Board of Directors
Regular Meeting Agenda
Wednesday, September 11, 2024, 6:00 P.M.
Scotts Valley City Hall
One Civic Center Drive, Scotts Valley CA 95066

Agendas and Board Packets are available on the Scotts Valley Fire Protection District (SVFPD) website at www.scottsvalleyfire.com.

Any person who requires a disability-related modification or accommodation in order to participate in a public meeting should make such a request to Mark Correira, Board Secretary, for immediate consideration.

1. Opening Business

1.1 Call to Order

1.2 Pledge of Allegiance and Moment of Silence

1.3 Roll Call

2. Public Comment (GC §54954.3)

This portion of the meeting is reserved for persons wishing to address the Board on any matter that is within the subject matter of the jurisdiction, and either on the agenda or not on the agenda. To ensure fair and equal treatment of all who appear before the Board, and to expedite Agency business, speakers will be limited to three minutes. The three-minute per speaker time limitation may be extended for good cause by the Board President, or by majority vote of the Board Members. Anyone wishing to be placed on the Agenda for a specific topic should contact the Fire Chief's Office and submit correspondence at least 10 days before the desired date of appearance. Any matter that requires Board action will be referred to staff for a report and action at a subsequent Board meeting.

3. Agenda Amendments (GC§54954.2) – Discussion/Action

4. Consent Calendar

(Consent calendar items will be considered and enacted upon by one motion. There will be no separate discussion on items unless a Board Member, Staff, or member of the public requests the removal of the item for separate action.)

4.1 Minutes: Approve Regular Board Meeting Minutes of August 14, 2024

4.2 Approve SVFPD Claims Disbursements for the Month of August 1, 2024 through August 31, 2024 in the Amount of:

Payroll and Benefits:	$ 754,582.99
General Fund:	$ 79,354.72
Capital Outlay:	$ 18,717.21
SCHMIT:	$ 5,861.94
TOTAL:	$ 858,516.86

4.3 Review SVFPD CalPERS Safety Plans Annual Valuation Reports as of June 30, 2023 (Classic and PEPRA)

4.4 Review SVFPD CalPERS Miscellaneous Plans Annual Valuation Reports as of June 30, 2023 (Classic and PEPRA)

4.5 Approve Permit/Inspection Fee Waiver Request for the Scotts Valley High School Haunted House

5. Action Items- Discussion/Action

5.1 Interviews for the Open Seat on the Board of Directors

5.2 Appointment of a Board Member to Vacant Position Pursuant to Government Code Section 1780

6. Board of Directors and Administrative Reports – Information/Discussion

(No action will be taken on any questions raised by the Board at this time.)

6.1 Board of Directors Report – Directors

6.2 Administrative Report – Chief Officers

7. Correspondence

7.1 Copy of email and supporting documents dated August 14, 2024 hand delivered at previous board meeting (August 14) from Becky Steinbruner

8. Request for Future Agenda Items

9. Closed Session: Government Code §54957

9.1 Conference with Legal Counsel – Potential Litigation

Significant exposure to litigation pursuant to Government Code Sections 54956.9(d)(2) and 54956.9(e)(1): 1 case

10. Open Session: Government Code §54957.1

10.1 Report on closed session

11. Adjournment

Next Regularly Scheduled Board Meeting: Wednesday, October 9, 2024 at 6:00 p.m.

MINUTES OF THE
SCOTTS VALLEY FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING OF
August 14, 2024

1. Opening Business

1.1 Call to Order

The Regular Meeting of the Board of Directors of the Scotts Valley Fire Protection District (SVFPD) was held on Wednesday, August 14, 2024 at the City of Scotts Valley Council Chambers. President Parker called the meeting to order at 6:02 p.m. and provided a teleconferencing notice for Director Hurst.

1.2 Pledge of Allegiance and Moment of Silence

President Parker called for the Pledge of Allegiance and a Moment of Silence to follow.

1.3 Roll Call

Director(s) Present:	President Joe Parker (JP)
	Vice President Adam Cosner (AC)
	Director Russ Patterson (RP)
	Director Daron Pisciotta (DP)
Director(s) Virtual at Alternate Location:	Director Kris Hurst (KH)
Director(s) Absent:	N/A
Fire District Staff:	Chief Correira
	Battalion Chiefs McNeil and Stubendorff
	Administrative Services Manager Rodriguez

2. Special Presentations and Introductions

2.1 Promotion and Badge Pinning Presentation: Captain Neil Cahir

Chief Correira spoke at the board meeting to honor Neil Cahir's recent promotion. After a rigorous promotional process that included written exams, interviews, and fire simulations, Neil excelled, scoring the highest across all exam sections. Chief Correira praised the collaborative spirit among the candidates, noting that all six participants worked together and supported one another. Neil's performance, leadership, and dedication made the final decision an easy one.
Neil has been with the district since 2014, advancing through various roles such as firefighter-paramedic, engineer, and acting captain, while earning numerous certifications. Chief Correira highlighted Neil's leadership on the hazmat team and his work on public safety and mental health initiatives. Neil's approachable nature and strong counsel have made

him a trusted figure in the department. His badge was proudly pinned by his son Gus at the meeting.

Neil expressed gratitude for the opportunity, stating he is excited for the next phase of his career and proud to work alongside the dedicated professionals at Scotts Valley Fire, calling it a special place.

3. Public Comment (GC §54954.3)

- Becky Steinbruner discussed the Santa Cruz County Clean Water and Wildfire Protection Act, a ballot measure proposing an $87 per parcel tax, excluding some agricultural and timberland properties. She noted that the Santa Cruz County Fire Chiefs Association opposes the measure, as it lacks guarantees for wildfire protection projects or funding for agencies involved in wildfire prevention. Steinbruner also highlighted the release of a 360-page countywide fire agency assessment by LAFCO, which recommends creating an independent countywide fire agency with a new governance structure, a topic scheduled for discussion by the Board of Supervisors on August 27.

4. Agenda Amendments (GC§54954.2) – Discussion/Action

- The Board removed Consent *Item 5.4- Surplus of District Owned Property* and added the item to Action/Discussion section as Item 11.3

5. Consent Calendar

5.1 Minutes: Approve Regular Board Meeting Minutes of July 10, 2024

5.2 Approve SVFPD Claims Disbursements for the Month of July 1, 2024 through July 31, 2024 in the Amount of:

Payroll and Benefits:	$ 2,394,374.08*
General Fund:	$ 176,502.87**
Capital Outlay:	$ 36,131.25
SCHMIT:	$ 2,631.02
TOTAL:	$ 2,609,639.22

** Includes CalPERS unfunded actuarial liability (UAL) lump-sum prepayment $1,209,214 and Workers Compensation Insurance payment $539,390 Board approved 7/10/2024*

***Includes McNeil and Company District Insurance payment $62,904 Board approved 7/10/2024*

5.3 Approve Intergovernmental Agreement for Motor Vehicle Repairs with the Central Fire District of Santa Cruz County

Board Comment/Questions: None
Public Comment: None

Motion to Approve the Consent Calendar as revised with Items 5.1-5.3
Move: RP **Second: AC** **Roll Call Vote:** ***5-0***

6. Discussion Items

6.1 La Madrona Fire Station Planning

Chief Correira provided an update on the La Madrona Fire Station planning, detailing several options for the Board to consider regarding the next steps. The focus is on whether to proceed with architectural drawings and permitting now or delay until after the upcoming election. He outlined a timeline for the project, noting that delaying until after the election could cause the district to miss the 2025 construction window and potentially push the project to 2026, with increased costs.
Three main options were presented: (1) delaying until after the election to avoid financial risk, (2) proceeding with full architectural drawings now to maintain the 2025 build window but risking up to $80,000, or (3) proceeding with drawings and permitting for just the fire station, postponing administrative buildings until after the election, reducing financial risk but increasing overall project costs. Chief Correira emphasized that no action was required at this meeting, but the Board's consensus on the approach was inquired.

RP: Expressed support for moving forward with the La Madrona Fire Station project despite the financial risk. RP emphasized that delaying the project could lead to significant cost increases, with over 20% compounding annually, potentially amounting to millions of dollars. While acknowledging the risk, RP believes that proceeding now is essential to avoid further cost escalation.

DP: Agreed that delaying the La Madrona Fire Station project would prolong the process further. DP acknowledged the associated risk but emphasized the need for the Board to decide on an option they are comfortable with, to avoid extending the project any further.

AC: Inquired about the different options for the La Madrona Fire Station project, specifically asking whether the Board was interested in including the Administration building in the current phase of planning and construction.

KH: After considering all the information, KH shared support for Option C. KH expressed the Board should wait until after the election to proceed with the Administration building portion of the La Madrona Fire Station project.

JP: Asked for clarification regarding Option D, specifically inquiring what the "not to exceed" dollar amount would be for the La Madrona Fire Station project.

By the end of the discussion on the La Madrona Fire Station planning, the Board reached a consensus in favor of Option C, which involves proceeding with the architectural drawings and permitting for the fire station while postponing the administration building until after the election. No action was taken at the meeting, but the Board's preference for Option C was noted.

7. Public Hearing/Action Items – Discussion/Action

7.1 Scheduled Public Hearing for the SVFPD Final Budget for Fiscal Year 2024/2025:

685010	General Fund:	$15,675,347
685030	Capital Outlay Zone A:	$ 2,287,035
685040	SCHMIT:	$ 707,850

Chief Correira presented the final budget adjustments, highlighting several key changes from the preliminary budget as followed:

-General Fund budget was increased by $784,199 due to updated revenue projections, including affirmed fund balances and additional unexpected revenue.
-Capital Outlay Zone A was reduced by $128,142.
-Schmidt Fund was increased by $43,893.
-Specific budget changes include:
  -Group health insurance costs updated to reflect actual increases.
  -Workers' compensation payments made based on actual costs.
  -Office equipment maintenance adjusted for unexpected increases.
  -Added iPads to office expenses.
  -Increased general counsel budget by $10,000 for potential legal actions and contract negotiations.
-Capital Zone A Adjustments:
  -Added costs for computer connection API for station alerting systems.
  -Included design work costs for the Administration building not originally part of the budget.

7.2 Receive Public Comment and Adopt Resolution 2024-11: Resolution Adopting Final Budget for Fiscal Year 2024/2025 and Addressing Account Adjustments Post-Consolidation of Branciforte Fire Protection District

At 6:27 p.m. President Parker opened the public hearing.

Public Comment:

- Becky Steinbruner: Expressed concern about the $30,000 allocated for a demographic study related to district-based elections, arguing that it may be insufficient compared to a similar study done by the Central Fire Protection District, which cost $35,000 to $40,000. She requested more information on the scope of the $30,000 bid and expressed worry that the budget might not fully cover the study. Steinbruner also reaffirmed her intention to take legal action to ensure the transition to district-based elections and noted the absence of discussion about the Barnes Family Trust funds in relation to the Branciforte Service Zone and Measure T funds, calling for clarification. She provided related documents for the Board's consideration.

Chief Correira responded to Becky Steinbruner's comments by clarifying several points. He noted that a quote from the National Demographic Service for the study totals $33,500. He explained that the cost difference compared to the Central Fire Protection District's study could be due to the differing complexities of the districts, with their study being more extensive due to serving a larger population and area. The Chief also provided documentation, including the scope of work, the preliminary and final budget details, and the Fire Chief's Work Plan, which includes the study as part of the fourth-quarter activities. He assured that the district remains committed to moving forward with the study as planned unless directed otherwise by the Board.

At 6:32 p.m. President Parker closed the public hearing.

Motion to Approve Resolution 2024-11: Resolution Adopting Final Budget for Fiscal Year 2024/2025 and Addressing Account Adjustments Post- Consolidation of Branciforte Fire Protection District as presented
Move: RP **Second: AC** **Roll Call Vote: *5-0***

8. Public Hearing II/Action 8.1-8.2

8.1 <u>Scheduled Public Hearing for Ordinance 2024-1: Weed Abatement</u>

Chief Correira presented the public hearing for Ordinance 2024-01 on weed abatement. He explained that the ordinance aims to enhance the current weed abatement program, which primarily involves sending multiple letters to offenders but lacks enforcement power. The proposed ordinance would allow the Fire District to send notices, post the property, and if necessary, abate the hazard using a contracted firm. The costs incurred would be placed on the property owner's tax rolls to be paid the following year. Chief Correira noted that the ordinance follows similar programs in California and has received positive feedback from the community, who see it as a necessary tool to address fire risks.

8.2 <u>Receive Public Comment and Adopt Ordinance 2024-1: Weed Abatement</u>

At 6:34 p.m. President Parker opened the public hearing and with no public comment, the public hearing was closed.

Motion to Approve Ordinance 2024-1: Weed Abatement as presented

Move: AC **Second: DP** **Roll Call Vote:** ***5-0***

9. Closed Session: Government Code §54957

9.1 Closed Session Conference with Legal Counsel – Threatened/Anticipated Litigation

At 6:40 p.m., President Parker announced the Board would be going into Closed Session for the purpose to discuss item listed in 9.1.

10. Open Session: Government Code §54957.1

10.1 Report on closed session

At 7:01 p.m., the Board reconvened to Open Session and President Parker reported on Item 9.1. Information was received, and direction was given. No action taken.

11. Action Items – Discussion/Action

11.1 Resolution 2024-12 Sending Notice Terminating the Weist Law and CalMuni Professional Services Agreements and Ratifying the CFG Finances and Stradling Law Professional Services Agreement

Board Comment/Questions: None
Public Comment: None

Motion to Approve Resolution 2024-12 Sending Notice Terminating the Weist Law and CalMuni Professional Services Agreements and Ratifying the CFG Finances and Stradling Law Professional Services Agreement as presented
Move: AC **Second: DP** **Roll Call Vote:** ***5-0***

11.2 Appointment of Ad Hoc Committee For Labor Negotiations

Chief Correira informed the board that the IAFF Union 3577 is in the process of rewriting its bylaws, potentially including other Memorandum of Understanding (MOU) groups within the organization for union representation. One key recommendation was for the board to appoint an ad hoc committee for labor negotiations to handle any forthcoming negotiations, especially if a formal request is received from the union. The board was advised to appoint two members to the committee to prepare for any required meetings or discussions with the union. Although current MOUs with the district's groups do not expire until June of next year, this committee would address the potential changes proactively.

The Board agreed to appoint Directors Cosner and Hurst as the Ad Hoc Committee to address the potential changes in the labor group prior to negotiations.

11.3 Surplus of District Owned Property

Chief Correira presented the surplus list, noting several IT-related items identified by BC Stubendorff. Additionally, a camper shell was added to the list as it will be replaced on a command vehicle. Approval of the surplus list would allow the district to auction these items on GovDeals.com.

Motion to Approve the disposal of the items on the surplus list of District owned property as presented.
Move: DP **Second: RP** **Roll Call Vote: *5-0***

12. Board of Directors and Administrative Reports – Information/Discussion

12.1 Board of Directors Report – Directors

- Director Russ Patterson announced that this would be his last regular board meeting. He mentioned he has one more Facilities Committee meeting with the PR firm in two weeks before officially submitting his resignation, effective September 3rd, as he prepares to move out of the area. He reflected on his 8 years of service, expressing that it has been enjoyable.

  The board expressed their appreciation for Director Russ Patterson's eight years of service and presented him with a gift in recognition of his contributions.

12.2 Administrative Report – Chief Officers

- Administrative Services Manager Rodriguez informed the board that the county is transitioning to Workday as their new payroll system. Over the next two years, the district will work on integrating their current payroll system into Workday. The expected go-live date is tentatively March 2026.
- Chief Correira provided several important updates. He began by announcing the resignation of Engineer Paramedic Dan Pedemonte, effective August 18, who has accepted a full-time position with the Central Fire District of Santa Cruz County. Chief Correira also recognized the positive outcome of a recent community outreach meeting in Branciforte, where they discussed Measure T, the potential bond measure, and response times, noting great engagement from attendees.
  He then shared his attendance at a Santa Cruz County Democrats meeting to express the Fire Chiefs' opposition to the Clean Water and Wildfire Resilience Act. Chief Correira explained that the act, originally well-intended, has been revised 36 times and now diverts significant funding from wildfire resilience to other unrelated community programs. He emphasized concerns that the act could pull about $7 million from a parcel tax for county-managed projects, with little accountability or guarantee of use for fire-related services. This act also competes with local bond measures from Scotts Valley, Zayante, and Central Fire, which are vital for fire services.

