



ADMINISTRATION DEPARTMENT

City of Guadalupe  
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September 11, 2018

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

RECEIVED

SEP 17 2018

BY: \_\_\_\_\_

Re: Grand Jury Report "Pensions in Santa Barbara County"

Dear Judge Kelly:

This letter is the response of the Guadalupe City Council and the City's Mayor to the Santa Barbara Grand Jury report titled "Pensions in Santa Barbara County" dated June 18, 2018. This response is submitted in compliance with Penal Code Section 933. A copy of this response is being sent concurrently to the Grand Jury.

**Finding 2**

*In Carpinteria, Guadalupe and Solvang, pension solvency risks are minimal to moderate, except in the closed Carpinteria Safety Plan. Pension liquidity risks in those cities are higher, with several years in all three cities having projected negative cash flows under projected CalPERS actuarial returns.*

**Response to Finding 2:**

Agree.

Per the 2016 CalPERS Actuarial Valuation reports, the average funded percentage for Classic employees is 76.5%. The average funded percentage for PEPRA employees is 89.9%.

**Finding 8**

*The 12 PEPRA plans in the cities of the County of Santa Barbara have a funded ratio of .90 and the 2 non-PEPRA plans have a funded ratio of 0.68. This is a small, but positive sign that the PEPRA law is having the intended effect of strengthening the security of pension benefits in the County.*

**Response to Finding 8:**

Agree.

See PEPRA employee funded percentage above.

**Finding 9**

*Funded ratios of the municipal pension systems in Santa Barbara County are sensitive to the discount rate applied by CalPERS. A cut in that rate to 6 percent, from the 2018-19 rate of 7 percent, would push the funded ratios of several municipal systems close to 0.5 and might impose further increases in the employer's contributions in Lompoc, in the City of Santa Barbara and in Santa Maria.*

**Response to Finding 9:**

Agree.

Per the 2016 CalPers Actuarial Valuation Miscellaneous Plan, a cut in the discount rate to 6 percent would change the City's funded status from 74.5% to 62.3%.

**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.*

**Response to Recommendation 1:**

This recommendation has been implemented. The City recognized the need for sustainable revenues and had three revenue measures approved by voters in November of 2014. During the budget process all departments have reduced their budgets to accommodate the escalating CalPers costs. In the last couple of years the City had put a hold on capital projects in an effort to reduce costs.

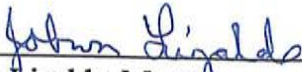
**Recommendation 2**

*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.*

**Response to Recommendation 2:**

This recommendation has been implemented. The recent audit presentation to Council addressed the rising CalPers costs. The annual audit report includes a section on the City's pension liability. The audited financials are also posted on the City website.

Sincerely,

  
\_\_\_\_\_  
John Lizalde, Mayor

  
\_\_\_\_\_  
Ariston Julian, Mayor Pro Tem

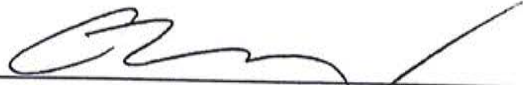
\_\_\_\_\_  
Tony Ramirez, Council Member

  
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Gina Rubalcaba, Council Member

  
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Virginia Ponce, Council Member

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John Lizalde, Mayor

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Ariston Julian, Mayor Pro Tem

  
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Tony Ramirez, Council Member

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Gina Rubalcaba, Council Member

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Virginia Ponce, Council Member



**RESOLUTION NO. 2018-58**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE ADOPTING A RESPONSE TO THE SANTA BARBARA COUNTY GRAND JURY REPORT ENTITLED "PENSIONS IN SANTA BARBARA COUNTY"**

**WHEREAS**, the Santa Barbara County Grand Jury released a report on titled with twelve (12) findings and two (2) recommendation; and

**WHEREAS**, the City Council of the City of Guadalupe is required to response to three (3) of these findings (nos. 2, 8, and 9) and both of the recommendations; and

**WHEREAS**, the City Council has 90 days to respond to this report, each finding, and the recommendations; and

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Guadalupe as follows:

**SECTION 1:** Staff's responses are approved and adopted by the City Council as the official response of the City Council to the above-mentioned Santa Barbara Grand Jury.

**SECTION 2:** The City Council authorizes staff to submit the attached final response with the signatures of each member of the City Council to Judge Patricia Kelly and the Santa Barbara Grand Jury.


**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Guadalupe on the 11<sup>th</sup> day of September 2018 by the following vote.

<b>Motion:</b>	<b>TONY RAMIREZ / GINA RUBALCABA</b>
<b>AYES:</b>	<b>4</b> <b>COUNCILMEMBERS: Ramirez, Lizalde, Rubalcaba, Julian</b>
<b>NOES:</b>	<b>0</b>
<b>ABSENT:</b>	<b>1</b> <b>COUNCILMEMBERS: Ponce</b>
<b>ABSTAIN:</b>	<b>0</b>


I, Joice Earleen Raguz, City Clerk of the City of Guadalupe DO HEREBY CERTIFY that the foregoing Resolution, being C.C. Resolution No. 2018-58, has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the City Council, held September 11, 2018, and that same was approved and adopted.

ATTEST:

  
\_\_\_\_\_  
Joice Earleen Raguz, City Clerk

  
\_\_\_\_\_  
John Lizalde, Mayor

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Philip F. Sinco, City Attorney