

MARINWOOD COMMUNITY SERVICES DISTRICT
Emergency Services Succession Committee
Meeting Agenda

Monday, June 11, 2018 - 5:30PM

Marinwood Community Center, 775 Miller Creek Road, San Rafael, CA 94903

Item	Time	Description	Action
A.	5:30 PM	Call to Order	
B.	5:30 PM	Review Agenda	Adopt
C.	5:35 PM	Draft Minutes of March 6, 2018 ESS Committee Meeting	Approve
D.	5:40 PM	Committee Reports	Discuss
		1. Financial Trends and Drivers	Discuss
		2. Operational Considerations	Discuss
		a. Interim Chief Services: Potential Options due to Pending Retirement of Current Chief	Discuss
		3. Template of Services/Costs	Discuss
		4. Discussion with Other Agencies	Discuss
		5. Administrative and Legal Planning	Discuss
E.	6:00 PM	Identify remaining information needed to make final recommendation to Board of Directors regarding future of Marinwood Fire Service	Discuss
F.	6:15 PM	Public Comment on Non-Agenda Items* <i>Speakers are asked to limit comments to three minutes. Speakers may comment only on non-agenda items within the subject matter of the Committee. The Committee may not take action on, consider or debate items not on the agenda except under narrow circumstances meeting statutory tests. Response to comments on non-agenda items will be limited to factual information or clarifying questions from Committee members. The Chairperson(s) may refer the matter to a future meeting agenda.</i>	
G.	6:25 PM	Requests for Future Agenda Items	Discuss
H.	6:30 PM	Adjournment	

*Time for public comment will be provided at the end of each agenda item. The presiding chair may limit the time for individual comments.

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MARINWOOD COMMUNITY SERVICES DISTRICT
Emergency Services Succession Committee
Meeting Minutes

Tuesday March 6, 2018- 6:00PM

Marinwood Community Center, 775 Miller Creek Road, San Rafael, CA 94903

Committee Member Attendees: Leah Green, Eric Dreikosen, Jeff Naylor, Dan Curran, Greg Stilson, Tom Roach

Absent: Brandon Selvitella

Others: Sean Day, William Kelly, Cesar Correa, Brian Smith, Linda Barnello, Bob Briare

Description
Meeting called to Order at 6:00PM
Review Agenda -Adopted as presented
Minutes of February 6, 2018 ESS Committee Meeting – Linda restated her public comment from the January meeting and stated she did not feel her comments were regarding topics listed on the agenda. M/s Roach/Curran to approve minutes as presented. Motion carried unanimously.
Committee Membership Update - None
Committee Reports
<p>1. Financial Trends and Drivers- The sub-committee stated they did not have anything new to present and that the majority of the forecast information was presented at the last meeting. They have sent an actuarial inquiry to CalPERS requesting the financial impact to pension costs and forecasts as a result of various staffing scenarios and are awaiting this information. Leah asked Bob Briare regarding his experiences when employees move to another retirement system. Bob stated he recalled that pensions earned at one agency stay with that agency but pensions earned moving forward are applied to the new agency.</p>
<p>2. Operational Considerations- The sub-committee met with the focus on potential interim chief services due to the current chief’s pending retirement. They began to analyze where his specific current duties may fall between the fire captains, the district manager. Naylor also mentioned the possibility of hiring a retiree to potentially perform some of the administrative duties. Chief Roach will present potential options at the next meeting.</p>
<p>3. Template of Services/Costs- The sub-committee had nothing to report at this time.</p>
<p>4. Discussion with Other Agencies – The sub-committee reported they had met with representatives from Marin County, Novato Fire Protection District and the City of San Rafael. These were introductory meetings, but the committee felt Marin County and Novato FPD had little interest, in part due to capacity concerns. However, Novato requested Marinwood submit an RFP if they wanted to continue to pursue options between the two agencies. The meeting with San Rafael involved discussion around the current Shared Services Agreement, the City’s agreement with the County to provide services to CSA 19, existing synergies between the City and Marinwood as well</p>

as potential timing of Marinwood's needs. The two parties agreed to further the discussion on a date TBD.