Chief Correira provided an update on the Park Fire, noting that a crew swap had occurred, and they now have five members assigned to the fire. He praised Battalion Chief Lofranco for his heroic actions at a refuge area, where he rescued a dozer operator in danger of being burned by driving him to safety.
Lastly, Chief Correira personally thanked Director Russ Patterson for his eight years of distinguished service on the board, recognizing his long career in public service, including his role as a police captain and emergency manager, and recalling their first meeting. He expressed gratitude for Patterson's commitment to the community.

13. Correspondence

13.1 Incident Follow-Up: Thank you card from the Chates Family
13.2 Email dated July 10, 2024 from Becky Steinbruner
13.3 Thank you drawing from Isabelle Hackworth- 5 years old
13.4 Incident Follow-Up: Thank You Email from Jeff Maxwell, Fire Chief, Zayante Fire Protection District

The Board received and filed the correspondence.

14. Request for Future Agenda Items

- Address the Board seat vacancy at the September meeting.

15. Adjournment

The meeting was adjourned at 7:19 p.m.

Next Regularly Scheduled Board Meeting: Wednesday, September 11, 2024 at 6:00 p.m.

Attest ____________________________ ____________________________

Joe Parker
Board President

Mark Correira
Board Secretary

Scotts Valley Fire Protection District (SVFPD)

Date: September 11, 2024

To: Board of Directors

From: SVFPD

Subject: Approve Claim Disbursements

SVFPD Claims have been approved for payment out of SVFPD Funds totaling $ 858,516.86

These payments have been approved by the Board of Directors during their meeting on September 11, 2024

August 2024/2025 F.Y.

685010- Payroll and Benefits:	$	754,582.99
685010- General Fund:	$	79,354.72
685030- Capital Outlay:	$	18,717.21
685040- SCHMIT:	$	5,861.94

ATTEST ______________________________ ______________________________

Joe Parker
Board President

Mark Correira
Board Secretary

Actual Transactions

Transaction Type = Actual; Revenues/Expenditures = R,(E; Chart Fields = GLKey,Character,Object
Post On [@prior-month] and Revenues/Expenditures [XP] and GL Key [685010, 685020, 685030, 685040]

Fiscal Year	Fiscal Month	Post On	Document No	Doc Ref	Revenues/Expenditures	GL Key	Character	Object	Amount	Description	Vendor No	Warrant No
GL Key: 685010 – SCOTTS VALLEY FIRE PROT SVC												
Character: 50 – SALARIES AND EMPLOYEE BENEF												
Object: 51000 – REGULAR PAY-PERMANENT												
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	51000	-156,940.99	PAYPERIOD 16PAYDATE 08092024		
2025	02	8/21/2024	PAYPERIOD 17		Expenditures	685010	50	51000	-162,011.01	PAYPERIOD 17PAYDATE 08232024		
Total 51000 – REGULAR PAY-PERMANENT									-318,952.00			
Object: 51005 – OVERTIME PAY-PERMANENT												
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	51005	-78,921.50	PAYPERIOD 16PAYDATE 08092024		
2025	02	8/21/2024	PAYPERIOD 17		Expenditures	685010	50	51005	-143,565.67	PAYPERIOD 17PAYDATE 08232024		
Total 51005 – OVERTIME PAY-PERMANENT									-222,487.17			
Object: 51010 – REGULAR PAY-EXTRA HELP												
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	51010	-4,049.23	PAYPERIOD 16PAYDATE 08092024		
Total 51010 – REGULAR PAY-EXTRA HELP									-4,049.23			
Object: 51035 – HOLIDAY PAY												
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	51035	-12,754.29	PAYPERIOD 16PAYDATE 08092024		
2025	02	8/21/2024	PAYPERIOD 17		Expenditures	685010	50	51035	-13,220.96	PAYPERIOD 17PAYDATE 08232024		
Total 51035 – HOLIDAY PAY									-25,975.25			
Object: 51040 – DIFFERENTIAL PAY												
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	51040	-7,510.31	PAYPERIOD 16PAYDATE 08092024		
2025	02	8/21/2024	PAYPERIOD 17		Expenditures	685010	50	51040	-8,107.75	PAYPERIOD 17PAYDATE 08232024		
Total 51040 – DIFFERENTIAL PAY									-15,618.06			
Object: 52010 – OASDI-SOCIAL SECURITY												
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	52010	-4,034.69	PAYPERIOD 16PAYDATE 08092024		
2025	02	8/21/2024	PAYPERIOD 17		Expenditures	685010	50	52010	-4,831.16	PAYPERIOD 17PAYDATE 08232024		
Total 52010 – OASDI-SOCIAL SECURITY									-8,865.85			
Object: 52015 – PERS												
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	52015	-32,424.95	PAYPERIOD 16PAYDATE 08092024		
2025	02	8/21/2024	PAYPERIOD 17		Expenditures	685010	50	52015	-33,458.49	PAYPERIOD 17PAYDATE 08232024		
Total 52015 – PERS									-65,883.44			
Object: 53010 – EMPLOYEE INSURANCE & BENEFITS												
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	53010	912.26	PAYPERIOD 16PAYDATE 08092024		
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	53010	-1,250.00	PAYPERIOD 16PAYDATE 08092024		
2025	02	8/09/2024	AUG24HLTH		Expenditures	685010	50	53010	-72,492.57	SV FIRE AUG 2024	V116512	16228
2025	02	8/14/2024	DU108414	DU108414	Expenditures	685010	50	53010	48.56	D.Lipkowitz Aug24 DentalCK#801	C99999	
2025	02	8/14/2024	DU108414	DU108414	Expenditures	685010	50	53010	48.56	M.Pasquini Aug24 DentalCK#1102	C99999	
2025	02	8/14/2024	DU108414	DU108414	Expenditures	685010	50	53010	137.94	S.Kovacs Sept24 Dental	C99999	
2025	02	8/14/2024	DU108414	DU108414	Expenditures	685010	50	53010	48.56	S.Downey Aug24 Dental CK#2401	C99999	
2025	02	8/21/2024	PAYPERIOD 17		Expenditures	685010	50	53010	1,074.57	PAYPERIOD 17PAYDATE 08232024		
2025	02	8/21/2024	PAYPERIOD 17		Expenditures	685010	50	53010	-1,250.00	PAYPERIOD 17PAYDATE 08232024		
2025	02	8/22/2024	0924SVFD		Expenditures	685010	50	53010	-1,464.36	FIRE RISK MANAG SVFD	V45930	00466417
2025	02	8/23/2024	0824SVFD		Expenditures	685010	50	53010	-4,902.64	HEALTH CARE EMP SVFD Group 367	V108670	00466535
2025	02	8/29/2024	0924SVFD		Expenditures	685010	50	53010	-794.44	VANDERVOORT, GR SVFD Health In	V122411	80071629
2025	02	8/29/2024	0924SVFD		Expenditures	685010	50	53010	-432.63	PHINN, MIKE SVFD Health Ins.-	V103782	80071625
2025	02	8/29/2024	0924SVFD		Expenditures	685010	50	53010	-1,472.62	BIDDLE, MIKE SVFD Health Ins.-	V105980	80071623
2025	02	8/29/2024	0924SVFD		Expenditures	685010	50	53010	-703.45	LOFRANCO, SAL SVFD Health Ins.	V105221	80071624
2025	02	8/29/2024	0924SVFD		Expenditures	685010	50	53010	-843.00	THEILEN, LOTHAR SVFD Health In	V117701	80071628
2025	02	8/29/2024	0924SVFD		Expenditures	685010	50	53010	-444.55	RONZANO, CHRIST SVFD Health In	V111324	80071626
2025	02	8/29/2024	0924SVFD		Expenditures	685010	50	53010	-705.06	WHITTLE, RON SVFD Health Ins.-	V102822	80071630
2025	02	8/29/2024	DU108837	DU108837	Expenditures	685010	50	53010	91.85	H.Bustichi Sept24DentalCK#4252	C99999	
2025	02	8/29/2024	DU108837	DU108837	Expenditures	685010	50	53010	48.56	D.Lipkowitz Aug24 Dental	C99999	
2025	02	8/29/2024	DU108837	DU108837	Expenditures	685010	50	53010	48.56	M.Marsano Sept24DentalCK#299	C99999	
Total 53010 – EMPLOYEE INSURANCE & BENEFITS									-84,295.90			
Object: 53015 – UNEMPLOYMENT INSURANCE												
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	53015	-64.78	PAYPERIOD 16PAYDATE 08092024		
Total 53015 – UNEMPLOYMENT INSURANCE									-64.78			

Actual Transactions

Transaction Type = Actual; Revenues/Expenditures = R,(E; Chart Fields = GLKey,Character,Object
Post On [@prior-month] and Revenues/Expenditures [XP] and GL Key [685010, 685020, 685030, 685040]

Fiscal Year	Fiscal Month	Post On	Document No	Doc Ref	Revenues/Expenditures	GL Key	Character	Object	Amount	Description	Vendor No	Warrant No
GL Key: 685010 – SCOTTS VALLEY FIRE PROT SVC												
Character: 50 – SALARIES AND EMPLOYEE BENEF												
Object: 55021 – OTHER BENEFITS MISC												
2025	02	8/07/2024	PAYPERIOD 16		Expenditures	685010	50	55021	-2,287.50	PAYPERIOD 16PAYDATE 08092024		
2025	02	8/21/2024	PAYPERIOD 17		Expenditures	685010	50	55021	-6,103.81	PAYPERIOD 17PAYDATE 08232024		
Total 55021 – OTHER BENEFITS MISC									-8,391.31			
Total 50 – SALARIES AND EMPLOYEE BENEF									-754,582.99			
Character: 60 – SERVICES AND SUPPLIES												
Object: 61125 – UNIFORM REPLACEMENT												
2025	02	8/09/2024	0182518		Expenditures	685010	60	61125	-1,628.59	ENTENMANN- ROVI SVFD	V125946	80070993
Total 61125 – UNIFORM REPLACEMENT									-1,628.59			
Object: 61535 – OTHER INSURANCE												
2025	02	8/09/2024	16884		Expenditures	685010	60	61535	-4,770.00	ACRISURE PARTNE SVFD	V47971	00465573
Total 61535 – OTHER INSURANCE									-4,770.00			
Object: 61720 – MAINT-MOBILE EQUIPMENT-SERV												
2025	02	8/13/2024	046243		Expenditures	685010	60	61720	-935.23	GOLDEN STATE EM SVFD PIE-0143	V129826	00465792
2025	02	8/23/2024	045207		Expenditures	685010	60	61720	-630.86	GOLDEN STATE EM SVFD PIE-0143	V129826	00466534
2025	02	8/23/2024	046490		Expenditures	685010	60	61720	-71.87	GOLDEN STATE EM SVFD PIE-0143	V129826	00466534
2025	02	8/23/2024	046500		Expenditures	685010	60	61720	-49.81	GOLDEN STATE EM SVFD PIE-0143	V129826	00466534
2025	02	8/29/2024	0824SVFD2		Expenditures	685010	60	61720	-63.15	SCARBOROUGH LUM SVFD Acct 1169	V1233	80071621
Total 61720 – MAINT-MOBILE EQUIPMENT-SERV									-1,750.92			
Object: 61725 – MAINT-OFFICE EQUIPMNT-SERVICES												
2025	02	8/09/2024	15937		Expenditures	685010	60	61725	-2,043.67	PAGODA TECHNOLO SVFD	V125184	80071008
Total 61725 – MAINT-OFFICE EQUIPMNT-SERVICES									-2,043.67			
Object: 61730 – MAINT-OTH EQUIP-SERVICES												
2025	02	8/29/2024	0824SVFD3		Expenditures	685010	60	61730	-8.77	SCARBOROUGH LUM SVFD Acct 1169	V1233	80071621
Total 61730 – MAINT-OTH EQUIP-SERVICES									-8.77			
Object: 61845 – MAINT-STRUCT/IMPS/GRDS-OTH-SRV												
2025	02	8/09/2024	4306		Expenditures	685010	60	61845	-761.38	ABOVE & BEYOND SVFD	V38802	00465677
2025	02	8/29/2024	4716		Expenditures	685010	60	61845	-1,571.91	R & S ERECTION SVFD	V112584	00466872
Total 61845 – MAINT-STRUCT/IMPS/GRDS-OTH-SRV									-2,333.29			
Object: 61920 – MEDICAL, DENTAL & LAB SUPPLIES												
2025	02	8/13/2024	85418744		Expenditures	685010	60	61920	-1,538.56	BOUND TREE MEDI SVFD	V12149	00465791
Total 61920 – MEDICAL, DENTAL & LAB SUPPLIES									-1,538.56			
Object: 62301 – ACCOUNTING AND AUDITING FEES												
2025	02	8/29/2024	13519		Expenditures	685010	60	62301	-2,070.00	TOTAL COMPENSAT SVFD ACCOUNTS	V129212	00466873
Total 62301 – ACCOUNTING AND AUDITING FEES									-2,070.00			
Object: 62367 – MEDICAL SERVICES-OTHER												
2025	02	8/23/2024	240538		Expenditures	685010	60	62367	-840.00	BAYSPORT INC SVFD	V44180	00466533
Total 62367 – MEDICAL SERVICES-OTHER									-840.00			
Object: 62381 – PROF & SPECIAL SERV-OTHER												
2025	02	8/09/2024	274877		Expenditures	685010	60	62381	-187.50	VOYA RETIREMENT SVFD VB2297OM	V31933	00465679
2025	02	8/09/2024	720053		Expenditures	685010	60	62381	-13,545.01	ATKINSON ANDELS SVFD	V48005	00465678
2025	02	8/13/2024	57562		Expenditures	685010	60	62381	-822.00	CSG CONSULTANTS SVFD	V121100	80071107
2025	02	8/23/2024	722288		Expenditures	685010	60	62381	-29,907.68	ATKINSON ANDELS SVFD	V48005	00466532
2025	02	8/29/2024	203092		Expenditures	685010	60	62381	-210.00	CENTRAL COAST C SVFD	V15383	00466871
Total 62381 – PROF & SPECIAL SERV-OTHER									-44,672.19			
Object: 62715 – SMALL TOOLS & INSTRUMENTS												
2025	02	8/13/2024	2088477		Expenditures	685010	60	62715	-4,041.90	MUNICIPAL EMERG SVFD	V129814	00465793
2025	02	8/29/2024	0824SVFD1		Expenditures	685010	60	62715	-247.64	SCARBOROUGH LUM SVFD Acct 1169	V1233	80071621
Total 62715 – SMALL TOOLS & INSTRUMENTS									-4,289.54			

Actual Transactions

Transaction Type = Actual; Revenues/Expenditures = R,(E; Chart Fields = GLKey,Character,Object
Post On [@prior-month] and Revenues/Expenditures [XP] and GL Key [685010, 685020, 685030, 685040]

Fiscal Year	Fiscal Month	Post On	Document No	Doc Ref	Revenues/Expenditures	GL Key	Character	Object	Amount	Description	Vendor No	Warrant No
GL Key: 685010 – SCOTTS VALLEY FIRE PROT SVC												
Character: 60 – SERVICES AND SUPPLIES												
Object: 62826 – EDUCATION AND/OR TRAINING												
2025	02	8/09/2024	0824SVFD		Expenditures	685010	60	62826	-41.71	COLLINS, ERIN SVFD	V116856	00465574
Total 62826 – EDUCATION AND/OR TRAINING									-41.71			
Object: 62914 – EDUCATION & TRAINING(REPT)												
2025	02	8/29/2024	0824SVFD4		Expenditures	685010	60	62914	-100.44	SCARBOROUGH LUM SVFD Acct 1169	V1233	80071621
2025	02	8/29/2024	DU108837	DU108837	Expenditures	685010	60	62914	300.92	Travel Reimb. Correira	C99999	
Total 62914 – EDUCATION & TRAINING(REPT)									200.48			
Object: 62920 – GAS, OIL, FUEL												
2025	02	8/29/2024	852633		Expenditures	685010	60	62920	-2,453.01	WESTERN STATES SVFD	V39738	00466874
Total 62920 – GAS, OIL, FUEL									-2,453.01			
Object: 63070 – UTILITIES												
2025	02	8/13/2024	0824SVFD		Expenditures	685010	60	63070	-453.35	PACIFIC GAS AND SVFD	V129169	00465759
2025	02	8/13/2024	0824SVFD1		Expenditures	685010	60	63070	-193.02	CITY OF SCOTTS SVFD	V102713	80071106
2025	02	8/13/2024	0824SVFD2		Expenditures	685010	60	63070	-260.61	CITY OF SCOTTS SVFD	V102713	80071106
Total 63070 – UTILITIES									-906.98			
Total 60 – SERVICES AND SUPPLIES									-69,146.75			
Character: 70 – OTHER CHARGES												
Object: 75231 – CONTRIB TO OTHER AGENCIES-OTH												
2025	02	8/15/2024	JV15404		Expenditures	685010	70	75231	-10,207.97	FY24/25 LAFCO SCTS VLY FIRE		
Total 75231 – CONTRIB TO OTHER AGENCIES-OTH									-10,207.97			
Total 70 – OTHER CHARGES									-10,207.97			
Total 685010 – SCOTTS VALLEY FIRE PROT SVC									-833,937.71			

