

CITIZENS FOR SUSTAINABLE PENSION PLANS

A Nonpartisan Group of Marin Residents

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Marin Citizens Push for Transparency After Scathing Civil Grand Jury Report

Marin County, California. May 4, 2015. Over 130 political leaders and appointees who serve the interests of Marin residents are being asked to respond to a survey about an April 16, 2015 Marin Civil Grand Jury Report titled Pension Enhancements: A Case of Government Code Violations and A Lack of Transparency.

The survey, which is being conducted by nonpartisan Citizens for Sustainable Pension Plans (CSPP), solicits the opinions and positions of Marin's leaders in light of what could easily be the biggest financial scandal in Marin's history.

The Grand Jury report, which investigated the County of Marin, City of San Rafael, Novato Fire Protection District, and the Southern Marin Fire Protection District, found that these employers granted no less than 38 pension enhancements from 2001- 2006, each of which appears to have violated various elements of the California Government Code. The codes include providing notice to the public of any potential pension increases, obtaining an actuarial evaluation of the future costs of enhancements, presenting the actuarial analysis at a public meeting two weeks before approving an increase, and explaining the impact of proposed increases on the pension's financial health and funding.

The Grand Jury report states that "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."

"Marin citizens need to understand how their elected representatives view this report and the recommendations of the Grand Jury to address its findings," says Jody Morales, the leader of CSPP. "Equally important, we need to know if our elected officials believe a further investigation is needed to uncover potentially criminal acts and the validity of contracts formed with these violations."

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Marin County, one of the wealthiest counties in the United States, has unfunded pension and other retiree benefits that are estimated to be between \$700 million and \$1.2 billion depending on projected pension investment returns.

The Grand Jury report was coincidentally released shortly after CSPP had approached the Marin County Board of Supervisors to recommend an ordinance adopted in Costa Mesa, Fullerton, Palos Verdes, Beverly Hills and Orange County called Civic Openness in Negotiations (COIN) that would make labor negotiations transparent.

"The Grand Jury report clearly underscores the need for COIN," according to Morales.

The survey results are expected to be released before the end of May and will be available to all citizens and interested parties on CSPP's website. www.marincountypensions.com

More Information

The Marin Civil Grand Jury released its report to the public on April 16, 2015. It can be found at <http://www.marincounty.org/depts/gj/reports-and-responses>. The report found a total of 107 procedural violations including 92 by the County of Marin.

The Grand Jury has released several related reports that can also be found on its website including:

- May 2014 - Novato Fire Protection District Board: A Cautionary Tale
- June 2013 - Marin's Retirement Health Care Benefits: The Money Isn't There
- June 2011 - Public Sector Pensions: A Perspective

Citizens for Sustainable Pension Plans was formed in 2011 and is one of California's leading pension reform groups. The nonpartisan group consists of Marin taxpayers with significant expertise in all facets of pensions. It released a landmark study in 2013 titled [Pension Roulette](#) that demonstrated that Marin County is on a path to fiscal insolvency. The report estimated the unfunded retiree debt for Marin County and its towns and cities at \$1.2 billion to \$2.3 billion based on assumed pension investment returns.

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In 2013, the pension reform group launched a successful effort to have Marin County inform taxpayers about its staggering debt by including budget, spending and pension liability in property tax bills. In doing so, Marin County became the first in the state to include information about pension liability in tax mailings.

TRANSPARENCY IN MARIN GOVERNMENT

Citizens for Sustainable Pension Plans

Marin Grand Jury Report April 2015

Survey Overview

The Marin Civil Grand Jury released a report on April 16, 2015 titled: *Pension Enhancements: A Case of Government Code Violations and A Lack of Transparency*. This report should be of great concern to the citizens of Marin County and they deserve to know how their political leaders and appointed representatives view the report and its findings. The information you provide in this survey will be made available to the public and media. It will appear on the Citizens for Sustainable Pension Plans' website. There is room to make a statement about the Grand Jury Report and its findings. This survey must be completed by Friday, May 15, 2015. If you choose not to respond to this survey, that too shall be noted on our website.

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Marin Grand Jury Report April 2015

1. How concerned are you about the findings of the Grand Jury Report?

Highly Concerned

Concerned

Somewhat Concerned

Not Concerned

Do Not Have An Opinion

2. Your position on Grand Jury Recommendation Number 1: *"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."*

I **agree** with this recommendation.

I **disagree** with this recommendation.

3. Your position on Grand Jury Recommendation Number 2: *"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."*

I **agree** with this recommendation.

I **disagree** with this recommendation.

4. Your position on Grand Jury Recommendation Number 3: *"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."*

I **agree** with this recommendation.

I **disagree** with this recommendation.

5. The Grand Jury report states: *"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." In addition it states: "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."*

Should an independent legal investigation be conducted to determine the extent of violations and whether the contracts formed under such violations are valid?

Yes, there should be an independent investigation.

No, there should not be a further investigation.

6. Provide your comments about the Grand Jury Report.