5. Administrative and Legal Planning – Discussed the role of LAFCO in the various possibilities, including potential annexation of fire service to another agency. Eric stated he would arrange a follow-up meeting with the LAFCO Interim Executive Officer in the near future to inform on current progress and gain more detailed information regarding the LAFCO determination process and anticipated timing of potential scenarios.

Additional Items for Discussion and Evaluation- Leah asked the committee what they felt should be reported on the committee's behalf at the upcoming board meeting. The committee agreed the most pressing matter at this time is the Chief's pending retirement and the committee's efforts to research potential chief services solutions.

Public Comment on Non-Agenda Items – Bob Briare stated he has had conversations with various fire chief's regarding the future of Marinwood Fire and wanted to assure the committee that he had no malicious intent. He stated his intent was to speak with them and gauge interests as the union president of Local 1775 on behalf of its members.

Requests for Future Agenda Items- Ideas and potential recommendations from Chief Roach regarding dissemination of current duties.

Meeting adjourned at 6:50PM

Reports/Status for future meetings to Eric by Wednesday before the meeting or no later than Thursday at noon to make it into the meeting packet.

Contact the committee via email at ess@marinwood.org

- Financial Trends and Drivers – Eric, [Jeff] and Greg
- Evaluate Operational Considerations- Tom, [Jeff] and Greg
- Define Template of services/costs to use in discussions with potential service providers- [Tom], Eric and Brandon
- Discussions with other departments can include San Rafael, Novato and County Fire and could include mergers, outsourcing and leveraging shared services. – [Leah], Tom and Dan
- Administrative and Legal Planning for alternative solutions- [Leah], Tom and Eric

To: ESS Committee
From: Financial Trends and Drivers Subcommittee
Date: June 5, 2018

RE: CalPERS Actuarial Inquiries

On February 15, 2018, the following scenarios and questions were posed to CalPERS. It was our hopeful understanding they would be able to provide a quantifiable impact in response.

In scenarios 1-4, when possible, please provide a cost estimate and timing of payments (immediate and projected) the District would incur and an explanation of the CalPERS rules on which the payments would be based. If possible, it would be greatly appreciated and helpful if the following questions could be applied to the actual data of Marinwood Community Services District's safety members. If that is not possible, please use the following safety employee composites for each question:

- *FF with 3@50 and 15 years of service with a 3 year average applicable wage of \$88.5K*
 - *FF with 2.7@57 and 2 years of service with an average applicable wage of \$78K.*
1. *Covered safety employee(s) is laid off.*
 2. *If it is permissible for an employer and labor group to mutually agree to reduce the pension formula of the first active employee composite (only) above as follows:*
 - a. *3@55 going forward*
 - b. *2.7@57 going forward*
 3. *Employee(s) terminate employment with Marinwood, become employed with a non-CalPERS reciprocal pension program agency and the employee(s):*
 - a. *Leaves previously earned pension in CalPERS*
 - b. *Transfers previously earned pension to a reciprocal pension program*
 4. *District no longer employs active members in the safety classification:*
 - a. *Is this considered a "termination" of the plan?*
 - b. *Will a "termination fee" be applied?*
 - c. *Once the District's normal cost employer contributions cease, what is the impact on its Unfunded Accrued Liability (UAL) if former safety employees become members of:*
 - i. *a reciprocal pension program?*
 - ii. *another CalPERS agency?*

Questions not related to the two employee composites above:

- *The Fire Chief applies for a service retirement effective 10/1/18 and the position is subsequently eliminated.*
- *Would the District incur any incremental pension obligation if we contract with a CalPERS retiree to consult as a safety administrator for 1000 hours or less per annum?*
- *Same question for a retiree of a reciprocal program?*

On May 2, 2018, we received the below response from CalPERS. At this time we were also informed, for the first time, that because Marinwood participates in a “pooled” pension plan, they were unable to provide “actual numbers.” Rather, we were provided with general assumptions. The response follows:

Because your plan is pooled, I am unable to give you actual numbers, but I hope the information below will provide you with the information you need.