Actual Transactions

Transaction Type = Actual; Revenues/Expenditures = R,(E; Chart Fields = GLKey,Character,Object
Post On [@prior-month] and Revenues/Expenditures [XP] and GL Key [685010, 685020, 685030, 685040]

Fiscal Year	Fiscal Month	Post On	Document No	Doc Ref	Revenues/Expenditures	GL Key	Character	Object	Amount	Description	Vendor No	Warrant No
GL Key: 685030 – SCOTTS VLY FIRE DIST.-CAPITAL												
Character: 60 – SERVICES AND SUPPLIES												
Object: 61215 – RADIO												
2025	02	8/13/2024	2705		Expenditures	685030	60	61215	-10,289.90	SILVERADO AVION SVFD	V125945	00465795
2025	02	8/23/2024	2720		Expenditures	685030	60	61215	-722.31	SILVERADO AVION SVFD	V125945	00466537
Total 61215 – RADIO									-11,012.21			
Object: 62381 – PROF & SPECIAL SERV-OTHER												
2025	02	8/15/2024	202408-2783		Expenditures	685030	60	62381	-1,787.50	NBS GOVERNMENT SVFD	V33471	00465967
2025	02	8/23/2024	2024.16.2		Expenditures	685030	60	62381	-2,750.00	ZELLER APPRAISA SVFD	V8638	00466538
2025	02	8/29/2024	3001-02-0724		Expenditures	685030	60	62381	-3,167.50	RRM DESIGN GROU SVFD	V126553	80071627
Total 62381 – PROF & SPECIAL SERV-OTHER									-7,705.00			
Total 60 – SERVICES AND SUPPLIES									-18,717.21			
Total 685030 – SCOTTS VLY FIRE DIST.-CAPITAL									-18,717.21			

Actual Transactions

Transaction Type = Actual; Revenues/Expenditures = R,(E; Chart Fields = GLKey,Character,Object

Post On [@prior-month] and Revenues/Expenditures [XP] and GL Key [685010, 685020, 685030, 685040]

Fiscal Year	Fiscal Month	Post On	Document No	Doc Ref	Revenues/Expenditures	GL Key	Character	Object	Amount	Description	Vendor No	Warrant No
GL Key: 685040 – SV FIRE DIST-REGIONAL HAZ RESP												
Character: 60 – SERVICES AND SUPPLIES												
Object: 62219 – PC SOFTWARE PURCHASES												
2025	02	8/13/2024	2024052		Expenditures	685040	60	62219	-1,661.94	RIGHTANSWER.COM SVFD	V127994	00465794
Total 62219 – PC SOFTWARE PURCHASES									-1,661.94			
Object: 62914 – EDUCATION & TRAINING(REPT)												
2025	02	8/23/2024	800		Expenditures	685040	60	62914	-4,200.00	RW JONES AND AS SVFD	V129231	00466536
Total 62914 – EDUCATION & TRAINING(REPT)									-4,200.00			
Total 60 – SERVICES AND SUPPLIES									-5,861.94			
Total 685040 – SV FIRE DIST-REGIONAL HAZ RESP									-5,861.94			
									-858,516.86			

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2024

Safety Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040)
Annual Valuation Report as of June 30, 2023

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2023 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2025-26**. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2023.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to *"Forms & Publications"* and select *"View All"*. In the search box, enter *"Risk Pool"* and from the results list download the Safety Risk Pool Actuarial Valuation Report for June 30, 2023.

Required Contributions

The table below shows the minimum required employer contributions for FY 2025-26 along with an estimate of the employer contribution requirements for FY 2026-27. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2025-26	24.40%	$1,412,706
Projected Results		
2026-27	*24.4%*	*$1,515,000*

The actual investment return for FY 2023-24 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2023-24 differs from 6.8%, the actual contribution requirements for FY 2026-27 will differ from those shown above. For additional details regarding the assumptions and methods used for these projections, please refer to Projected Employer Contributions. This section also contains projected required contributions through FY 2030-31.

Report Enhancements

A number of enhancements were made to the report this year to ease navigation and allow the reader to find specific information more quickly. The tables of contents are now "clickable." This is true for the main table of contents that follows the title page and the intermediate tables of contents at the beginning of sections. The Adobe navigation pane on the left can also be used to skip to specific exhibits.

There are a number of links throughout the document in blue text. Links that are internal to the document are not underlined, while underlined links will take you to the CalPERS website. Examples are shown below.

Internal Bookmarks	CalPERS Website Links
Required Employer Contributions	Required Employer Contribution Search Tool
Member Contribution Rates	Public Agency PEPRA Member Contribution Rates
Summary of Key Valuation Results	Pension Outlook Overview
Funded Status – Funding Policy Basis	Interactive Summary of Public Agency Valuation Results
Projected Employer Contributions	Public Agency Actuarial Valuation Reports

Further descriptions of general changes are included in the Highlights and Executive Summary section and in Appendix A - Actuarial Methods and Assumptions in Section 2.

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at **888 CalPERS** (or **888**-225-7377).

Sincerely,

Matthew Biggart

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

California Public Employees’ Retirement System

Actuarial Valuation for the Safety Plan of the Scotts Valley Fire Protection District

as of June 30, 2023

(CalPERS ID: 4027652040)
(Rate Plan ID: 904)

Required Contributions for Fiscal Year

July 1, 2025 — June 30, 2026

Table of Contents

Section 1

California Public Employees' Retirement System

Plan Specific Information
for the
Safety Plan
of the
Scotts Valley Fire Protection District

(CalPERS ID: 4027652040)
(Rate Plan ID: 904)

Table of Contents — Section 1

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Safety Plan of the Scotts Valley Fire Protection District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2023, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Scotts Valley Fire Protection District, while Section 2 is based on the corresponding information for all agencies participating in the Safety Risk Pool to which the plan belongs.

Matthew Biggart

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

Introduction

This report presents the results of the June 30, 2023, actuarial valuation of the Safety Plan of the Scotts Valley Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2025-26.

Purpose of Section 1

This Section 1 report for the Safety Plan of the Scotts Valley Fire Protection District of CalPERS was prepared by the Actuarial Office using data as of June 30, 2023. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2023;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2025, through June 30, 2026;
- Determine the required member contribution rate for FY July 1, 2025, through June 30, 2026, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2023, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2024-25	Fiscal Year 2025-26
Employer Normal Cost Rate	24.33%	24.40%
Unfunded Accrued Liability (UAL) Contribution Amount	$1,232,236	$1,412,706
Paid either as		
Option 1) 12 Monthly Payments of	$102,686.33	$117,725.50
Option 2) Annual Prepayment in July	$1,192,362	$1,366,993

Member Contribution Rates — page 9

	Fiscal Year 2024-25	Fiscal Year 2025-26
Member Contribution Rate	9.00%	9.00%

Projected Employer Contributions — page 14

Fiscal Year	Normal Cost (% of payroll)	Annual UAL Payment
2026-27	24.4%	$1,515,000
2027-28	24.4%	$1,598,000
2028-29	24.4%	$1,782,000
2029-30	24.4%	$1,822,000
2030-31	24.4%	$1,857,000

Funded Status — Funding Policy Basis — page 12

	June 30, 2022	June 30, 2023
Entry Age Accrued Liability (AL)	$53,114,826	$55,818,004
Market Value of Assets (MVA)	37,247,464	38,917,182
Unfunded Accrued Liability (UAL) [AL – MVA]	$15,867,362	$16,900,822
Funded Ratio [MVA ÷ AL]	70.1%	69.7%

Summary of Valuation Data — Page 27

	June 30, 2022	June 30, 2023
Active Member Count	13	11
Annual Covered Payroll	$2,094,350	$1,805,162
Transferred Member Count	9	9
Separated Member Count	2	2
Retired Members and Beneficiaries Count	36	38

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2023, actuarial valuation.

New Disclosure Items

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) requiring actuaries to disclose a low-default-risk obligation measure (LDROM) of the benefits earned. This information is shown in a new exhibit, Funded Status – Low-Default-Risk Basis.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2023, as well as statutory changes, regulatory changes and board actions through January 2024.

During the time period between the valuation date and the publication of this report, inflation has been higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2024, valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

The 2023 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2024 limits, determined in October 2023, are not reflected.

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the Future Investment Return Scenarios exhibit in this report has not been modified and still reflects the projected contribution requirements associated with a reduction in the discount rate.

Branciforte Fire Protection District and Scotts Valley Fire Protection District merged effective February 17, 2024. Since this merger occurred after the June 30, 2023 valuation date, its impact is not reflected in this valuation report. The applicable normal cost for the 2025-26 contribution year will be as specified in the June 30, 2023 valuation report for the Classic Safety plan of Scotts Valley Fire Protection District, which is the successor agency. The 2025-26 required unfunded accrued liability contributions will be the combined amounts from the June 30, 2023 valuation reports for the Classic Safety plans of both agencies. Rate adjustment letters will be made available on myCalPERS that show the revised required contributions for the successor agency.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, unfunded accrued liability (UAL) emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the Unfunded Accrued Liability Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The Unfunded Accrued Liability Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Required Employer Contributions	Fiscal Year 2025-26
Employer Normal Cost Rate	**24.40%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[1]	**$1,412,706**
Paid either as	
1) Monthly Payment	**$117,725.50**
Or	
2) Annual Prepayment Option*	**$1,366,993**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

* Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

For Member Contribution Rates see the following page.

Development of Normal Cost as a Percentage of Payroll	Fiscal Year 2024-25	Fiscal Year 2025-26
Base Total Normal Cost for Formula	31.99%	32.05%
Surcharge for Class 1 Benefits[2]		
a) FAC 1	1.33%	1.34%
Plan's Total Normal Cost	33.32%	33.39%
Offset Due to Employee Contributions[3]	8.99%	8.99%
Employer Normal Cost	24.33%	24.40%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2024.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges.

[3] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Safety, 2% at age 55	7%
Safety, 2% at age 50	9%
Safety, 3% at age 55	9%
Safety, 3% at age 50	9%

Other Pooled Safety Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown on this page, correspond to rate plan 904. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Safety Risk Pool are shown below and assume that the total employer payroll within the Safety Risk Pool will grow according to the overall payroll growth assumption of 2.80% per year for three years. Classic members who are projected to terminate employment are assumed to be replaced by PEPRA members.

Estimated Employer Contributions for all Pooled Safety Rate Plans	**Fiscal Year 2024-25**	**Fiscal Year 2025-26**
Projected Payroll for the Contribution Year	$4,194,364	$4,219,500
Estimated Employer Normal Cost	$771,309	$762,104
Required Payment on Amortization Bases	$1,258,107	$1,442,801
Estimated Total Employer Contributions	$2,029,416	$2,204,905
Estimated Total Employer Contribution Rate (illustrative only)	48.38%	52.26%

Breakdown of Entry Age Accrued Liability

Active Members	$12,833,851
Transferred Members	2,867,286
Separated Members	325,516
Members and Beneficiaries Receiving Payments	39,791,351
Total	$55,818,004

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$55,818,004
2.	Projected UAL Balance at 6/30/2023	15,913,303
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2023 for Asset Share	15,913,303
5.	Pool's Accrued Liability[1]	30,525,472,379
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2023[1]	7,735,444,959
7.	Pool's 2022-23 Investment (Gain)/Loss[1]	146,133,368
8.	Pool's 2022-23 Non-Investment (Gain)/Loss[1]	400,118,077
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	255,875
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	731,644
11.	Plan's New (Gain)/Loss as of 6/30/2023: (9) + (10)	987,519
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	0
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	0
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	255,875

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$16,900,822
19.	Plan's Share of Pool's Market Value of Assets (MVA): (1) - (18)	$38,917,182

For a reconciliation of the pool's Market Value of Assets (MVA), information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (Present Value of Benefits) to individual years of service (the Normal Cost). The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The Unfunded Accrued Liability (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The funded ratio equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2022	June 30, 2023
1. Present Value of Benefits	$57,214,450	$59,481,992
2. Entry Age Accrued Liability	53,114,826	55,818,004
3. Market Value of Assets (MVA)	37,247,464	38,917,182
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$15,867,362	$16,900,822
5. Funded Ratio [(3) ÷ (2)]	70.1%	69.7%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$62,954,940	$55,818,004	$49,900,543
2. Market Value of Assets (MVA)	38,917,182	38,917,182	38,917,182
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$24,037,758	$16,900,822	$10,983,361
4. Funded Ratio [(2) ÷ (1)]	61.8%	69.7%	78.0%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2025-26 is $1,412,706. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2025-26 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2025-26 Employer Contributions — Illustrative Scenarios

Funding Approach	Estimated Normal Cost	Minimum UAL Contribution	ADP[1]	Total UAL Contribution	Estimated Total Contribution
Minimum required only	$402,674	$1,412,706	0	$1,412,706	$1,815,380
20 year funding horizon	$402,674	$1,412,706	$104,906	$1,517,612	$1,920,286
15 year funding horizon	$402,674	$1,412,706	$357,721	$1,770,427	$2,173,101
10 year funding horizon	$402,674	$1,412,706	$890,952	$2,303,658	$2,706,332
5 year funding horizon	$402,674	$1,412,706	$2,548,865	$3,961,571	$4,364,245

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2025, as determined in the June 30, 2023, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	$0	2022-23	$0
2020-21	$0	2023-24[2]	$0
2021-22	$0		

[2] Excludes payments made after April 30, 2024

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2023-24 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2023-24 and Beyond)**				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Rate Plan 904 Results					
Normal Cost %	24.40%	24.4%	24.4%	24.4%	24.4%	24.4%
UAL Payment	$1,412,706	$1,515,000	$1,598,000	$1,782,000	$1,822,000	$1,857,000

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2023.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2025-26.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2023-24 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2024, if necessary, and the expected payment for FY 2024-25 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2025-26	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Minimum Required Payment 2025-26
Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	20	4,359,732	316,439	4,329,173	325,300	4,287,378	334,408
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	20	(264,939)	(19,230)	(263,082)	(19,768)	(260,543)	(20,322)
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.80%	12	2,760,759	258,116	2,681,743	265,343	2,589,885	272,773
Assumption Change	6/30/14	100%	Up/Dn	2.80%	11	1,793,517	203,023	1,705,664	208,707	1,605,963	214,551
Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	21	(3,137,852)	(220,524)	(3,123,327)	(226,698)	(3,101,434)	(233,046)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	21	38,157	2,682	37,980	2,757	37,713	2,834
Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	22	1,933,167	131,833	1,928,381	135,524	1,919,455	139,318
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	22	(6,970)	(475)	(6,953)	(489)	(6,920)	(502)
Assumption Change	6/30/16	100%	Up/Dn	2.80%	13	732,108	72,603	706,860	74,635	677,796	76,725
Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	23	2,557,968	169,601	2,556,637	174,350	2,550,308	179,232
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	23	(411,231)	(27,266)	(411,017)	(28,029)	(410,000)	(28,814)
Assumption Change	6/30/17	100%	Up/Dn	2.80%	14	991,162	92,860	962,596	95,460	929,400	98,133
Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	24	(1,303,828)	(84,199)	(1,305,474)	(86,557)	(1,304,795)	(88,981)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	24	32,458	2,096	32,499	2,155	32,482	2,215
Assumption Change	6/30/18	100%	Up/Dn	2.80%	15	1,541,722	111,637	1,531,189	143,454	1,487,059	147,470
Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	25	(415,744)	(21,213)	(422,092)	(27,258)	(422,625)	(28,021)
Method Change	6/30/18	100%	Up/Dn	2.80%	15	347,550	25,166	345,176	32,339	335,228	33,244
Non-Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	25	194,177	9,908	197,142	12,731	197,391	13,088
Investment (Gain)/Loss	6/30/19	100%	Up Only	0.00%	16	202,547	12,178	203,735	16,238	200,808	20,297
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	16	208,824	19,799	202,563	19,799	195,876	19,799

