



CARPINTERIA~SUMMERLAND FIRE PROTECTION DISTRICT

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August 19, 2011

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Hon. Arthur A. Garcia
Assistant Providing Judge
Santa Barbara County Superior Court
312 East Cook Street
P.O.Box 5369
Santa Maria, CA 93456-5369

Hon. Joni Gray, Chair
Santa Barbara County Board of Supervisors
County Administrative Building
105 East Anapamu Street
Santa Barbara, CA 93101

BY: _____

Judge Garcia and Chairperson Gray,

The following is our response to the Santa Barbara County Grand Jury report of June, 2011 titled "Local Government Post Employment Benefits in Santa Barbara County – Complicated and Costly."

Recommendation 1

That no later than January 1, 2012, all local government agencies that belong to a multi-employer pension pool obtain, and for each year thereafter, make publicly available, estimates of their individual unfunded actuarial liability from an actuary or the plan sponsor.

The Board of Directors for the SBCERS contracts and performs an actuarial on an 'as needed' basis as directed by their Governing Board. The most recent actuarial was completed July 2010. Our response is to ask and have the County Board of Supervisors direct the SBCERS Board to include all agencies' individual liabilities within their actuarial report. We encourage this plan, but without the assistance SBCERS Board of Directors, producing this data would require data from the SBCERS and may well be cost prohibitive for our Fire District.

Recommendation 2A

That no later than January 1, 2012, in the best interest of the ratepayers and taxpayers, each government agency that contributes some or part of healthcare premiums for employees, adopts an implementation plan to reduce those contributions.

Although not clear in the recommendation, we believe the Grand Jury is referring to **post retirement** health care premiums. If so, any changes in a post retirement benefits must be collectively bargained with organized labor. Although it is quite easy to say we must reduce cost, it is a much more difficult, and also illegal, to unilaterally impose a reduction plan.

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Knowing this, we do believe that health care costs can be reduced through changing plans, changing the benefits or changing the size of the group. While all of these cost-saving measures would be subject to collective bargaining to change the benefits for currently working employees, current law is very clear that we are unable to change a post retirement benefit for anyone who has already retired and was promised the benefit.

The Grand Jury can be assured that the Carpinteria-Summerland Fire Protection District has these issues on the bargaining table currently and will work diligently to meet our post retirement liabilities.

Recommendation 2B

That no later than January 1, 2012, in the best interest of the ratepayers and taxpayers, each government agency that contributes some or part of health care premiums for employees, implements pre-funding their current unfunded healthcare liability.

Implementing spending plans mid fiscal year (January 1) would require adoption of a new budget. Although this is not an impossible task, it is a process that is not typical. To reduce the liability for the Fire District would require an additional \$168,000 annual cost and would have to be presented and approved as part of the General Budget in 2012. Interestingly enough, that cost reflects the cost of a Firefighter for the District. The Board will be addressing this issue more directly during the 2012-13 budget process beginning in January of 2012.

Recommendation 3

That no later than January 1, 2012, in the best interest of the ratepayers and taxpayers, each government agency that has compensated absences liabilities, adopt an implementation plan to reduce each agency's compensated absences liability.

Again the collaboration from employee groups must be obtained before any significant reduction strategies can be implemented. There are three methods of reducing this liability. 1) Change the benefit and how it is accumulated; this method must be collectively bargained. 2) Pay out immediately in a lump sum or over a longer period of time the hours in the form of cash; this method would reduce the District's already minimum reserves or 3) allow the employee to reduce the liability by using the time off; this method would cause a daily reduction in our response staff and levels of service.

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We have been informed in our most recent labor negotiations that the employees want to use more of these hours as time off. At the risk of reducing daily staffing, the District will consider allowing the liability to be reduced in one of these three ways.

If the Grand Jury requires further response or information please contact Fire Chief Michael Mingee at our Administrative Offices, 805-684-4591.

Bob Duncan

Bob Duncan, President
Board of Directors

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