Before I begin with the actual questions, I'd like to review how pooling works. Each year, the Normal Cost (NC) and Unfunded Actuarial Liability (UAL) are determined for the pool in its entirety. There is one pool for all safety members that work for an employer that has less than 100 safety employees. The Normal Cost rate applies to everyone, with adjustments made for plan provisions (i.e., plan formula, 3-year final comp., death benefits, enhanced COLA, etc.). Plans with the same provisions will have the same Normal Cost rate.

The payment for the Unfunded Actuarial Liability is a dollar amount. Each year, the changes to the pool's total UAL is allocated to each plan based on the plan's individually calculated Liability, also taking into account progress toward paying off prior Liabilities. Once the allocation is determined, that amount is amortized as a new base. Bases created in prior years are not changed except for interest and payments made.

Now for your questions:

- 1. Covered safety employee(s) is laid off.*
 - a. If one or more employees are laid off, but some employees remain, the plan remains active. The NC rate established for the pool applies to the payroll of the remaining actives. The payment on the UAL continues as it is, but the allocation of new bases will be smaller. No portion of the prior bases or the payments due for them will change.*
 - b. If no actives remain, there will be no NC, since there will be no payroll. However, the UAL will remain as described above. The balances will not change, but the amortization will change to level dollar payments, meaning the UAL payment will probably be larger at first, but will not increase as steeply. New bases will still be added, but they will be considerably less than they would have been if the employees had remained active with Marinwood.*
- 2. If it is permissible for an employer and labor group to mutually agree to reduce the pension formula for service going forward.*

An agreement to lower any benefits, even future only, for existing members is not currently permissible, nor is there any expectation that it will be allowed. Therefore, I don't know the answer to this. If that changes, CalPERS would have to develop a policy to address that situation. My guess (strong emphasis on guess) is that the higher benefit plan would become inactive and the lower benefit plan would increase by the number of members that changed formulas. Or perhaps the 2 plans would be merged. In any case, the existing UAL will not go away, but the NC rate would be lower and new UAL bases would be smaller.
- 3. Employee(s) terminate employment with Marinwood, become employed with a non-CalPERS reciprocal system.*

An individual has the right to withdraw their contributions and use them however they see fit. If they do that, CalPERS has no further obligation to them

- a. *If the previously earned pension remains with CalPERS, the plan would become inactive as described in 1.b. Note that salary increases would be factored into the CalPERS benefits.*
 - b. *If previously earned benefits are transferred, we would then have to determine assets to be carved out of the pool which would be transferred to the new employer along with the liabilities for past service.*
4. *District no longer employs active member in the safety classification.*
 - a. *You would remain as an inactive plan, as long as you have active miscellaneous members, unless you request a termination.*
 - b. *If you remain inactive, there will be ongoing payments as described in 1.b. If you terminate, there would be a large one-time payment required based on very conservative assumptions plus a contingency fee.*
 - c. *There is no difference in the effect for a non-CalPERS reciprocal system or another CalPERS agency except that, perhaps, the records may not be updated for salary increases until retirements occur for the reciprocal system. That would mean the UAL costs might be lower for a while under a reciprocal system, but there would be a catch-up once an employee retires.*
5. *Additional question about the elimination of the Fire Chief position.*

See the answer on 1.a. There would be no significant changes, but future UAL bases should be smaller.

For a termination or a transfer of past service, you would have to contact Contract Services for formal estimates. We would be involved in calculating the numbers ultimately, but there is a charge to do the calculations.

I'm sorry we can't provide you with actual numbers. The upshot of almost all of the scenarios is that, in the short term, the savings will be the Normal Cost rate times the payroll of the employees that are no longer active. The savings on the UAL side will be seen more on a long term basis in the form of smaller future bases. Costs for benefits already accrued will still have to be paid.