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2025-26	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Minimum Required Payment 2025-26
Investment (Gain)/Loss	6/30/20	80%	Up Only	0.00%	17	964,609	39,652	989,224	59,479	995,023	79,305
Non-Investment (Gain)/Loss	6/30/20		No Ramp	0.00%	17	157,324	14,509	153,028	14,509	148,440	14,509
Assumption Change	6/30/21		No Ramp	0.00%	18	349,707	31,447	340,988	31,447	331,677	31,447
Net Investment (Gain)	6/30/21	60%	Up Only	0.00%	18	(4,635,637)	(99,642)	(4,847,886)	(199,283)	(4,971,595)	(298,925)
Non-Investment (Gain)/Loss	6/30/21		No Ramp	0.00%	18	(217,774)	(19,583)	(212,345)	(19,583)	(206,547)	(19,583)
Risk Mitigation	6/30/21		No Ramp	0.00%	0	1,455,563	1,504,238	0	0	0	0
Risk Mitigation Offset	6/30/21		No Ramp	0.00%	0	(1,455,563)	(1,504,238)	0	0	0	0
Investment (Gain)/Loss	6/30/22	40%	Up Only	0.00%	19	6,297,186	0	6,725,395	144,560	7,033,328	289,121
Non-Investment (Gain)/Loss	6/30/22		No Ramp	0.00%	19	844,604	0	902,037	81,114	879,549	81,114
Investment (Gain)/Loss	6/30/23	20%	Up Only	0.00%	20	255,875	0	273,275	0	291,858	6,273
Non-Investment (Gain)/Loss	6/30/23		No Ramp	0.00%	20	731,644	0	781,396	0	834,531	75,044
Total						**16,900,822**	**1,021,417**	**16,994,505**	**1,232,236**	**16,876,689**	**1,412,706**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules: 15 Year Amortization		Alternative Schedules: 10 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2025	16,876,689	1,412,706	16,876,689	1,770,427	16,876,689	2,303,658
6/30/2026	16,564,359	1,514,926	16,194,672	1,770,427	15,643,610	2,303,658
6/30/2027	16,125,151	1,598,194	15,466,278	1,770,426	14,326,681	2,303,658
6/30/2028	15,570,022	1,781,998	14,688,354	1,770,426	12,920,201	2,303,658
6/30/2029	14,787,192	1,822,169	13,857,532	1,770,427	11,418,080	2,303,659
6/30/2030	13,909,619	1,857,010	12,970,213	1,770,427	9,813,814	2,303,658
6/30/2031	12,936,364	1,892,830	12,022,556	1,770,427	8,100,459	2,303,658
6/30/2032	11,859,908	1,877,596	11,010,458	1,770,426	6,270,596	2,303,659
6/30/2033	10,725,994	1,860,472	9,929,539	1,770,427	4,316,301	2,303,658
6/30/2034	9,532,674	1,821,699	8,775,116	1,770,426	2,229,115	2,303,659
6/30/2035	8,298,279	1,753,874	7,542,193	1,770,426		
6/30/2036	7,050,037	1,632,308	6,225,432	1,770,427		
6/30/2037	5,842,546	1,182,841	4,819,130	1,770,427		
6/30/2038	5,017,445	1,097,956	3,317,199	1,770,426		
6/30/2039	4,223,958	1,030,432	1,713,138	1,770,427		
6/30/2040	3,446,295	988,415				
6/30/2041	2,659,176	862,102				
6/30/2042	1,949,066	730,724				
6/30/2043	1,326,443	1,152,440				
6/30/2044	225,662	229,195				
6/30/2045	4,148	4,287				
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		**28,104,174**		**26,556,399**		**23,036,583**
Interest Paid		**11,227,485**		**9,679,710**		**6,159,894**
Estimated Savings				**1,547,775**		**5,067,591**

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate	Unfunded Liability Payment
06/30/2014	2016 - 17	17.689%	$322,155
06/30/2015	2017 - 18	17.875%	405,353
06/30/2016	2018 - 19	18.677%	526,104
06/30/2017	2019 - 20	20.073%	659,149
06/30/2018	2020 - 21	21.746%	761,892
06/30/2019	2021 - 22	21.79%	906,603
06/30/2020	2022 - 23	21.84%	1,045,950
06/30/2021	2023 - 24	24.15%	1,021,417
06/30/2022	2024 - 25	24.33%	1,232,236
06/30/2023	2025 - 26	24.40%	1,412,706

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2014	$32,340,790	$26,848,441	$5,492,349	83.0%	$2,467,173
06/30/2015	33,840,258	26,630,798	7,209,460	78.7%	2,601,363
06/30/2016	36,711,005	27,023,432	9,687,573	73.6%	2,597,650
06/30/2017	39,096,059	29,243,555	9,852,504	74.8%	2,469,719
06/30/2018	42,761,498	31,278,777	11,482,721	73.1%	2,266,398
06/30/2019	45,731,110	33,562,959	12,168,151	73.4%	1,954,922
06/30/2020	47,484,681	34,165,434	13,319,247	72.0%	1,832,070
06/30/2021	50,846,730	41,417,299	9,429,431	81.5%	1,794,475
06/30/2022	53,114,826	37,247,464	15,867,362	70.1%	2,094,350
06/30/2023	55,818,004	38,917,182	16,900,822	69.7%	1,805,162

Risk Analysis

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation Policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2043.

Assumed Annual Return FY 2023-24 through FY 2042-43	Projected Employer Contributions				
	2026-27	2027-28	2028-29	2029-30	2030-31
3.0% (5th percentile)					
Discount Rate	6.80%	6.80%	6.80%	6.80%	6.80%
Normal Cost Rate	24.4%	24.4%	24.4%	24.4%	24.4%
UAL Contribution	$1,551,000	$1,706,000	$2,000,000	$2,187,000	$2,408,000
10.8% (95th percentile)					
Discount Rate	6.75%	6.70%	6.65%	6.60%	6.55%
Normal Cost Rate	24.8%	25.2%	25.7%	26.1%	26.5%
UAL Contribution	$1,481,000	$1,497,000	$1,577,000	$1,475,000	$1,322,000

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2023-24 on the FY 2026-27 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2026-27.

Assumed Annual Return for Fiscal Year 2023-24	Required Employer Contributions	Projected Employer Contributions
	2025-26	2026-27
(17.2%) (2 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	24.40%	24.4%
UAL Contribution	$1,412,706	$1,742,000
(5.2%) (1 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	24.40%	24.4%
UAL Contribution	$1,412,706	$1,628,000

- Without investment gains (returns higher than 6.8%) in FY 2024-25 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2023-24.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2026-27 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2023, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2023	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost	41.76%	33.39%	26.99%
b) Accrued Liability	$62,954,940	$55,818,004	$49,900,543
c) Market Value of Assets	$38,917,182	$38,917,182	$38,917,182
d) Unfunded Liability/(Surplus) [(b) - (c)]	$24,037,758	$16,900,822	$10,983,361
e) Funded Ratio	61.8%	69.7%	78.0%

Sensitivity to the Price Inflation Assumption

As of June 30, 2023	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	34.99%	33.39%	30.35%
b) Accrued Liability	$57,638,808	$55,818,004	$51,927,013
c) Market Value of Assets	$38,917,182	$38,917,182	$38,917,182
d) Unfunded Liability/(Surplus) [(b) - (c)]	$18,721,626	$16,900,822	$13,009,831
e) Funded Ratio	67.5%	69.7%	74.9%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2023, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2023	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	33.86%	33.39%	32.95%
b) Accrued Liability	$56,830,889	$55,818,004	$54,883,072
c) Market Value of Assets	$38,917,182	$38,917,182	$38,917,182
d) Unfunded Liability/(Surplus) [(b) - (c)]	$17,913,707	$16,900,822	$15,965,890
e) Funded Ratio	68.5%	69.7%	70.9%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2022	June 30, 2023
1. Retiree Accrued Liability	$35,112,308	$39,791,351
2. Total Accrued Liability	$53,114,826	$55,818,004
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	66%	71%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2022, was 0.77 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2022	June 30, 2023
1. Number of Actives	13	11
2. Number of Retirees	36	38
3. Support Ratio [(1) ÷ (2)]	0.36	0.29

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2022	June 30, 2023
1. Market Value of Assets	$37,247,464	$38,917,182
2. Payroll	$2,094,350	$1,805,162
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	17.8	21.6
4. Accrued Liability	$53,114,826	$55,818,004
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	25.4	30.9

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	50%	0.77	11.8	15.8
06/30/2018	53%	0.64	13.8	18.9
06/30/2019	63%	0.47	17.2	23.4
06/30/2020	67%	0.37	18.6	25.9
06/30/2021	68%	0.33	23.1	28.3
06/30/2022	66%	0.36	17.8	25.4
06/30/2023	71%	0.29	21.6	30.9

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2023. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis is based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as shown below.

Valuation Date	20-Year Treasury Rate
06/30/2014	3.08%
06/30/2015	2.83%
06/30/2016	1.86%
06/30/2017	2.61%
06/30/2018	2.91%
06/30/2019	2.31%
06/30/2020	1.18%
06/30/2021	2.00%
06/30/2022	3.38%
06/30/2023	4.06%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Market Value of Assets (MVA) also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the MVA will change in different interest rate environments, the results below use the MVA as of the valuation date.

	Discount Rate: 3.06% Price Inflation: 2.50%	Discount Rate: 5.06% Price Inflation: 2.50%
1. Termination Liability[1]	$95,398,672	$71,632,239
2. Market Value of Assets (MVA)	38,917,182	38,917,182
3. Unfunded Termination Liability [(1) – (2)]	$56,481,490	$32,715,057
4. Funded Ratio [(2) ÷ (1)]	40.8%	54.3%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 4.82%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2023, net of assumed administrative expenses.

Selected Measures on a Low-Default-Risk Basis	**June 30, 2023**
Discount Rate	4.82%
1. Accrued Liability[2] – Low-Default-Risk Basis (LDROM)	
a) Active Members	$17,373,263
b) Transferred Members	4,047,390
c) Separated Members	411,667
d) Members and Beneficiaries Receiving Payments	49,624,300
e) Total	$71,456,620
2. Market Value of Assets (MVA)	38,917,182
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$32,539,438
4. Unfunded Accrued Liability – Funding Policy Basis	16,900,822
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$15,638,616

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

1 This index is based on a yield curve of hypothetical AA-rated zero coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

2 If plan assets were invested entirely in the AA fixed income securities used to determine the discount rate of 4.82%, the CalPERS discount rate could, at various times, be below 4.5% or 5.25%, and some automatic annual retiree COLAs could be suspended (Gov. Code sections 21329 and 21335). Since there is currently no proposal to adopt an asset allocation entirely comprised of fixed income securities, the automatic COLAs have been fully valued in the measures above based on the assumptions used for plan funding. Removing future COLAs from the measurement would understate the statutory obligation.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2022	June 30, 2023
Active Members		
Counts	13	11
Average Attained Age	50.1	49.4
Average Entry Age to Rate Plan	30.0	30.6
Average Years of Credited Service	19.5	18.8
Average Annual Covered Pay	$161,104	$164,106
Annual Covered Payroll	$2,094,350	$1,805,162
Present Value of Future Payroll	$13,366,418	$11,906,750
Transferred Members	9	9
Separated Members	2	2
Retired Members and Beneficiaries*		
Counts	36	38
Average Annual Benefits	$70,220	$75,281
Total Annual Benefits	$2,527,934	$2,860,668

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the following Class 1 Benefit Provisions:

- One Year Final Compensation (FAC 1)

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group		
Member Category	**Fire**	**Fire**	
Demographics			
Actives	Yes	No	
Transfers/Separated	Yes	No	
Receiving	Yes	Yes	
Benefit Provision			
Benefit Formula	3% @ 55		
Social Security Coverage	No		
Full/Modified	Full		
Employee Contribution Rate	9.00%		
Final Average Compensation Period	One Year		
Sick Leave Credit	Yes		
Non-Industrial Disability	Standard		
Industrial Disability	Standard		
Pre-Retirement Death Benefits			
Optional Settlement 2	Yes		
1959 Survivor Benefit Level	Indexed		
Special	Yes		
Alternate (firefighters)	No		
Post-Retirement Death Benefits			
Lump Sum	$2,000	$2,000	
Survivor Allowance (PRSA)	No	No	
COLA	2%	2%	

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms & Publications section

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2024

PEPRA Safety Fire Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040)
Annual Valuation Report as of June 30, 2023

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2023 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2025-26**. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2023.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to *"Forms & Publications"* and select *"View All"*. In the search box, enter *"Risk Pool"* and from the results list download the Safety Risk Pool Actuarial Valuation Report for June 30, 2023.

Required Contributions

The table below shows the minimum required employer contributions and the PEPRA member contribution rate for FY 2025-26 along with an estimate of the employer contribution requirements for FY 2026-27. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Member Contribution Rate
2025-26	13.99%	$30,095	13.75%
Projected Results			
2026-27	*14.0%*	*$30,000*	*TBD*

The actual investment return for FY 2023-24 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2023-24 differs from 6.8%, the actual contribution requirements for FY 2026-27 will differ from those shown above. For additional details regarding the assumptions and methods used for these projections, please refer to Projected Employer Contributions. This section also contains projected required contributions through FY 2030-31.

Report Enhancements

A number of enhancements were made to the report this year to ease navigation and allow the reader to find specific information more quickly. The tables of contents are now "clickable." This is true for the main table of contents that follows the title page and the intermediate tables of contents at the beginning of sections. The Adobe navigation pane on the left can also be used to skip to specific exhibits.

There are a number of links throughout the document in blue text. Links that are internal to the document are not underlined, while underlined links will take you to the CalPERS website. Examples are shown below.

Internal Bookmarks	CalPERS Website Links
Required Employer Contributions	Required Employer Contribution Search Tool
Member Contribution Rates	Public Agency PEPRA Member Contribution Rates
Summary of Key Valuation Results	Pension Outlook Overview
Funded Status – Funding Policy Basis	Interactive Summary of Public Agency Valuation Results
Projected Employer Contributions	Public Agency Actuarial Valuation Reports

Further descriptions of general changes are included in the Highlights and Executive Summary section and in Appendix A - Actuarial Methods and Assumptions in Section 2.

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at **888 CalPERS** (or **888**-225-7377).

Sincerely,

Matthew Biggart

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

California Public Employees' Retirement System

Actuarial Valuation for the PEPRA Safety Fire Plan of the Scotts Valley Fire Protection District

as of June 30, 2023

(CalPERS ID: 4027652040)
(Rate Plan ID: 25848)

Required Contributions for Fiscal Year

July 1, 2025 — June 30, 2026

Table of Contents

Section 1

California Public Employees' Retirement System

Plan Specific Information
for the
PEPRA Safety Fire Plan
of the
Scotts Valley Fire Protection District

(CalPERS ID: 4027652040)
(Rate Plan ID: 25848)

Table of Contents — Section 1

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the PEPRA Safety Fire Plan of the Scotts Valley Fire Protection District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2023, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Scotts Valley Fire Protection District, while Section 2 is based on the corresponding information for all agencies participating in the Safety Risk Pool to which the plan belongs.

Matthew Biggart

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

Introduction

This report presents the results of the June 30, 2023, actuarial valuation of the PEPRA Safety Fire Plan of the Scotts Valley Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2025-26.

