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COUNTY OF SANTA BARBARA

August 14, 2018

Honorable Patricia L. Kelly
Presiding Judge
Santa Barbara Superior Court
County Courthouse
1100 Anacapa Street
Santa Barbara CA 93101

Reference: Response to Santa Barbara Civil Grand Jury report titled, "Pensions in Santa Barbara County"
published June 20, 2018.

Judge Kelley:

Please find attached the Santa Barbara County Board of Supervisors (Board) response to the above referenced Civil Grand Jury Report. As directed by the Grand Jury, all responses are provided in accordance with Section 933.05 of the California Penal Code.

Sincerely,

Das Williams, Chair
Santa Barbara County Board of Supervisors

CC: Santa Barbara County Board of Supervisors
Mary Tighe, Foreperson, 2017-18 Santa Barbara Civil Grand Jury

Attachment A

**Santa Barbara County Board of Supervisors
Response to the Santa Barbara County Grand Jury 2017-2018 Report
“Pensions in Santa Barbara County”**

Finding 11

The solvency risks to the SBCERS plans are moderate and manageable. The SBCERS decision to apply an accelerated amortization schedule to the unfunded liabilities generated during the 2007-09 period of low asset returns is appropriate because it will shorten the period in which high employer contributions are necessary.

The Board of Supervisors agrees with this finding.

Finding 12

The SBCERS policy of not participating in the CalPERS risk pool is appropriate because SBCERS has achieved portfolio returns comparable to those of CalPERS over the past 25 years.

The Board of Supervisors agrees with this finding.

Recommendation 1

That in view of the 12 Findings, the governments of the cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria and Solvang and of the County of Santa Barbara analyze capital spending, employer/employee contribution rates, staffing levels, and all existing taxes and revenue sources under their control to identify potential revenue gains and cost savings.

This recommendation has been implemented. The recommended actions are and have been in place for some time, as part of the annual budget development and budget monitoring process. County staff provide the Board of Supervisors reports throughout the year on budget policies, fiscal outlook and a five year forecast. On May 8, 2018, The BOS received a detailed presentation from SBCERS on the current status and valuation of the Retirement Plans. In addition, the Board conducts annual Budget Workshops and Budget Hearings to review the overall financial conditions of the County as part of the adoption of the annual budget.

Additionally, the County has completed negotiations with 7 of the 10 collective bargaining groups which include a multi-year phase-in of increased pension cost sharing by employees. The County has reached tentative agreement with one more group, and the new cost sharing formulas have been implemented for all unrepresented employees. As part of the new formulas, General employees have agreed to pay an additional 2.5% of pensionable income and Safety employees have agreed to pay an additional 6% of pensionable income as a partial pick-up of the County’s portion of annual pension costs. Negotiations continue with the remaining 2 small bargaining groups, representing approximately 60 employees, to reach agreement on their inclusion in the pension cost sharing. PEPRAs employees, those hired since 1/1/2013, have by State law been paying their full share since that time. PEPRAs employees currently represent over 30% of the County’s labor force.

Recommendation 2

That the governments of the cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria and Solvang and of the County of Santa Barbara issue public reports, to be discussed at open sessions of their respective governing bodies, on the potential revenue gain and cost-saving measures that may be necessary to ensure continued adequate funding of their pension plans.

This recommendation has been implemented. As mentioned in the response to Recommendation #1, County staff provide the Board of Supervisors reports throughout the year on budget policies, fiscal outlook and a five year forecast. The Board of Supervisors also agendas, and receives, a detailed presentation from SBCERS on the status and valuation of the Retirement Plans on an annual basis. In addition, the Board conducts annual Budget Workshops and Budget Hearings to review the overall financial condition of the County as part of the adoption of the annual budget. These updates and reports are done in open session allowing for public comment on particular items and actions that address additional potential revenue sources and cost reductions the Board could pursue.