



BOARD OF SUPERVISORS

VACANT, DISTRICT 1
KEVIN GOSS, DISTRICT 2
SHARON THRALL, DISTRICT 3
LORI SIMPSON, DISTRICT 4
JEFF ENGEL, DISTRICT 5

November 17, 2020

The Honorable Douglas Prouty
Presiding Judge
Superior Court of California, County of Plumas
520 Main Street, Room 104
Quincy, CA 95971

Re: RESPONSE TO 2019-2020 PLUMAS COUNTY GRAND JURY FINAL REPORT

Dear Judge Prouty:

Please find the Plumas County Board of Supervisors response and comments to the 2019-2020 Plumas County Grand Jury final report written below.

PLUMAS COUNTY AND UNFUNDED PENSION LIABILITY: DEER IN THE HEADLIGHTS?

FINDINGS AND RECOMMENDATIONS:

Findings:

Finding F1: *"Plumas County's aggregate unfunded accrued pension liability has increased substantially in recent years, and now makes up over half of the County's total liabilities and more than two-thirds of its total net long term debt."*

Response: The members of the Plumas County Board of Supervisors agree with this finding.

Finding F2: *"The failure of CalPERS investment to achieve projected returns, and the related reductions in the CalPERS discount rate, have been the principal causes of the deterioration in Plumas County's unfunded accrued pension liability position."*

Response: The members of the Plumas County Board of Supervisors agree with this finding.

Finding F3: *"Plumas County's pension funded ratio has declined steadily, to a point that is considerably below desirable levels."*

Response: The members of the Plumas County Board of Supervisors agree with this finding.

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Finding F4: *“The UAL Payment (or “catch-up” pension liability payment) now required to be made by Plumas County to CalPERS on an annual basis (i) represents a sizable percentage of the County’s operating expenditures, (ii) comprises over a third of the unassigned balance of the general fund, and (iii) is projected to increase substantially over the next several years, at a rate considerable beyond historic revenue growth rates”*

Response: The members of the Plumas County Board of Supervisors agree with this finding.

Finding F5: *“The Board of Supervisors has not discussed the County’s unfunded pension liability problem in detail, and no concrete measures have been adopted to develop an effective policy, plan or process for addressing it, although some mitigating steps have been taken without the benefit of such a policy, plan or process.”*

Response: The members of Plumas County Board of Supervisors agree in part and disagree in part with this finding. The issue has been discussed over the last several years in Budget Committee meetings and as part of the Budget process. However, a formal policy, plan or process has not been adopted. Mitigation steps, such as the establishment of the PARS account, have been taken to address the issue of the unfunded pension liability payments.

Finding F6: *“Plumas County’s ability to respond effectively to the significant increase in unfunded accrued pension liability has been hampered by the absence of certain key financial personnel.”*

Response: The members of Plumas County Board of Supervisors disagree with this finding. As has been evident across the State of California, many counties have been struggling to respond to the increase in unfunded liability, especially given the uncertain economic times which many counties have faced and will continue to face over the next several years. Plumas County is by no means alone in this struggle. However, increasing county personnel could cost the General Fund substantial additional funds annually, exacerbating the County’s financial struggles, especially during this uncertain economic time due to COVID-19.

Finding 7: *“The need to fund existing accrued pension liabilities is already ‘crowding out’ the provision of certain services by the County. This trend is projected to worsen significantly over the next several years.”*

Response: The members of the Board of Supervisors disagree with this finding as the Final Report is not specific on what “certain services” are alleged to be crowded out by the need to fund the unfunded pension liability. County services have been and continue to be provided throughout the County with little to no decline over the last several years. Without more specific information as to what alleged services are being crowded out, the Board of Supervisors cannot adequately address this finding.

Finding F8: *“A severe or lengthy recession during the next several years would materially increase the amount of Plumas County’s unfunded accrued pension liability, and significantly*

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reduce its funded ration, while also impairing the County's ability to manage and fund that liability."

Response: The members of the Plumas County Board of Supervisors agree with this finding.

Recommendations:

Recommendation R1. *"The Board of Supervisors, by September 30, 2020, confirm that it is available to it sufficient subject matter expertise and resources in respect of pension liability matters and, if not, that it authorize the retention of such expertise"*

Response: The members of the Board of Supervisors disagree with this recommendation, especially the set timeline given the delay in the Grand Jury Final Report being received. It is impossible for the Board to fulfill this requirement by September 30, 2020 since that date has already passed. Moreover, the County has sufficient subject matter expertise and resources already on staff. The Board of Supervisors routinely discuss the issue as part of their budget process every year and will continue to do so. For the foregoing reason, the Board of Supervisors does not plan to implement this recommendation.

Recommendation R2. *"The Board of Supervisors, by September 30, 2020, appoint an ad hoc pension advisory committee ('pension committee'), including relevant County officials, as well as members of the public and current and former County employees, to investigate and report back on the County's pension liability problem and its various facets, and propose one or more multi-year mitigation plans"*

Response: The members of the Board of Supervisors disagree with this recommendation, especially the set timeline given the delay in the Grand Jury Final Report being received. It is impossible for the Board to fulfill this requirement by September 30, 2020 since that date has already passed. The Board of Supervisors also disagree with establishing an ad hoc committee. This is an issue which the Board has been addressing over the last several years, and is discussed through the annual budget process each year. The Board has looked at numerous options to address the issue and will continue to do so in the future. Therefore, the Board of Supervisors will not implement this recommendation.

Recommendation R3. *"The Board of Supervisors, by September 30, 2020, request the pension committee to deliver to it by April 6, 2021 a detailed report containing the results of the committee's review."*

Response: The members of the Board of Supervisors disagree with this recommendation, especially the set timeline given the delay in the Grand Jury Final Report being received. It is impossible for the Board to fulfill this requirement by September 30, 2020 since that date has already passed. As the Board has decided not to establish an ad hoc committee, the requirement for a report will also not be implemented.

