partially Implemented	Implemented	Implemented	Implemented
12	Ross Valley Sanitary Dist.	Will implement in future*	Requires analysis*	Implemented	Rejected	Rejected	Will implement in future*
13	Ross Valley School District	Rejected	Implemented	Rejected	Rejected	Rejected	Will implement in future
14	Sewerage Agency South Mar.	Implemented	Implemented	Implemented	Implemented	Implemented	Implemented
15	Southern Marin Fire Pro. Dis.	Implemented	Implemented	Partially implemented	Implemented	Rejected	Implemented
16	Tiburon Fire District	Implemented	Implemented	Implemented	Implemented	Rejected	Implemented
17	Tamalpais Union HS Dist.	Implemented	Requires analysis	Implemented	Implemented	Requires analysis	Implemented

- Ross Valley Sanitary did not respond to follow-up requests. All others did.

As can be seen, responses varied widely. Many of the government agencies have implemented or are in the process of implementing many of the GJ recommendations (see green and blue responses) and thus beginning to confront and perhaps mitigate otherwise ever-

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increasing liabilities. However, a number of the entities have rejected fully or partially the GJ recommendations (see red-highlighted responses)

We are providing this summary so that Marin’s citizens and its public employees can see the status of retiree health care benefits’ funding for these entities. Unless addressed meaningfully, rising annual costs for these benefits will impact monies otherwise available for basic services to constituents, may compromise the ability to provide the promised benefits for yet-to-be retired employees, or both. Funding deferred (if made) far into the future also inequitably shifts the costs to future generations for promised benefits earned currently.