



Ross Valley Sanitary District

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Tel. (415) 259-2949 Fax (415) 460-2149

July 19, 2017

VIA EMAIL TO grandjury@marincounty.org

Jay Hamilton-Roth
Marin County Civil Grand Jury
3501 Civic Center Drive, Room 275
San Rafael, CA 94903

RE: Response to Grand Jury Report *Marin's Retirement Health Care Benefits*

Dear Mr. Hamilton-Roth,

Attached please find Ross Valley Sanitary District's response to the Marin County Civil Grand Jury Report, *Marin's Retirement Health Care Benefits – The Money Still Isn't There*. This Report compares public agencies' Other Post-Employment Benefits (OPEB) liabilities between 2012 and 2016. The Report **correctly** states that the District's annual required contribution (ARC) is less than one half of one percent (0.46%) of our annual revenue (\$109,118/\$23,623,985).

The District's unfunded actuarial accrued liability (UAAL) was reported to be \$302,766 in 2012 as shown in Appendix F on page 35 of the Report. The Report **incorrectly** states that the change in unfunded actuarial accrued liability (UAAL) from FY 2012 to FY 2016 is \$390,951 (\$693,717 - \$302,766), an increase of approximately 130% (\$302,766/\$390,951).

The incorrect statement appears to rely on the District's UAAL from 2009 rather than 2012, giving the appearance of a large increase between 2012 and 2016 years. In fact, the District's FY 2012 UAAL was \$449,604, an increase of \$244,113 (\$693,717 - \$449,604), or approximately 54% (\$244,113/\$449,604).

Appendix F, page 35

District	UAAL FY 2012	UAAL FY 2016	UAAL Change	ARC FY 2016	Total Revenue
Ross Valley Sanitary	\$302,766	\$693,717	\$390,951	\$109,118	\$23,623,985

Corrected Appendix F

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Mr. Jay Hamilton-Roth
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Also, the actuarial valuation of 2016 is a snapshot of the District's UAAL as of July 1, 2015. A CERBT fund was established by the District in September 2015 with an initial contribution of \$200,000. A contribution of \$100,000 was made in Fiscal Year 2016/17, in accordance with District policy. The District's current unfunded OPEB liability is therefore \$300,000 less than reflected in the 2016 actuarial report. Taking into account the District's irrevocable contributions to CERBT, the difference between the 2012 and 2016 UAAL would be 0%.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Sylla', with a long horizontal line extending to the right.

Mary Sylla
President, Board of Directors

cc: Marin IJ

RESPONSE TO GRAND JURY REPORT

Report Title: *Marin's Retirement Health Care Benefits – The Money Still Isn't There*
Report Date: May 10, 2017
Public Release Date: May 17, 2017
Response By: Ross Valley Sanitary District Board of Directors
By: Mary Sylla, Board President

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RECOMMENDATIONS:

- Recommendations numbered R1, R2, R4, R6, R7 and R8 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.)

- Recommendations numbered R3, R5 and R9 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 N/A will not be implemented because they are not warranted or are not reasonable.
(Attach an explanation.)

Date:

7/19/17

Signed:



RECOMMENDATIONS

- R1. Each agency should adopt a formal, written policy for contributions to its OPEB plan.**

Done. Ross Valley Sanitary District (RVSD) has a *Reserve and Fund Balance Policy* which was adopted by the Board of Directors on June 19, 2013. This Board-adopted policy specifically addresses funding of future OPEB liabilities.

- R2. Each agency's standard practice should be to consistently satisfy its formal, written OPEB contribution policy.**

Done. RVSD's *Reserve and Fund Balance Policy* states that annual contributions to the District's OPEB should be based on the most recent actuarial analysis. A CERBT fund was established by the District in September 2015 with an initial contribution of \$200,000. A contribution of \$100,000 was made in Fiscal Year 2016/27, in accordance with District policy. For Fiscal Year 2017/18, the budget adopted at the June 21, 2017 Board meeting includes an OPEB contribution of \$200,000.

- R3. Each agency's OPEB contribution policy and practice should support a projection under GASB 75 that its OPEB plan assets will be sufficient to make all projected OPEB benefit payments.**

Requires Further Analysis. GASB Statements 74 and 75 were approved in June 2015. Statement 74 is effective for fiscal years beginning after June 15, 2016. Statement 75 is effective for fiscal years beginning after June 15, 2017. When GASB 75 goes into effect, RVSD will work with our actuarial advisor to update our annual contribution policy and practice accordingly.

- R4. Each agency that uses special reserve funds for Postemployment Benefits should transition to a trust meeting the criteria of GASB 75.**

Done. RVSD created a California Employers' Benefit Trust (CERBT) Section 115 trust fund in 2015. The CERBT fund is dedicated to prefunding Other Post-Employment Benefits (OPEB) for District retirees.

- R5. Each term of service, elected or appointed officials of each agency should take a public agency financial class.**

Requires Further Analysis. Annual special district conferences such as California Association of Sanitation Agencies (CASA) and California Special District Association (CSDA) may offer public agency financial workshops. District staff will research public agency finance education classes available to elected officials.

- R6. Each agency should make its CAFRs, Audits, and GASB valuations more readily understandable by the general public.**

Done. The District prepares its CAFRs, audits and GASB valuations in accordance with all applicable laws and statutes. Presentations of these materials to the Board at public meetings are prepared with the general public as the intended audience.

- R7. Each agency should ensure that all of its public financial presentations are more readily understandable and scheduled during hours convenient for the public.**

Done. In order to provide the most convenience for the greatest number of the public, the District holds regular meetings each month both in the early evening and during the regular business day. The District holds regular public Board meetings on the third Wednesday of every month in the early evening to accommodate attendance by members of the working public. The District also hold regular public Finance Committee meetings on the third Monday of every month during regular business hours to accommodate attendance by members of the public for whom evening meetings are inconvenient.

Financial presentations are prepared with the Board of Directors as well as the general public as the intended audience. Staff is committed to providing thorough and accurate information in the most readily understandable manner possible. Staff is always prepared to offer additional information and/or answer questions to provide clarity and context to financial presentations.

- R8. Each agency should have the following downloadable and text-searchable documents readily accessible on their website: the last five years of CAFRs/Audits and the last three actuarial reports.**

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 actuarial reports. All of these documents are downloadable and text-searchable.

R9. Before the next round of bargaining begins, each agency should prioritize the cost containment strategies to be used, including reducing or eliminating OPEB benefits for future employees.

Requires Further Analysis. The District acknowledges that there are areas to explore for alternative long-term benefits packages to minimize the risk of future obligations. The District recently completed bargaining with its represented group, AFSCME. The District limits post-employment medical benefits to the following:

- The District provides a basic level of PERS medical insurance to retirees at a maximum of one hundred twenty-five dollars (\$125.00) per month.
- For employees who actively retire from District service into PERS retirement with twenty (20) years of District or comparable public sector service and age fifty-five (55), the District will augment the retiree medical contribution to forty percent (40%) of the then-current least expensive PERS medical insurance available in the North Bay, employee-only medical premium paid by the District. The retiree is responsible for paying the balance of the premium.

Unrepresented District employees hired on or after July 1, 2015 receive only the minimum contribution upon retirement.

The District does not provide any other post-employment benefits to its retirees or to retiree dependents, including short or long-term disability benefits, dental, vision, or life insurance.