

Grand Jury Report

RESPONSE FORM

Grand Jury Report Title : *MCERA Evaluation*

Report Dated : *April 18, 2012*

Response Form Submitted By:

John McCowen, Chair
Mendocino County Board of Supervisors
501 Low Gap Rd, Room 1010
Ukiah, CA 95482

Response MUST be submitted, per Penal Code §933.05, no later than:
August 8, 2012

I have reviewed the report and submit my responses to the FINDINGS portion of the report as follows:

- I (we) agree with the Findings numbered:
2, 3, 4, 7, 14, 15, 16
- I (we) disagree wholly or partially with the Findings numbered below, and have **attached, as required**, a statement specifying any portion of the Finding that are disputed with an explanation of the reasons therefore.
5, 6, 8, 9, 13, 17

I have reviewed the report and submit my responses to the RECOMMENDATIONS portion of the report as follows:

- The following Recommendation(s) have been implemented and **attached, as required**, is a summary describing the implemented actions:
3, 4, 6
- The following Recommendation(s) have not yet been implemented, but will be implemented in the future, **attached, as required** is a time frame for implementation:
5

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- The following Recommendation(s) require further analysis, and **attached as required**, is an explanation and the scope and parameters of the planned analysis, and a time frame for the matter to be prepared, discussed and approved by the officer and/or director of the agency or department being investigated or reviewed: (This time frame shall not exceed six (6) months from the date of publication of the Grand Jury Report)
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- The following Recommendations will NOT be implemented because they are not warranted and/or are not deemed reasonable, **attached, as required** is an explanation therefore:
-

I have completed the above responses, and have attached, as required the following number of pages to this response form:

Number of Pages attached: 1

I understand that responses to Grand Jury Reports are public records. They will be posted on the Grand Jury website: www.co.mendocino.ca.us/grandjury. The clerk of the responding agency is required to maintain a copy of the response.

I understand that I must submit this signed response form and any attachments as follows:

First Step: E-mail (word documents or scanned pdf file format) to:

- The Grand Jury Foreperson at: grandjury@co.mendocino.ca.us
- The Presiding Judge: grandjury@mendocino.courts.ca.gov

Second Step: Mail all originals to:

Mendocino County Grand Jury
P.O. Box 939
Ukiah, CA 95482

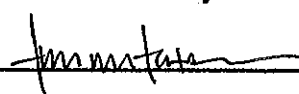
Printed Name: John McCowen

Title: Chair, Mendocino County Board of Supervisors

Signed: 

Date: 7/31/12

ATTEST:
Carmel J. Angelo, Clerk of the Board
Mendocino County Board of Supervisors

 DEPUTY

Grand Jury Report Title: MCERA Evaluation – Time to Take the Next Step

Report Dated: April 18, 2012

Finding 5: The Mendocino County Board of Supervisors has no specific information as to employment levels as of April 18, 2012, and therefore is unable to agree with this finding. The Board of Supervisors has verified that as of April 14, 2012, there were a total of 1021 permanent and 86 extra help employees.

Finding 6: The Mendocino County Board of Supervisors has no specific information as to the number of retirees as of April 18, 2012, and therefore is unable to agree with this finding. The Board of Supervisors has verified that as of March 31, 2012 there were 1188 retirees and as of April 30, 2012, there were 1208 retirees.

Finding 8: The Mendocino County Board of Supervisors disagrees in part with this finding. The current Board of Supervisors is not familiar with the thought processes of the Boards that issued Pension Obligation Bonds in 1996 and 2002, but the reasons stated are commonly cited as justification for the issuance of POBs.

Finding 9: The Mendocino County Board of Supervisors disagrees in part with this finding. The statement that “this year’s POB deficit is \$82.98 million” is incorrect. The figure cited is an outstanding principal amount that will be fully amortized in fiscal year 2026-27.

Finding 13: The Mendocino County Board of Supervisors disagrees in part with this finding. The finding refers to “the county’s diversion of excess earnings,” but only MCERA, not the County, has had the authority to declare and divert excess earnings.

Finding 17: The Mendocino County Board of Supervisors disagrees with this finding. The County of Mendocino budgets on a fiscal year basis so it is not possible to determine expenditures for any given calendar year. As shown in the County of Mendocino adopted final budget books, actual line item expenditures for MCERA staff Total Salaries and Employee Benefits for fiscal year 2006-07 were \$188,105; for fiscal year 2007-08 - \$259,000; for fiscal year 2008-09 - \$372,377; for fiscal year 2009-10 - \$429,811; and for fiscal year 2010-11 - \$364,855.

Recommendation 3: This recommendation has been implemented and reflects current practice and is ongoing. A member of the Board of Supervisors is appointed to the Retirement Board as a voting member and is responsible for reporting back to the Board. The Board also receives the annual report on the Actuarial Valuation, including a presentation in open session from the actuary and the Retirement Administrator and additional pension and retirement related items throughout the year.

Recommendation 4: This recommendation has been implemented and reflects current practice and is ongoing. Workforce reductions and wage concessions have significantly reduced pension liabilities.

Recommendation 5: This recommendation has been implemented and reflects current practice and is ongoing. The Mendocino County Board of Supervisors, through collective bargaining negotiations, has secured the right from seven of eight bargaining units to implement a new retirement tier for new hires. This recommendation will be fully implemented following the successful conclusion of negotiations with all bargaining groups.

Recommendation 6: This recommendation has been implemented and reflects current practice and is ongoing. The Mendocino County Board of Supervisors continues to pursue opportunities to increase pension fund sustainability.