Purpose of Section 1

This Section 1 report for the PEPRA Safety Fire Plan of the Scotts Valley Fire Protection District of CalPERS was prepared by the Actuarial Office using data as of June 30, 2023. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2023;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2025, through June 30, 2026;
- Determine the required member contribution rate for FY July 1, 2025, through June 30, 2026, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2023, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2024-25	Fiscal Year 2025-26
Employer Normal Cost Rate	13.76%	13.99%
Unfunded Accrued Liability (UAL) Contribution Amount	$25,871	$30,095
Paid either as		
Option 1) 12 Monthly Payments of	$2,155.92	$2,507.92
Option 2) Annual Prepayment in July	$25,034	$29,121

Member Contribution Rates — page 9

	Fiscal Year 2024-25	Fiscal Year 2025-26
Member Contribution Rate	13.75%	13.75%

Projected Employer Contributions — page 14

Fiscal Year	Normal Cost (% of payroll)	Annual UAL Payment
2026-27	14.0%	$30,000
2027-28	14.0%	$31,000
2028-29	14.0%	$31,000
2029-30	14.0%	$32,000
2030-31	14.0%	$32,000

Funded Status — Funding Policy Basis — page 12

	June 30, 2022	June 30, 2023
Entry Age Accrued Liability (AL)	$2,177,558	$2,841,619
Market Value of Assets (MVA)	1,963,228	2,518,501
Unfunded Accrued Liability (UAL) [AL – MVA]	$214,330	$323,118
Funded Ratio [MVA ÷ AL]	90.2%	88.6%

Summary of Valuation Data — Page 26

	June 30, 2022	June 30, 2023
Active Member Count	16	18
Annual Covered Payroll	$1,766,534	$2,078,860
Transferred Member Count	2	1
Separated Member Count	1	2
Retired Members and Beneficiaries Count	1	1

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2023, actuarial valuation.

New Disclosure Items

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) requiring actuaries to disclose a low-default-risk obligation measure (LDROM) of the benefits earned. This information is shown in a new exhibit, Funded Status – Low-Default-Risk Basis.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2023, as well as statutory changes, regulatory changes and board actions through January 2024.

During the time period between the valuation date and the publication of this report, inflation has been higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2024, valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

The 2023 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2024 limits, determined in October 2023, are not reflected.

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the Future Investment Return Scenarios exhibit in this report has not been modified and still reflects the projected contribution requirements associated with a reduction in the discount rate.

Branciforte Fire Protection District and Scotts Valley Fire Protection District merged effective February 17, 2024. Since this merger occurred after the June 30, 2023 valuation date, its impact is not reflected in this valuation report. The applicable normal cost for the 2025-26 contribution year will be as specified in the June 30, 2023 valuation report for the PEPRA Safety Fire plan of Scotts Valley Fire Protection District, which is the successor agency. The 2025-26 required unfunded accrued liability contributions will be the combined amounts from the June 30, 2023 valuation reports for the PEPRA Safety Fire plans of both agencies. Rate adjustment letters will be made available on myCalPERS that show the revised required contributions for the successor agency.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, unfunded accrued liability (UAL) emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the Unfunded Accrued Liability Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The Unfunded Accrued Liability Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Required Employer Contributions	Fiscal Year 2025-26
Employer Normal Cost Rate	**13.99%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[1]	**$30,095**
Paid either as	
1) Monthly Payment	**$2,507.92**
Or	
2) Annual Prepayment Option*	**$29,121**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

* Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

For Member Contribution Rates see the following page.

Development of Normal Cost as a Percentage of Payroll	Fiscal Year 2024-25	Fiscal Year 2025-26
Base Total Normal Cost for Formula	27.51%	27.74%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Plan's Total Normal Cost	27.51%	27.74%
Offset Due to Employee Contributions[3]	13.75%	13.75%
Employer Normal Cost	13.76%	13.99%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2024.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges.

[3] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2025, based on 50% of the total normal cost rate as of the June 30, 2023, valuation.

		Basis for Current Rate		Rates Effective July 1, 2025			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
25848	Safety Fire PEPRA Level	27.29%	13.75%	27.74%	0.45%	No	13.75%

Other Pooled Safety Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown on this page, correspond to rate plan 25848. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consid er contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Safety Risk Pool are shown below and assume that the total employer payroll within the Safety Risk Pool will grow according to the overall payroll growth assumption of 2.80% per year for three years. Classic members who are projected to terminate employment are assumed to be replaced by PEPRA members.

Estimated Employer Contributions for all Pooled Safety Rate Plans	**Fiscal Year 2024-25**	**Fiscal Year 2025-26**
Projected Payroll for the Contribution Year	$4,194,364	$4,219,500
Estimated Employer Normal Cost	$771,309	$762,104
Required Payment on Amortization Bases	$1,258,107	$1,442,801
Estimated Total Employer Contributions	$2,029,416	$2,204,905
Estimated Total Employer Contribution Rate (illustrative only)	48.38%	52.26%

Breakdown of Entry Age Accrued Liability

Active Members	$2,610,208
Transferred Members	14,134
Separated Members	3,643
Members and Beneficiaries Receiving Payments	213,634
Total	$2,841,619

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$2,841,619
2.	Projected UAL Balance at 6/30/2023	269,377
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2023 for Asset Share	269,377
5.	Pool's Accrued Liability[1]	30,525,472,379
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2023[1]	7,735,444,959
7.	Pool's 2022-23 Investment (Gain)/Loss[1]	146,133,368
8.	Pool's 2022-23 Non-Investment (Gain)/Loss[1]	400,118,077
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	16,494
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	37,247
11.	Plan's New (Gain)/Loss as of 6/30/2023: (9) + (10)	53,741
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	0
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	0
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	16,494

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$323,118
19.	Plan's Share of Pool's Market Value of Assets (MVA): (1) - (18)	$2,518,501

For a reconciliation of the pool's Market Value of Assets (MVA), information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (Present Value of Benefits) to individual years of service (the Normal Cost). The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The Unfunded Accrued Liability (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The funded ratio equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2022	**June 30, 2023**
1. Present Value of Benefits	$8,376,463	$9,964,663
2. Entry Age Accrued Liability	2,177,558	2,841,619
3. Market Value of Assets (MVA)	1,963,228	2,518,501
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$214,330	$323,118
5. Funded Ratio [(3) ÷ (2)]	90.2%	88.6%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	**Current Assumption**	**1% Higher Average Return**
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$3,470,687	$2,841,619	$2,345,998
2. Market Value of Assets (MVA)	2,518,501	2,518,501	2,518,501
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$952,186	$323,118	($172,503)
4. Funded Ratio [(2) ÷ (1)]	72.6%	88.6%	107.4%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2025-26 is $30,095. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2025-26 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2025-26 Employer Contributions — Illustrative Scenarios

Funding Approach	Estimated Normal Cost	Minimum UAL Contribution	ADP[1]	Total UAL Contribution	Estimated Total Contribution
Minimum required only	$359,430	$30,095	0	$30,095	$389,525
20 year funding horizon	$359,430	$30,095	$643	$30,738	$390,168
15 year funding horizon	$359,430	$30,095	$5,763	$35,858	$395,288
10 year funding horizon	$359,430	$30,095	$16,563	$46,658	$406,088
5 year funding horizon	$359,430	$30,095	$50,143	$80,238	$439,668

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2025, as determined in the June 30, 2023, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	$0	2022-23	$0
2020-21	$40,907	2023-24[2]	$0
2021-22	$0		

[2] Excludes payments made after April 30, 2024

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2023-24 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2023-24 and Beyond)**				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Rate Plan 25848 Results					
Normal Cost %	13.99%	14.0%	14.0%	14.0%	14.0%	14.0%
UAL Payment	$30,095	$30,000	$31,000	$31,000	$32,000	$32,000

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2023.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2025-26.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2023-24 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2024, if necessary, and the expected payment for FY 2024-25 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2025-26	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Minimum Required Payment 2025-26
Fresh Start	6/30/22	No	Ramp	0.00%	19	269,377	0	287,695	25,871	280,522	25,871
Investment (Gain)/Loss	6/30/23	20%	Up Only	0.00%	20	16,494	0	17,616	0	18,814	404
Non-Investment (Gain)/Loss	6/30/23	No	Ramp	0.00%	20	37,247	0	39,780	0	42,485	3,820
Total						**323,118**	**0**	**345,091**	**25,871**	**341,821**	**30,095**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative “fresh start” amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single “fresh start” base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules			
			15 Year Amortization		10 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2025	341,821	30,095	341,821	35,858	341,821	46,658
6/30/2026	333,963	30,499	328,008	35,858	316,847	46,658
6/30/2027	325,153	30,903	313,255	35,858	290,174	46,659
6/30/2028	315,327	31,308	297,499	35,858	261,687	46,659
6/30/2029	304,414	31,713	280,672	35,858	231,262	46,658
6/30/2030	292,340	31,712	262,701	35,859	198,770	46,659
6/30/2031	279,447	31,713	243,507	35,859	164,067	46,658
6/30/2032	265,676	31,714	223,007	35,858	127,005	46,658
6/30/2033	250,968	31,713	201,114	35,858	87,423	46,659
6/30/2034	235,260	31,713	177,733	35,859	45,148	46,658
6/30/2035	218,485	31,713	152,761	35,859		
6/30/2036	200,569	31,713	126,091	35,859		
6/30/2037	181,433	31,712	97,607	35,858		
6/30/2038	160,998	31,713	67,187	35,858		
6/30/2039	139,172	31,714	34,699	35,859		
6/30/2040	115,861	31,713				
6/30/2041	90,966	31,714				
6/30/2042	64,377	31,713				
6/30/2043	35,981	31,713				
6/30/2044	5,654	5,843				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		**604,344**		**537,876**		**466,584**
Interest Paid		**262,523**		**196,055**		**124,763**
Estimated Savings				**66,468**		**137,760**

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate	Unfunded Liability Payment
06/30/2015	2017 - 18	11.990%	$0
06/30/2016	2018 - 19	12.141%	2,057
06/30/2017	2019 - 20	13.034%	5,047
06/30/2018	2020 - 21	13.044%	17,747
06/30/2019	2021 - 22	13.13%	22,134
06/30/2020	2022 - 23	12.78%	915
06/30/2021	2023 - 24	13.54%	0
06/30/2022	2024 - 25	13.76%	25,871
06/30/2023	2025 - 26	13.99%	30,095

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	$65	$62	$3	94.8%	$108,822
06/30/2016	59,319	54,979	4,340	92.7%	234,586
06/30/2017	156,005	151,473	4,532	97.1%	433,524
06/30/2018	374,975	351,415	23,560	93.7%	796,211
06/30/2019	679,096	632,618	46,478	93.2%	1,130,210
06/30/2020	1,067,907	985,610	82,297	92.3%	1,405,145
06/30/2021	1,616,496	1,773,541	(157,045)	109.7%	1,552,088
06/30/2022	2,177,558	1,963,228	214,330	90.2%	1,766,534
06/30/2023	2,841,619	2,518,501	323,118	88.6%	2,078,860

Risk Analysis

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation Policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2043.

Assumed Annual Return FY 2023-24 through FY 2042-43	Projected Employer Contributions				
	2026-27	2027-28	2028-29	2029-30	2030-31
3.0% (5th percentile)					
Discount Rate	6.80%	6.80%	6.80%	6.80%	6.80%
Normal Cost Rate	14.0%	14.0%	14.0%	14.0%	14.0%
UAL Contribution	$33,000	$38,000	$45,000	$55,000	$67,000
10.8% (95th percentile)					
Discount Rate	6.75%	6.70%	6.65%	6.60%	6.55%
Normal Cost Rate	14.4%	14.2%	14.6%	14.9%	14.8%
UAL Contribution	$29,000	$25,000	$10,000	$0	$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2023-24 on the FY 2026-27 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2026-27.

Assumed Annual Return for Fiscal Year 2023-24	Required Employer Contributions	Projected Employer Contributions
	2025-26	2026-27
(17.2%) (2 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	13.99%	14.0%
UAL Contribution	$30,095	$45,000
(5.2%) (1 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	13.99%	14.0%
UAL Contribution	$30,095	$38,000

- Without investment gains (returns higher than 6.8%) in FY 2024-25 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2023-24.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2026-27 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2023, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2023	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost	34.92%	27.74%	22.31%
b) Accrued Liability	$3,470,687	$2,841,619	$2,345,998
c) Market Value of Assets	$2,518,501	$2,518,501	$2,518,501
d) Unfunded Liability/(Surplus) [(b) - (c)]	$952,186	$323,118	($172,503)
e) Funded Ratio	72.6%	88.6%	107.4%

Sensitivity to the Price Inflation Assumption

As of June 30, 2023	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	29.30%	27.74%	25.06%
b) Accrued Liability	$2,979,409	$2,841,619	$2,581,304
c) Market Value of Assets	$2,518,501	$2,518,501	$2,518,501
d) Unfunded Liability/(Surplus) [(b) - (c)]	$460,908	$323,118	$62,803
e) Funded Ratio	84.5%	88.6%	97.6%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2023, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2023	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	28.10%	27.74%	27.40%
b) Accrued Liability	$2,888,728	$2,841,619	$2,797,738
c) Market Value of Assets	$2,518,501	$2,518,501	$2,518,501
d) Unfunded Liability/(Surplus) [(b) - (c)]	$370,227	$323,118	$279,237
e) Funded Ratio	87.2%	88.6%	90.0%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2022	June 30, 2023
1. Retiree Accrued Liability	$212,038	$213,634
2. Total Accrued Liability	$2,177,558	$2,841,619
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	10%	8%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2022, was 0.77 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2022	June 30, 2023
1. Number of Actives	16	18
2. Number of Retirees	1	1
3. Support Ratio [(1) ÷ (2)]	16.00	18.00

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2022	June 30, 2023
1. Market Value of Assets	$1,963,228	$2,518,501
2. Payroll	$1,766,534	$2,078,860
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	1.1	1.2
4. Accrued Liability	$2,177,558	$2,841,619
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	1.2	1.4

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0%	N/A	0.3	0.4
06/30/2018	0%	N/A	0.4	0.5
06/30/2019	0%	N/A	0.6	0.6
06/30/2020	0%	N/A	0.7	0.8
06/30/2021	13%	14.00	1.1	1.0
06/30/2022	10%	16.00	1.1	1.2
06/30/2023	8%	18.00	1.2	1.4

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2023. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis is based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as shown below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2014	3.08%	06/30/2019	2.31%
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Market Value of Assets (MVA) also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the MVA will change in different interest rate environments, the results below use the MVA as of the valuation date.

	Discount Rate: 3.06% Price Inflation: 2.50%	Discount Rate: 5.06% Price Inflation: 2.50%
1. Termination Liability[1]	$4,506,310	$2,697,729
2. Market Value of Assets (MVA)	2,518,501	2,518,501
3. Unfunded Termination Liability [(1) – (2)]	$1,987,809	$179,228
4. Funded Ratio [(2) ÷ (1)]	55.9%	93.4%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 4.82%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2023, net of assumed administrative expenses.

Selected Measures on a Low-Default-Risk Basis	**June 30, 2023**
Discount Rate	4.82%
1. Accrued Liability[2] – Low-Default-Risk Basis (LDROM)	
a) Active Members	$3,950,155
b) Transferred Members	27,602
c) Separated Members	3,643
d) Members and Beneficiaries Receiving Payments	275,793
e) Total	$4,257,193
2. Market Value of Assets (MVA)	2,518,501
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$1,738,692
4. Unfunded Accrued Liability – Funding Policy Basis	323,118
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$1,415,574

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

[1] This index is based on a yield curve of hypothetical AA-rated zero coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

[2] If plan assets were invested entirely in the AA fixed income securities used to determine the discount rate of 4.82%, the CalPERS discount rate could, at various times, be below 4.5% or 5.25%, and some automatic annual retiree COLAs could be suspended (Gov. Code sections 21329 and 21335). Since there is currently no proposal to adopt an asset allocation entirely comprised of fixed income securities, the automatic COLAs have been fully valued in the measures above based on the assumptions used for plan funding. Removing future COLAs from the measurement would understate the statutory obligation.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2022	June 30, 2023
Active Members		
Counts	16	18
Average Attained Age	35.9	37.2
Average Entry Age to Rate Plan	32.1	32.9
Average Years of Credited Service	3.8	4.2
Average Annual Covered Pay	$110,408	$115,492
Annual Covered Payroll	$1,766,534	$2,078,860
Present Value of Future Payroll	$25,662,821	$27,810,229
Transferred Members	2	1
Separated Members	1	2
Retired Members and Beneficiaries*		
Counts	1	1
Average Annual Benefits	$12,794	$13,050
Total Annual Benefits	$12,794	$13,050

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the following Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	**Fire**	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	2.7% @ 57	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	13.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	Standard	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Indexed	
Special	Yes	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms & Publications section

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2024

Miscellaneous Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040)
Annual Valuation Report as of June 30, 2023

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2023 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2025-26**. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2023.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to *"Forms & Publications*" and select *"View All*". In the search box, enter *"Risk Pool*" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2023.