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Recommendation R4. *“The Board of Supervisors, by June 1, 2021, hold an open meeting to receive and discuss the findings and proposals of the pension committee.”*

Response: Since the members of the Board of Supervisors has decided not to implement a pension committee the need to hold a meeting to discuss the findings and proposals will not be implemented. Moreover, discussion of the issue takes place during the annual budget process and members of the public are welcome to provide feedback at that time on any matters concerning the County budget, including the unfunded pension liability.

Recommendation R5. *“The Board of Supervisors, by September 7, 2021, adopt a practical and effective, comprehensive policy and 10 year plan for remediation of unfunded accrued pension liabilities.”*

Response: The member of the Board of Supervisors disagree with this recommendation and will not implement it. The Board discusses and develops means to address the unfunded pension liability as part of its annual budget process and will continue to do so. This is an issue which all counties are facing in California and nationwide. The County continues to look for effective means to handle the increases in unfunded liability and will continue to do so in the future.

Recommendation R6. *“The Board of Supervisors, by September 10 of each year, beginning in 2021 and continuing through at least 2025, provide up-to-date annual reports to the public regarding the status of Plumas County’s unfunded accrued pension liabilities and efforts to better manage those liabilities, reflecting the most recent CalPERS Actuarial Valuation Reports and County financial statements.”*

Response: The members of the Board of Supervisors disagree with this recommendation and will not implement the recommendation. Annual updates are provided by CalPERS and PARS. Moreover, the County’s financial information is also open to the public. Thus, the information is available for anyone who wishes to ask.

PLUMAS COUNTY WEIGHTS AND MEASURES PROGRAMS: Are You Getting What You Pay For?

FINDINGS AND RECOMMENDATIONS:

Findings:

Finding F1: *“The PSCDA is not in compliance with BP Code §12212(b) and CCR §4070, in that approximately three-quarters of the county’s fuel pumps have not been inspected within the mandated timeframe.”*

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Response: The members of the Plumas County Board of Supervisors do not have sufficient information to render an opinion upon this finding, but will request the Agriculture Commissioner investigate this finding and report back to the Board upon completion of the investigation

Finding F2: *"The PSCDA may become compliant with State law and regulation as to required fuel pump device inspections in one of three ways – (1) inspecting each device annually, (2) creating a written plan to inspect fewer than all devices annually or (3) having the BOS enter into a contract with the State Secretary of Agriculture under which the Secretary will arrange for the conduct of the inspections."*

Response: The members of the Board of Supervisors agree this finding outlines the means by which the PSCDA may become compliant as outlined in statute and regulations.

Finding F3: *"The PSCDA device fee schedule is currently insufficient to cover the costs of device inspection and should be reviewed and upgraded by the PSCDA and submitted to the BOS."*

Response: The members of the Board of Supervisors agree with this finding.

Finding F4: *"The PSCDA lacks a functional consumer complaint intake, monitoring and logging process. The County Agricultural Commissioner website is incomplete, lacking an online consumer complaint process which would facilitate consumer needs, as well as a comprehensive description of what the department is responsible for."*

Response: The members of the Board of Supervisors both agree and disagree with this finding. The PSCDA does have a functional consumer complaint intake, monitoring and logging process. However, the website could include more information on the description of what the department does and including a link to the consumer complaint form.

Finding F5: *"Increased obligations on PSCDA staff not related to DMS work have significantly limited the amount of time that staff is able to spend on inspecting devices."*

Response: The members of the Board of Supervisors agree with this finding. Over the years, the state had mandated more programs that fall under the responsibility of the PSCDA which has limited staff time for other programs.

Finding F6: *"Decreased financial and technical support from CDA may have restricted the ability of PSCDA staff to perform and complete required device inspections."*

Response: The members of the Board of Supervisors agree the financial and technical support from CDA has decreased over the years.

Recommendations:

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Recommendation R1. *"By no later than January 1, 2021, the PSCDA comply with CCR §4071-§4074 by either (i) completing all required device inspections within the appropriate timeframe, (ii) developing a written plan which addresses how the DMS will inspect devices non-annually and submitting said plan to the CDA Secretary for approval; or (iii) requesting the BOS to enter into an agreement with the CDA to facilitate inspections on behalf of Plumas County."*

Response: This recommendation will be implemented. However, the timeline will need to be extended. The Agricultural Commissioner is retiring at the end of 2020 and we are heading into the winter months with adverse weather conditions increasing. With less than two months before January 1, 2021, it is nearly impossible for this recommendation to be completed by that time. The Board proposes the recommendation be implemented by April 30, 2021 to allow for the hiring of a new Agricultural Commissioner and to get through the winter months and adverse weather conditions.

Recommendation R2. *"The PSCDA submit to the BOS an updated device fee schedule for all measuring devices inspected by the DMS to cover a higher portion of the cost of device inspections, by January 1, 2021."*

Response: This recommendation will be implemented by January 1, 2021.

Recommendation R3. *"By March 1, 2021, the PSCDA update the department's website to include brief descriptions of the main responsibilities of the PSCDA, including DMS aspects of the department, and that the PSDCA implement a consumer complaint process, including a complaints intake policy, complaints log and incorporating a link to an online complaint form"*

Response: This recommendation will be implemented in the time outlined above. However, PSCDA has a complaint process already in place and has had one for years. The complaint form has already been linked to the website or will be very soon.

Respectfully submitted,

PLUMAS COUNTY BOARD OF SUPERVISORS

By: 

Kevin Goss, Chair

KG:gs

cc:

1. Plumas County Clerk
2. 2019-2020 Plumas County Grand Jury