



CITY of CARPINTERIA, CALIFORNIA

February 15, 2022

Santa Barbara County Grand Jury
Presiding Judge Gustavo Lavayen
312 East Cook Street
Santa Maria, CA 93454

RE: City of Carpinteria's Response to the Findings and Recommendations in the Santa Barbara County Grand Jury Report on "Pensions in Santa Barbara County Require Vigilance"

To Presiding Judge Gustavo Lavayen/Santa Barbara Grand Jury,

I am writing in response to the Grand Jury report entitled, "Pensions in Santa Barbara County." The City of Carpinteria City Council considered the Report at its regular meeting of February 14, 2022, and the proceedings can be viewed through the City's website at www.carpinteriaca.gov. The City Council authorized the following responses to the request from the Grand Jury for responses to certain findings and recommendations of the Report:

Finding 1a: The cities of Buellton, Carpinteria, Goleta, Guadalupe, Solvang and the County of Santa Barbara are at less potential pension solvency risk.

City of Carpinteria Response to Finding 1a: Agree (as to Carpinteria only).

The Grand Jury used information about the City's pension liability made available by CalPERS and the City. City staff has reviewed this information and believes it to be accurate.

Finding 1c: Unfunded Accrued Liabilities have risen for all cities since 2016, and with the announced change in the Discount Rate, are expected to rise further, which could impact the cities' ability to deliver expected services to residents.

City of Carpinteria's Response to Finding 1c: Agree.

Recommendation 1: That each City Council and the Santa Barbara County Board of Supervisors develop and publish a comprehensive plan by June 30, 2022, addressing their pension plans and how they intend to properly assure future obligations are paid when due, without impacting the timely delivery of essential and promised services to residents.

City of Carpinteria's Response to Recommendation 1: Will be implemented, with an implementation schedule.

The City evaluates its pension obligations along with other critical financial information as a part of its Long-Term Financial Plan. The Long-Term Financial Plan is currently being updated and is expected to be considered for approval by the City Council prior to June 30, 2022.

Finding 2: Section 115 Trusts, Pension Obligation Bonds, and Pension Reserve Funds can be effective mechanisms to protect cities from dramatic impacts to the financial markets or declines in General fund revenues.

City of Carpinteria's Response to Finding 2: Agree.

Recommendation 2: That each City Council and the Santa Barbara County Board of Supervisors study and determine by June 30, 2022, whether a Section 115 Trust, Pension Obligation Bond, or Pension Reserve Fund would be an effective hedge against risks to their pension plans for their city.

City of Carpinteria's Response to Recommendation 2: Has been implemented.

The City has established and maintained a Section 115 Trust since June 30, 2018.

Yours,



Dave Durlinger
City Manager