Required Contributions

The table below shows the minimum required employer contributions for FY 2025-26 along with an estimate of the employer contribution requirements for FY 2026-27. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2025-26	12.58%	$10,380
Projected Results		
2026-27	*12.6%*	*$14,000*

The actual investment return for FY 2023-24 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2023-24 differs from 6.8%, the actual contribution requirements for FY 2026-27 will differ from those shown above. For additional details regarding the assumptions and methods used for these projections, please refer to Projected Employer Contributions. This section also contains projected required contributions through FY 2030-31.

Report Enhancements

A number of enhancements were made to the report this year to ease navigation and allow the reader to find specific information more quickly. The tables of contents are now “clickable.” This is true for the main table of contents that follows the title page and the intermediate tables of contents at the beginning of sections. The Adobe navigation pane on the left can also be used to skip to specific exhibits.

There are a number of links throughout the document in blue text. Links that are internal to the document are not underlined, while underlined links will take you to the CalPERS website. Examples are shown below.

Internal Bookmarks	CalPERS Website Links
Required Employer Contributions	Required Employer Contribution Search Tool
Member Contribution Rates	Public Agency PEPRA Member Contribution Rates
Summary of Key Valuation Results	Pension Outlook Overview
Funded Status – Funding Policy Basis	Interactive Summary of Public Agency Valuation Results
Projected Employer Contributions	Public Agency Actuarial Valuation Reports

Further descriptions of general changes are included in the Highlights and Executive Summary section and in Appendix A - Actuarial Methods and Assumptions in Section 2.

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at **888 CalPERS** (or **888**-225-7377).

Sincerely,

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

California Public Employees' Retirement System

Actuarial Valuation for the Miscellaneous Plan of the Scotts Valley Fire Protection District

as of June 30, 2023

(CalPERS ID: 4027652040)
(Rate Plan ID: 903)

Required Contributions for Fiscal Year

July 1, 2025 — June 30, 2026

Table of Contents

Section 1

California Public Employees' Retirement System

Plan Specific Information
for the
Miscellaneous Plan
of the
Scotts Valley Fire Protection District

(CalPERS ID: 4027652040)
(Rate Plan ID: 903)

Table of Contents — Section 1

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Miscellaneous Plan of the Scotts Valley Fire Protection District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2023, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Scotts Valley Fire Protection District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

Matthew Biggart

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

Introduction

This report presents the results of the June 30, 2023, actuarial valuation of the Miscellaneous Plan of the Scotts Valley Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2025-26.

Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the Scotts Valley Fire Protection District of CalPERS was prepared by the Actuarial Office using data as of June 30, 2023. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2023;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2025, through June 30, 2026;
- Determine the required member contribution rate for FY July 1, 2025, through June 30, 2026, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2023, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found .

Required Employer Contributions — page 8

	Fiscal Year 2024-25	Fiscal Year 2025-26
Employer Normal Cost Rate	12.52%	12.58%
Unfunded Accrued Liability (UAL) Contribution Amount	$4,949	$10,380
Paid either as		
Option 1) 12 Monthly Payments of	$412.42	$865.00
Option 2) Annual Prepayment in July	$4,789	$10,044

Member Contribution Rates — page 9

	Fiscal Year 2024-25	Fiscal Year 2025-26
Member Contribution Rate	7.00%	7.00%

Projected Employer Contributions — page 14

Fiscal Year	Normal Cost (% of payroll)	Annual UAL Payment
2026-27	12.6%	$14,000
2027-28	12.6%	$17,000
2028-29	12.6%	$21,000
2029-30	12.6%	$21,000
2030-31	12.6%	$21,000

Funded Status — Funding Policy Basis — page 12

	June 30, 2022	June 30, 2023
Entry Age Accrued Liability (AL)	$1,133,598	$1,237,457
Market Value of Assets (MVA)	860,960	1,050,515
Unfunded Accrued Liability (UAL) [AL – MVA]	$272,638	$186,942
Funded Ratio [MVA ÷ AL]	75.9%	84.9%

Summary of Valuation Data — Page 26

	June 30, 2022	June 30, 2023
Active Member Count	2	2
Annual Covered Payroll	$119,291	$127,933
Transferred Member Count	0	0
Separated Member Count	1	1
Retired Members and Beneficiaries Count	1	1

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2023, actuarial valuation.

New Disclosure Items

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) requiring actuaries to disclose a low-default-risk obligation measure (LDROM) of the benefits earned. This information is shown in a new exhibit, Funded Status – Low-Default-Risk Basis.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2023, as well as statutory changes, regulatory changes and board actions through January 2024.

During the time period between the valuation date and the publication of this report, inflation has been higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2024, valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

The 2023 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2024 limits, determined in October 2023, are not reflected.

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the Future Investment Return Scenarios exhibit in this report has not been modified and still reflects the projected contribution requirements associated with a reduction in the discount rate.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, unfunded accrued liability (UAL) emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the Unfunded Accrued Liability Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The Unfunded Accrued Liability Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Required Employer Contributions	**Fiscal Year 2025-26**
Employer Normal Cost Rate	**12.58%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[1]	**$10,380**
Paid either as	
1) Monthly Payment	**$865.00**
Or	
2) Annual Prepayment Option*	**$10,044**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

* Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

For Member Contribution Rates see the following page.

Development of Normal Cost as a Percentage of Payroll	**Fiscal Year 2024-25**	**Fiscal Year 2025-26**
Base Total Normal Cost for Formula	18.81%	18.87%
Surcharge for Class 1 Benefits[2]		
a) FAC 1	0.64%	0.64%
Plan's Total Normal Cost	19.45%	19.51%
Offset Due to Employee Contributions[3]	6.93%	6.93%
Employer Normal Cost	12.52%	12.58%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2024.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges.

[3] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at age 65	2%
Miscellaneous, 2% at age 60	7%
Miscellaneous, 2% at age 55	7%
Miscellaneous, 2.5% at age 55	8%
Miscellaneous, 2.7% at age 55	8%
Miscellaneous, 3% at age 60	8%

Auxiliary organizations of the CSU system may elect reduced contribution rates for Miscellaneous members, in which case the contribution rate above the breakpoint is 6% if members are not covered by Social Security and 5% if they are.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown on this page, correspond to rate plan 903. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the total employer payroll within the Miscellaneous Risk Pool will grow according to the overall payroll growth assumption of 2.80% per year for three years. Classic members who are projected to terminate employment are assumed to be replaced by PEPRA members.

Estimated Employer Contributions for all Pooled Miscellaneous Rate Plans	**Fiscal Year 2024-25**	**Fiscal Year 2025-26**
Projected Payroll for the Contribution Year	$203,770	$218,168
Estimated Employer Normal Cost	$21,277	$22,715
Required Payment on Amortization Bases	$6,258	$11,814
Estimated Total Employer Contributions	$27,535	$34,529
Estimated Total Employer Contribution Rate (illustrative only)	13.51%	15.83%

Breakdown of Entry Age Accrued Liability

Active Members	$784,673
Transferred Members	0
Separated Members	62,259
Members and Beneficiaries Receiving Payments	390,525
Total	$1,237,457

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$1,237,457
2.	Projected UAL Balance at 6/30/2023	161,415
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2023 for Asset Share	220,941
5.	Pool's Accrued Liability[1]	23,349,910,053
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2023[1]	5,227,602,209
7.	Pool's 2022-23 Investment (Gain)/Loss[1]	114,855,623
8.	Pool's 2022-23 Non-Investment (Gain)/Loss[1]	360,116,330
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	6,442
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	19,085
11.	Plan's New (Gain)/Loss as of 6/30/2023: (9) + (10)	25,527
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	0
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	0
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	6,442

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$186,942
19.	Plan's Share of Pool's Market Value of Assets (MVA): (1) - (18)	$1,050,515

For a reconciliation of the pool's Market Value of Assets (MVA), information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (Present Value of Benefits) to individual years of service (the Normal Cost). The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The Unfunded Accrued Liability (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The funded ratio equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2022	June 30, 2023
1. Present Value of Benefits	$1,298,012	$1,403,398
2. Entry Age Accrued Liability	1,133,598	1,237,457
3. Market Value of Assets (MVA)	860,960	1,050,515
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$272,638	$186,942
5. Funded Ratio [(3) ÷ (2)]	75.9%	84.9%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$1,426,782	$1,237,457	$1,084,440
2. Market Value of Assets (MVA)	1,050,515	1,050,515	1,050,515
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$376,267	$186,942	$33,925
4. Funded Ratio [(2) ÷ (1)]	73.6%	84.9%	96.9%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2025-26 is $10,380. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2025-26 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2025-26 Employer Contributions — Illustrative Scenarios

Funding Approach	Estimated Normal Cost	Minimum UAL Contribution	ADP[1]	Total UAL Contribution	Estimated Total Contribution
Minimum required only	$14,563	$10,380	0	$10,380	$24,943
20 year funding horizon	$14,563	$10,380	$8,335	$18,715	$33,278
15 year funding horizon	$14,563	$10,380	$11,452	$21,832	$36,395
10 year funding horizon	$14,563	$10,380	$18,028	$28,408	$42,971
5 year funding horizon	$14,563	$10,380	$38,472	$48,852	$63,415

The minimum required contribution above is less than interest on the UAL. With no ADP the UAL is projected to increase over the following year. If the minimum UAL payment were split between interest and principal, the principal portion would be negative. This situation is referred to as **negative amortization**. If only the minimum required contribution is made, contributions are not expected to exceed interest on the UAL until FY **2027-28**, as shown in the Amortization Schedule and Alternatives section of the report (see columns labeled Current Amortization Schedule).

Fiscal Year 2025-26 Employer Contribution Necessary to Avoid Negative Amortization

Estimated Normal Cost	Minimum UAL Contribution	ADP[1]	Total UAL Contribution	Estimated Total Contribution
$14,563	$10,380	$3,314	$13,694	$28,257

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2025, as determined in the June 30, 2023, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	$0	2022-23	$102,841
2020-21	$0	2023-24[2]	$0
2021-22	$0		

[2] Excludes payments made after April 30, 2024

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2023-24 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2023-24 and Beyond)**				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Rate Plan 903 Results					
Normal Cost %	12.58%	12.6%	12.6%	12.6%	12.6%	12.6%
UAL Payment	$10,380	$14,000	$17,000	$21,000	$21,000	$21,000

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

The required contribution for FY 2025-26 is less than interest on the UAL, a situation referred to as **negative amortization**, as explained in the Additional Employer Contributions section earlier in this report. If only the minimum required contribution is made, contributions are not expected to exceed interest on the UAL until FY 2027-28, as shown in the Amortization Schedule and Alternatives section of the report (see columns labelled "Current Amortization Schedule").

For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2023.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2025-26.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2023-24 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2024, if necessary, and the expected payment for FY 2024-25 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2025-26	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Minimum Required Payment 2025-26
Investment (Gain)/Loss	6/30/22	40%	Up Only	0.00%	19	144,401	0	154,220	3,315	161,281	6,630
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	19	17,014	0	18,171	1,634	17,718	1,634
Investment (Gain)/Loss	6/30/23	20%	Up Only	0.00%	20	6,442	0	6,880	0	7,348	158
Non-Investment (Gain)/Loss	6/30/23	No Ramp		0.00%	20	19,085	0	20,383	0	21,769	1,958
Total						**186,942**	**0**	**199,654**	**4,949**	**208,116**	**10,380**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

			Alternative Schedules			
	Current Amortization Schedule		20 Year Amortization		15 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2025	208,116	10,380	208,116	18,715	208,116	21,832
6/30/2026	211,540	13,853	202,927	18,714	199,706	21,832
6/30/2027	211,608	17,325	197,386	18,715	190,724	21,832
6/30/2028	208,092	20,797	191,467	18,714	181,131	21,832
6/30/2029	200,750	20,955	185,147	18,714	170,886	21,832
6/30/2030	192,745	20,956	178,397	18,714	159,944	21,832
6/30/2031	184,194	20,955	171,188	18,715	148,258	21,832
6/30/2032	175,064	20,955	163,488	18,714	135,777	21,832
6/30/2033	165,312	20,954	155,265	18,715	122,448	21,832
6/30/2034	154,899	20,957	146,482	18,714	108,212	21,832
6/30/2035	143,774	20,956	137,103	18,714	93,008	21,832
6/30/2036	131,894	20,955	127,086	18,715	76,770	21,832
6/30/2037	119,206	20,955	116,387	18,714	59,428	21,832
6/30/2038	105,656	20,955	104,962	18,715	40,907	21,833
6/30/2039	91,185	20,954	92,759	18,715	21,126	21,832
6/30/2040	75,731	20,956	79,726	18,715		
6/30/2041	59,224	20,955	65,807	18,715		
6/30/2042	41,596	20,956	50,941	18,714		
6/30/2043	22,769	20,958	35,065	18,715		
6/30/2044	2,658	2,747	18,109	18,715		
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		**379,434**		**374,291**		**327,481**
Interest Paid		**171,318**		**166,175**		**119,365**
Estimated Savings				**5,143**		**51,953**

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate	Unfunded Liability Payment
06/30/2014	2016 - 17	8.880%	$8,629
06/30/2015	2017 - 18	8.921%	10,186
06/30/2016	2018 - 19	9.409%	12,435
06/30/2017	2019 - 20	10.221%	16,476
06/30/2018	2020 - 21	11.031%	19,557
06/30/2019	2021 - 22	10.88%	24,061
06/30/2020	2022 - 23	10.87%	24,780
06/30/2021	2023 - 24	12.47%	22,675
06/30/2022	2024 - 25	12.52%	4,949
06/30/2023	2025 - 26	12.58%	10,380

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2014	$605,694	$495,736	$109,958	81.9%	$104,818
06/30/2015	635,438	499,065	136,373	78.5%	91,548
06/30/2016	673,254	493,089	180,165	73.2%	93,102
06/30/2017	739,373	562,619	176,754	76.1%	98,248
06/30/2018	834,584	629,773	204,811	75.5%	97,867
06/30/2019	886,830	672,279	214,551	75.8%	103,229
06/30/2020	932,678	699,915	232,763	75.0%	103,928
06/30/2021	1,039,228	903,828	135,400	87.0%	111,278
06/30/2022	1,133,598	860,960	272,638	75.9%	119,291
06/30/2023	1,237,457	1,050,515	186,942	84.9%	127,933

Risk Analysis

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation Policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2043.

Assumed Annual Return FY 2023-24 through FY 2042-43	Projected Employer Contributions				
	2026-27	2027-28	2028-29	2029-30	2030-31
3.0% (5th percentile)					
Discount Rate	6.80%	6.80%	6.80%	6.80%	6.80%
Normal Cost Rate	12.6%	12.6%	12.6%	12.6%	12.6%
UAL Contribution	$15,000	$20,000	$27,000	$31,000	$36,000
10.8% (95th percentile)					
Discount Rate	6.75%	6.70%	6.65%	6.60%	6.55%
Normal Cost Rate	12.8%	13.1%	13.3%	13.6%	13.8%
UAL Contribution	$13,000	$15,000	$15,000	$12,000	$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2023-24 on the FY 2026-27 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2026-27.

Assumed Annual Return for Fiscal Year 2023-24	Required Employer Contributions	Projected Employer Contributions
	2025-26	2026-27
(17.2%) (2 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	12.58%	12.6%
UAL Contribution	$10,380	$20,000
(5.2%) (1 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	12.58%	12.6%
UAL Contribution	$10,380	$17,000

- Without investment gains (returns higher than 6.8%) in FY 2024-25 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2023-24.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2026-27 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2023, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2023	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost	24.55%	19.51%	15.67%
b) Accrued Liability	$1,426,782	$1,237,457	$1,084,440
c) Market Value of Assets	$1,050,515	$1,050,515	$1,050,515
d) Unfunded Liability/(Surplus) [(b) - (c)]	$376,267	$186,942	$33,925
e) Funded Ratio	73.6%	84.9%	96.9%

Sensitivity to the Price Inflation Assumption

As of June 30, 2023	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	20.46%	19.51%	17.81%
b) Accrued Liability	$1,275,732	$1,237,457	$1,146,631
c) Market Value of Assets	$1,050,515	$1,050,515	$1,050,515
d) Unfunded Liability/(Surplus) [(b) - (c)]	$225,217	$186,942	$96,116
e) Funded Ratio	82.3%	84.9%	91.6%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2023, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2023	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	19.84%	19.51%	19.20%
b) Accrued Liability	$1,260,434	$1,237,457	$1,216,256
c) Market Value of Assets	$1,050,515	$1,050,515	$1,050,515
d) Unfunded Liability/(Surplus) [(b) - (c)]	$209,919	$186,942	$165,741
e) Funded Ratio	83.3%	84.9%	86.4%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2022	June 30, 2023
1. Retiree Accrued Liability	$390,281	$390,525
2. Total Accrued Liability	$1,133,598	$1,237,457
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	34%	32%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2022, was 0.77 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2022	June 30, 2023
1. Number of Actives	2	2
2. Number of Retirees	1	1
3. Support Ratio [(1) ÷ (2)]	2.00	2.00

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2022	June 30, 2023
1. Market Value of Assets	$860,960	$1,050,515
2. Payroll	$119,291	$127,933
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	7.2	8.2
4. Accrued Liability	$1,133,598	$1,237,457
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	9.5	9.7

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	50%	2.00	5.7	7.5
06/30/2018	46%	2.00	6.4	8.5
06/30/2019	44%	2.00	6.5	8.6
06/30/2020	41%	2.00	6.7	9.0
06/30/2021	37%	2.00	8.1	9.3
06/30/2022	34%	2.00	7.2	9.5
06/30/2023	32%	2.00	8.2	9.7

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2023. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis is based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as shown below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2014	3.08%	06/30/2019	2.31%
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Market Value of Assets (MVA) also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the MVA will change in different interest rate environments, the results below use the MVA as of the valuation date.

	Discount Rate: 3.06% Price Inflation: 2.50%	Discount Rate: 5.06% Price Inflation: 2.50%
1. Termination Liability[1]	$1,882,848	$1,346,705
2. Market Value of Assets (MVA)	1,050,515	1,050,515
3. Unfunded Termination Liability [(1) – (2)]	$832,333	$296,190
4. Funded Ratio [(2) ÷ (1)]	55.8%	78.0%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 4.82%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2023, net of assumed administrative expenses.

Selected Measures on a Low-Default-Risk Basis	June 30, 2023
Discount Rate	4.82%
1. Accrued Liability[2] – Low-Default-Risk Basis (LDROM)	
a) Active Members	$1,128,433
b) Transferred Members	0
c) Separated Members	70,432
d) Members and Beneficiaries Receiving Payments	462,618
e) Total	$1,661,483
2. Market Value of Assets (MVA)	1,050,515
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$610,968
4. Unfunded Accrued Liability – Funding Policy Basis	186,942
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$424,026

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

1 This index is based on a yield curve of hypothetical AA-rated zero coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

2 If plan assets were invested entirely in the AA fixed income securities used to determine the discount rate of 4.82%, the CalPERS discount rate could, at various times, be below 4.5% or 5.25%, and some automatic annual retiree COLAs could be suspended (Gov. Code sections 21329 and 21335). Since there is currently no proposal to adopt an asset allocation entirely comprised of fixed income securities, the automatic COLAs have been fully valued in the measures above based on the assumptions used for plan funding. Removing future COLAs from the measurement would understate the statutory obligation.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2022	June 30, 2023
Active Members		
Counts	2	2
Average Attained Age	44.0	45.0
Average Entry Age to Rate Plan	25.7	25.7
Average Years of Credited Service	16.1	16.9
Average Annual Covered Pay	$59,646	$63,967
Annual Covered Payroll	$119,291	$127,933
Present Value of Future Payroll	$1,017,259	$1,028,360
Transferred Members	0	0
Separated Members	1	1
Retired Members and Beneficiaries*		
Counts	1	1
Average Annual Benefits	$32,581	$33,554
Total Annual Benefits	$32,581	$33,554

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the following Class 1 Benefit Provisions:

- One Year Final Compensation (FAC 1)

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	**Misc**	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.00%	
Final Average Compensation Period	One Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Indexed	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms & Publications section

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2024

PEPRA Miscellaneous Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040)
Annual Valuation Report as of June 30, 2023

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2023 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2025-26**. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2023.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to *"Forms & Publications"* and select *"View All"*. In the search box, enter *"Risk Pool"* and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2023.

Required Contributions

The table below shows the minimum required employer contributions and the PEPRA member contribution rate for FY 2025-26 along with an estimate of the employer contribution requirements for FY 2026-27. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Member Contribution Rate
2025-26	7.96%	$1,434	7.75%
Projected Results			
2026-27	*8.0%*	*$1,400*	*TBD*

The actual investment return for FY 2023-24 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2023-24 differs from 6.8%, the actual contribution requirements for FY 2026-27 will differ from those shown above. For additional details regarding the assumptions and methods used for these projections, please refer to Projected Employer Contributions. This section also contains projected required contributions through FY 2030-31.

Report Enhancements

A number of enhancements were made to the report this year to ease navigation and allow the reader to find specific information more quickly. The tables of contents are now "clickable." This is true for the main table of contents that follows the title page and the intermediate tables of contents at the beginning of sections. The Adobe navigation pane on the left can also be used to skip to specific exhibits.

There are a number of links throughout the document in blue text. Links that are internal to the document are not underlined, while underlined links will take you to the CalPERS website. Examples are shown below.

Internal Bookmarks	CalPERS Website Links
Required Employer Contributions	Required Employer Contribution Search Tool
Member Contribution Rates	Public Agency PEPRA Member Contribution Rates
Summary of Key Valuation Results	Pension Outlook Overview
Funded Status – Funding Policy Basis	Interactive Summary of Public Agency Valuation Results
Projected Employer Contributions	Public Agency Actuarial Valuation Reports

Further descriptions of general changes are included in the Highlights and Executive Summary section and in Appendix A - Actuarial Methods and Assumptions in Section 2.

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at **888 CalPERS** (or **888**-225-7377).

Sincerely,

Matthew Biggart

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

California Public Employees' Retirement System

Actuarial Valuation for the PEPRA Miscellaneous Plan of the Scotts Valley Fire Protection District

as of June 30, 2023

(CalPERS ID: 4027652040)
(Rate Plan ID: 27417)

Required Contributions for Fiscal Year

July 1, 2025 — June 30, 2026

CalPERS

Table of Contents

Section 1

California Public Employees' Retirement System

Plan Specific Information
for the
PEPRA Miscellaneous Plan
of the
Scotts Valley Fire Protection District

(CalPERS ID: 4027652040)
(Rate Plan ID: 27417)

Table of Contents — Section 1

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the PEPRA Miscellaneous Plan of the Scotts Valley Fire Protection District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2023, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Scotts Valley Fire Protection District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

Matthew Biggart

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

Introduction

This report presents the results of the June 30, 2023, actuarial valuation of the PEPRA Miscellaneous Plan of the Scotts Valley Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2025-26.

Purpose of Section 1

This Section 1 report for the PEPRA Miscellaneous Plan of the Scotts Valley Fire Protection District of CalPERS was prepared by the Actuarial Office using data as of June 30, 2023. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2023;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2025, through June 30, 2026;
- Determine the required member contribution rate for FY July 1, 2025, through June 30, 2026, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2023, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law ; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2024-25	Fiscal Year 2025-26
Employer Normal Cost Rate	7.87%	7.96%
Unfunded Accrued Liability (UAL) Contribution Amount	$1,309	$1,434
Paid either as		
Option 1) 12 Monthly Payments of	$109.08	$119.50
Option 2) Annual Prepayment in July	$1,267	$1,388

Member Contribution Rates — page 9

	Fiscal Year 2024-25	Fiscal Year 2025-26
Member Contribution Rate	7.75%	7.75%

Projected Employer Contributions — page 14

Fiscal Year	Normal Cost (% of payroll)	Annual UAL Payment
2026-27	8.0%	$1,400
2027-28	8.0%	$1,400
2028-29	8.0%	$1,400
2029-30	8.0%	$1,400
2030-31	8.0%	$0

Funded Status — Funding Policy Basis — page 12

	June 30, 2022	June 30, 2023
Entry Age Accrued Liability (AL)	$47,190	$62,258
Market Value of Assets (MVA)	42,458	55,715
Unfunded Accrued Liability (UAL) [AL – MVA]	$4,732	$6,543
Funded Ratio [MVA ÷ AL]	90.0%	89.5%

Summary of Valuation Data — Page 26

	June 30, 2022	June 30, 2023
Active Member Count	1	1
Annual Covered Payroll	$68,278	$72,889
Transferred Member Count	1	1
Separated Member Count	0	0
Retired Members and Beneficiaries Count	0	0

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2023, actuarial valuation.

New Disclosure Items

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) requiring actuaries to disclose a low-default-risk obligation measure (LDROM) of the benefits earned. This information is shown in a new exhibit, Funded Status – Low-Default-Risk Basis.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2023, as well as statutory changes, regulatory changes and board actions through January 2024.

During the time period between the valuation date and the publication of this report, inflation has been higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2024, valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

The 2023 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2024 limits, determined in October 2023, are not reflected.

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the Future Investment Return Scenarios exhibit in this report has not been modified and still reflects the projected contribution requirements associated with a reduction in the discount rate.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, unfunded accrued liability (UAL) emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the Unfunded Accrued Liability Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The Unfunded Accrued Liability Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Required Employer Contributions	Fiscal Year 2025-26
Employer Normal Cost Rate	**7.96%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[1]	**$1,434**
Paid either as	
1) Monthly Payment	**$119.50**
Or	
2) Annual Prepayment Option*	**$1,388**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

* Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

For Member Contribution Rates see the following page.

Development of Normal Cost as a Percentage of Payroll	Fiscal Year 2024-25	Fiscal Year 2025-26
Base Total Normal Cost for Formula	15.62%	15.71%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Plan's Total Normal Cost	15.62%	15.71%
Offset Due to Employee Contributions[3]	7.75%	7.75%
Employer Normal Cost	7.87%	7.96%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2024.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges.

[3] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2025, based on 50% of the total normal cost rate as of the June 30, 2023, valuation.

		Basis for Current Rate		Rates Effective July 1, 2025			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
27417	Miscellaneous PEPRA Level	15.43%	7.75%	15.71%	0.28%	No	7.75%

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown on this page, correspond to rate plan 27417. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the total employer payroll within the Miscellaneous Risk Pool will grow according to the overall payroll growth assumption of 2.80% per year for three years. Classic members who are projected to terminate employment are assumed to be replaced by PEPRA members.

Estimated Employer Contributions for all Pooled Miscellaneous Rate Plans	Fiscal Year 2024-25	Fiscal Year 2025-26
Projected Payroll for the Contribution Year	$203,770	$218,168
Estimated Employer Normal Cost	$21,277	$22,715
Required Payment on Amortization Bases	$6,258	$11,814
Estimated Total Employer Contributions	$27,535	$34,529
Estimated Total Employer Contribution Rate (illustrative only)	13.51%	15.83%

Breakdown of Entry Age Accrued Liability

Active Members	$47,652
Transferred Members	14,606
Separated Members	0
Members and Beneficiaries Receiving Payments	0
Total	$62,258

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$62,258
2.	Projected UAL Balance at 6/30/2023	5,222
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2023 for Asset Share	5,222
5.	Pool's Accrued Liability[1]	23,349,910,053
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2023[1]	5,227,602,209
7.	Pool's 2022-23 Investment (Gain)/Loss[1]	114,855,623
8.	Pool's 2022-23 Non-Investment (Gain)/Loss[1]	360,116,330
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	361
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	960
11.	Plan's New (Gain)/Loss as of 6/30/2023: (9) + (10)	1,321
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	0
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	0
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	361

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$6,543
19.	Plan's Share of Pool's Market Value of Assets (MVA): (1) - (18)	$55,715

For a reconciliation of the pool's Market Value of Assets (MVA), information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (Present Value of Benefits) to individual years of service (the Normal Cost). The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The Unfunded Accrued Liability (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The funded ratio equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2022	**June 30, 2023**
1. Present Value of Benefits	$156,854	$178,957
2. Entry Age Accrued Liability	47,190	62,258
3. Market Value of Assets (MVA)	42,458	55,715
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$4,732	$6,543
5. Funded Ratio [(3) ÷ (2)]	90.0%	89.5%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	**Current Assumption**	**1% Higher Average Return**
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$83,927	$62,258	$46,401
2. Market Value of Assets (MVA)	55,715	55,715	55,715
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$28,212	$6,543	($9,314)
4. Funded Ratio [(2) ÷ (1)]	66.4%	89.5%	120.1%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2025-26 is $1,434. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2025-26 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2025-26 Employer Contributions — Illustrative Scenarios

Funding Approach	Estimated Normal Cost	Minimum UAL Contribution	ADP[1]	Total UAL Contribution	Estimated Total Contribution
Minimum required only	$8,152	$1,434	0	$1,434	$9,586
5 year funding horizon	N/A	N/A	N/A	N/A	N/A

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2025, as determined in the June 30, 2023, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	$0	2022-23	$0
2020-21	$0	2023-24[2]	$0
2021-22	$0		

[2] Excludes payments made after April 30, 2024

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2023-24 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2023-24 and Beyond)**				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Rate Plan 27417 Results					
Normal Cost %	7.96%	8.0%	8.0%	8.0%	8.0%	8.0%
UAL Payment	$1,434	$1,400	$1,400	$1,400	$1,400	$0

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2023.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2025-26.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2023-24 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2024, if necessary, and the expected payment for FY 2024-25 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2025-26	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Minimum Required Payment 2025-26
Fresh Start	6/30/23	No Ramp		0.00%	5	6,543	0	6,988	1,309	6,110	1,434
Total						**6,543**	**0**	**6,988**	**1,309**	**6,110**	**1,434**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

			Alternative Schedules			
	Current Amortization Schedule		0 Year Amortization		0 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2025	6,110	1,434	N/A	N/A	N/A	N/A
6/30/2026	5,044	1,434				
6/30/2027	3,905	1,435				
6/30/2028	2,688	1,435				
6/30/2029	1,388	1,434				
6/30/2030						
6/30/2031						
6/30/2032						
6/30/2033						
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6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		**7,172**		**N/A**		**N/A**
Interest Paid		**1,062**		**N/A**		**N/A**
Estimated Savings				**N/A**		**N/A**

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate	Unfunded Liability Payment
06/30/2015	2017 - 18	6.533%	$3
06/30/2016	2018 - 19	6.842%	1,759
06/30/2017	2019 - 20	6.985%	737
06/30/2018	2020 - 21	7.732%	1,094
06/30/2019	2021 - 22	7.59%	96
06/30/2020	2022 - 23	7.47%	782
06/30/2021	2023 - 24	7.68%	0
06/30/2022	2024 - 25	7.87%	1,309
06/30/2023	2025 - 26	7.96%	1,434

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	$3,878	$3,690	$188	95.2%	$42,494
06/30/2016	8,943	8,091	852	90.5%	73,877
06/30/2017	746	(521)	1,267	-69.9%	43,304
06/30/2018	12,945	10,530	2,415	81.3%	38,842
06/30/2019	10,054	8,563	1,491	85.2%	51,396
06/30/2020	26,311	24,507	1,804	93.1%	54,477
06/30/2021	33,920	37,132	(3,212)	109.5%	60,091
06/30/2022	47,190	42,458	4,732	90.0%	68,278
06/30/2023	62,258	55,715	6,543	89.5%	72,889

Risk Analysis

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation Policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2043.

Assumed Annual Return FY 2023-24 through FY 2042-43	Projected Employer Contributions				
	2026-27	2027-28	2028-29	2029-30	2030-31
3.0% (5th percentile)					
Discount Rate	6.80%	6.80%	6.80%	6.80%	6.80%
Normal Cost Rate	8.0%	8.0%	8.0%	8.0%	8.0%
UAL Contribution	$1,500	$1,600	$1,800	$2,000	$800
10.8% (95th percentile)					
Discount Rate	6.75%	6.70%	6.65%	6.60%	6.55%
Normal Cost Rate	8.2%	8.4%	8.6%	8.3%	8.5%
UAL Contribution	$1,400	$0	$0	$0	$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2023-24 on the FY 2026-27 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2026-27.

Assumed Annual Return for Fiscal Year 2023-24	Required Employer Contributions	Projected Employer Contributions
	2025-26	2026-27
(17.2%) (2 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	7.96%	8.0%
UAL Contribution	$1,434	$1,800
(5.2%) (1 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	7.96%	8.0%
UAL Contribution	$1,434	$1,600

- Without investment gains (returns higher than 6.8%) in FY 2024-25 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2023-24.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2026-27 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2023, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2023	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost	19.65%	15.71%	12.71%
b) Accrued Liability	$83,927	$62,258	$46,401
c) Market Value of Assets	$55,715	$55,715	$55,715
d) Unfunded Liability/(Surplus) [(b) - (c)]	$28,212	$6,543	($9,314)
e) Funded Ratio	66.4%	89.5%	120.1%

Sensitivity to the Price Inflation Assumption

As of June 30, 2023	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	16.56%	15.71%	14.29%
b) Accrued Liability	$66,346	$62,258	$55,559
c) Market Value of Assets	$55,715	$55,715	$55,715
d) Unfunded Liability/(Surplus) [(b) - (c)]	$10,631	$6,543	($156)
e) Funded Ratio	84.0%	89.5%	100.3%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2023, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2023	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	15.98%	15.71%	15.46%
b) Accrued Liability	$63,218	$62,258	$61,362
c) Market Value of Assets	$55,715	$55,715	$55,715
d) Unfunded Liability/(Surplus) [(b) - (c)]	$7,503	$6,543	$5,647
e) Funded Ratio	88.1%	89.5%	90.8%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2022	June 30, 2023
1. Retiree Accrued Liability	$0	$0
2. Total Accrued Liability	$47,190	$62,258
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	0%	0%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2022, was 0.77 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2022	June 30, 2023
1. Number of Actives	1	1
2. Number of Retirees	0	0
3. Support Ratio [(1) ÷ (2)]	N/A	N/A

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2022	June 30, 2023
1. Market Value of Assets	$42,458	$55,715
2. Payroll	$68,278	$72,889
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	0.6	0.8
4. Accrued Liability	$47,190	$62,258
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	0.7	0.9

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0%	N/A	0.0	0.0
06/30/2018	0%	N/A	0.3	0.3
06/30/2019	0%	N/A	0.2	0.2
06/30/2020	0%	N/A	0.4	0.5
06/30/2021	0%	N/A	0.6	0.6
06/30/2022	0%	N/A	0.6	0.7
06/30/2023	0%	N/A	0.8	0.9

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2023. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis is based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as shown below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2014	3.08%	06/30/2019	2.31%
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Market Value of Assets (MVA) also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the MVA will change in different interest rate environments, the results below use the MVA as of the valuation date.

	Discount Rate: 3.06% Price Inflation: 2.50%	Discount Rate: 5.06% Price Inflation: 2.50%
1. Termination Liability[1]	$88,508	$49,988
2. Market Value of Assets (MVA)	55,715	55,715
3. Unfunded Termination Liability [(1) – (2)]	$32,793	($5,727)
4. Funded Ratio [(2) ÷ (1)]	62.9%	111.5%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 4.82%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2023, net of assumed administrative expenses.

Selected Measures on a Low-Default-Risk Basis	June 30, 2023
Discount Rate	4.82%
1. Accrued Liability[2] – Low-Default-Risk Basis (LDROM)	
a) Active Members	$90,771
b) Transferred Members	22,295
c) Separated Members	0
d) Members and Beneficiaries Receiving Payments	0
e) Total	$113,066
2. Market Value of Assets (MVA)	55,715
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$57,351
4. Unfunded Accrued Liability – Funding Policy Basis	6,543
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$50,808

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

[1] This index is based on a yield curve of hypothetical AA-rated zero coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

[2] If plan assets were invested entirely in the AA fixed income securities used to determine the discount rate of 4.82%, the CalPERS discount rate could, at various times, be below 4.5% or 5.25%, and some automatic annual retiree COLAs could be suspended (Gov. Code sections 21329 and 21335). Since there is currently no proposal to adopt an asset allocation entirely comprised of fixed income securities, the automatic COLAs have been fully valued in the measures above based on the assumptions used for plan funding. Removing future COLAs from the measurement would understate the statutory obligation.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2022	June 30, 2023
Active Members		
Counts	1	1
Average Attained Age	28.0	29.0
Average Entry Age to Rate Plan	24.4	24.4
Average Years of Credited Service	3.7	4.7
Average Annual Covered Pay	$68,278	$72,889
Annual Covered Payroll	$68,278	$72,889
Present Value of Future Payroll	$892,545	$949,707
Transferred Members	1	1
Separated Members	0	0
Retired Members and Beneficiaries*		
Counts	0	0
Average Annual Benefits	$0	$0
Total Annual Benefits	$0	$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the following Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	**Misc**	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Indexed	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms & Publications section

Fee Waiver Request

Scotts Valley Fire Station 1
7 Erba Lane
Scotts Valley, California 95066

August 26, 2024

Dear Scotts Valley Fire Protection District Board,

This year is the 22nd annual Scotts Valley Haunted House. We are changing format to be designed for younger children and their families, with a greater emphasis on the outdoor festival. Performance dates remain the three nights ending the Saturday before Halloween.

All proceeds from the Haunted House are donated to the Leukemia and Lymphoma Society each year. Participating high school students earn community service hours towards their graduation requirement.

Previously, you have waived the $330 fee generated by the permit inspection. We greatly appreciate your consideration in allowing this waiver again.

Thank you for your continued support.

Sincerely,

Erik Duffy
Ringleader

Rayne Leonetti
RIngleader

Evelyn Roberts
Safety Manager

Joe Allen
Principal, SVHS

NOTICE OF VACANCY ON THE SCOTTS VALLEY FIRE PROTECTION DISTRICT BOARD OF DIRECTORS

Interested persons are hereby notified that of a vacancy on the Scotts Valley Fire Protection District Board of Directors.

The Board of Directors intends to make an appointment for the remainder of a term due to a resignation of a Director. The term will end on December 31, 2024.

<u>Applicants must be a registered voter, and a resident of the Scotts Valley Fire Protection District</u>

To be considered, please submit a letter of interest and a résumé to:
Scotts Valley Fire Protection District
7 Erba Lane, Scotts Valley, CA 95066
(831) 438-0211
Email: Info@scottsvalleyfire.com
Website: scottsvalleyfire.com

Applications are due by *<u>noon</u>* on:
Tuesday, September 10, 2024

All qualified applicants will be invited to the selection process with the Board of Directors at 6PM on September 11, 2024

This sign will be posted for 15 days at the Scotts Valley Fire Protection District Offices, Scotts Valley Fire Station 3 (Branciforte), and City of Scotts Valley from 08/27/2024 to 09/10/2024.

Letter of Interest
Vacancy on Scotts Valley Fire Protection District Board of Directors

My name is Michael Weaver, and I am seeking the vacancy position for the Scotts Valley Fire Protection District Board of Directors. I am uniquely qualified for this job after 29 years of service, retiring as a Lieutenant for the City of Sunnyvale Department of Public Safety. The predominance of my career was spent in the fire house as a Hazardous Materials Specialist and Aerial Truck Trainer. While in the fire house, I became a state certified instructor of several specialties teaching academies and in-service personnel. My additional responsibilities included certifications and testing of equipment, including apparatus specifications to purchasing.

I have lived in Scotts Valley for more than 30 years. I am married to my wife Kelly. We have three adult children and four grandchildren. We spend our free time volunteering in the community with Scotts Valley Girls Softball, Scotts Valley High School Falcon Club and countless community events. I am in support of Measure S and I am on the committee to help it pass this fall. I want to continue to help the community by serving on this board.

Michael Weaver

Interest:
Position on the Board of Directors for Scotts Valley Fire Protection District

Education:
De Anza Junior College, AA Degree 1976
San Jose State University, BS Degree 1979

Experience:
City of Sunnyvale, Security of Parks (non-sworn) 1978-79
Sunnyvale Department of Public Safety (sworn), 1979-2007
Assigned Patrol, 1980-1989, 1997

- Traffic 1984-85
- Crime Prevention 1986-89

SWAT Team Member 1983-1995, 1997-2004
Assigned Fire, 1989-96,1998-2007

- Aerial Operator, 1990-2001
- Aerial "Truck" Trainer, 1998-2001
- Hazardous Materials Specialist, State Certified 1990

Rescue System 1, State Certified, Senior Instructor 1992
Auto Extrication Instructor, State Certified 1996
Confined Space Operational, State Certified, Instructor 1999
Business Hazards related to Terrorism 2001-02
Promoted to Lieutenant, 2001-07
Acting Battalion Chief 2006-07

Assistant Varsity Football Coach at Scotts Valley H.S. 2007-09
Girls Varsity Softball Coach at Scotts Valley H.S. 2008-10
Levi Stadium Gate Supervisor, Head Exterior Stadium Supervisor 2014-16

Additional Information:
As a Senior Lieutenant in the fire services, I was assigned Team Coordinator, supporting the BC at emergency scenes or running the Fire Team in his absence. Sunnyvale has 6 fire stations, 14 apparatus (2 Reserves), and 24 personnel per shift.
I have lived in Scotts Valley over 30 years. Volunteer for numerous community events, fundraisers and with my wife Kelly, who runs SV Girls Rec Softball and SVHS Golf Tournaments. Active Supporter for Measure S.

Philip Hover-Smoot
320 Wild Flower Ln.
Santa Cruz, CA 95065
m: 415-254-1295
e: philiphhs@gmail.com

September 6, 2024

VIA Electronic Mail

Scotts Valley Fire Protection District
District Headquarters
7 Erba Lane
Scotts Valley, CA 95066
p: 831-438-0211
e: info@scottsvalleyfire.com

Re: Application for Scotts Valley Fire Protection District Board Vacancy

To Whom It May Concern:

Herewith I submit my application for appointment to the current vacancy on the Scotts Valley Fire Protection District Board ("SVFPD"). As a candidate for one of the upcoming vacancies in this November's election, my interest in the role, whenever it should begin, and for however long it should last, remains unchanged. I believe strongly that the best way to secure the way of life that I and my family have come to love so much is to ensure that those tasked with protecting us and our environment are appropriately resourced, supported, and managed. To the extent I can – by either or both my appointment or election – donate even some small effort in furtherance of those goals, I owe it to myself, my family, and my community to do just that. And, ever the optimist when it comes to my future fate this November, I'd also highlight that this appointment would simply let me get to work sooner.

A business leader, attorney, and entrepreneur, I further believe that my appointment would introduce a new and healthily diverse perspective to the business of the district. As requested, I have attached here for your review a current CV. As you will see, while my professional experience focuses primarily within the defense industry, the nature of that experience has resulted in the development of core skills that I believe are necessary for the professional discharge of a board member's duties on the SVFPD. As I understand it, in addition to the regular oversight of the core fire safety functions of the District, the SVFPD faces matters related real estate development and management, tax and financial policy, and team resource management. While I cannot pretend to be an expert on the work of our firefighters, I am confident that my professional experience, education, and licensure equips me suitably to provide meaningful, thoughtful, and collaborative insights on the matters at hand. I am, it should also be noted, also actively educating myself on the business of firefighting and am ongoingly engaged in conversations with experienced professional both within the district and within the broader California firefighting community to educate myself to the greatest extent possible on those things that I admittedly today do not know.

Thank you for the time and consideration of my candidacy. Please do not hesitate to get in touch for any questions or clarifications.

Very Respectfully,

Philip Hover-Smoot

Attachments:

1. Curriculum Vitae
2. Voter Registration Status
3. Residence Location

Attachment 1 – Resume

Philip Hover-Smoot

| PhilipHHS@gmail.com | 415.254.1295 | 320 Wild Flower Lane, Santa Cruz, CA |

EXPERIENCE

Chief Executive Officer, Director

Scout Space Inc. (Washington D.C.)

Remote - 8/23 – Present

- Building a secure in-space optical sensor network in support of national security customers:
  - Organization development – doubled team with 0% attrition
  - Strategic leadership and executive team development
  - Business development resulting in ~$20M in bookings and ~$75M DoD 12mo pipeline
  - Oversight for all corporate, financial, board and personnel matters
  - Key Management for DSCA Facility Clearance

Investor

Littoral Capital Partners, LLC (Santa Cruz, CA)

6/20 – Present

- Investing in next generation deep tech and emerging bioscience businesses:
  - 4X active investments
  - 1X successful exit

Co-Founder

Bloom Pediatric Occupational Therapy (Santa Cruz, CA)

4/23 – Present

- Developing a chain of clinics offering multi-disciplinary occupational, speech, and physical therapy to children throughout the greater Santa Cruz and Monterey County regions:
  - Management of all finances and operational aspects of the business
  - Long term strategic planning
  - Commercial real estate management, leases, buildouts

General Counsel, Board Secretary

Spaceflight (a Mitsui & Co. Ltd., Portfolio Company, based in Seattle, WA)

Remote - 3/22 – 7/23 (sold the company to Private Equity)

- Responsible for comprehensive legal function, including:
  - Transactional contracting (~250 contract actions per year)
  - FCC, NOAA, ITAR, EAR, CBP, and CDC licensing and compliance
  - Corporate and board matters
  - Litigation, dispute and employment matters resolution
  - US Government Relations key POC

Deputy General Counsel, Chief Ethics & Compliance Officer (CECO)

Momentus (Nasdaq: MNTS, based in San Jose, CA)

Remote - 9/19 – 2/22

- Responsible for both commercial and regulatory legal functions, including:
  - FAA, FCC, NOAA, ITAR and EAR licensing and compliance, including direct
  - Initial CFIUS national security agreement implementation actions
  - Building $150m backlog of commercial contracts in ~1yr
  - Key leader in completing public markets transition via SPAC merger
  - US Government Relations key POC

Subcontracts Legal Advisor

Raytheon – Missile Systems (based in Tucson, AZ)
Remote - 3/19 – 9/19

- Served on advisory team of 3 attorneys supporting RMS global subcontracts function:
    - Responsible for providing tactical legal guidance for ~1/3rd of $30bn+ subcontracts spend
    - Public law compliance, flowdowns, prime and subK negotiations, bid & proposal activity

Senior Principal, Office of General Counsel

Raytheon – Intelligence & Space *(Electronic Warfare)*
El Segundo, California (on site) - 2/18 – 3/19

- Served as integrated member of leadership teams for 3 product lines within EW:
    - Full global trade compliance and technology security foreign disclosure advisory responsibility for flagship $1bn+ AN/ALQ-249(v)1 Next Gen Jammer AUS co-dev program
    - MLAs, TAAs, Reclamas, DSP-85s, DSP-73s, DSP-5s, Part 130 reporting, Part 129 reporting
    - Key POC for EW Intelligence Community programs

Senior Advisor, Office of General Counsel

Raytheon – Intelligence & Space *(Electronic Warfare)*
El Segundo, California - 8/16 – 2/18

- See immediately above
    - Focus on Department of State Consent Decree/Agreement compliance/remediation

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EDUCATION

Juris Doctorate (JD/MBA)
Drake University
Graduate Certificate (International Security and Intelligence Studies)
Stanford University, Spogli Center for International Security
Bachelor of Art (BA)
University of California, Santa Cruz (History/Art History)
High School (Diploma)
Bellarmine College Preparatory, San Jose

MISCELLANEOUS

Professional Licensure, Teaching, Pro Bono & Organizational Affiliations

Security Clearance – Secret (Active), TS/SCI (Pending)	U.S. Department of Defense
Law License – State of California (Active)	#291273 (California State Bar)
California Real Estate Brokers License (Active)	#2117636 (California Dept of Real Estate)
Lecturer – National Security Space Law	Northwestern Univ. law School (2022-2023)
Lecturer – International Trade	Rancho Santiago Community College (2017-2019)
American Bar Assoc. Aerospace & Defense Industries Committee	Co-Chair (2016)
International Compliance Professionals Association	Vice President (2016)
Orange County Center for International Trade Development	Board Member (2016-2018)
General Counsel (Pro Bono)	Moffett Field Historical Museum (2021-2023)
U.S. Customs Broker License (Inactive)	#29816 (Customs & Border Protec.)
Commercial Spaceflight Federation	Associate Board Member (2020)
IATA - AvMP [Stanford Univ. Aviation Management Program]	#7904101729 (IATA)
IATA - Dangerous Air Cargo Certification	IATA
IATA-FIATA Certification	IATA

Date: September 11, 2024

To: Hon. Board of Directors

From: Mark Correira, Fire Chief

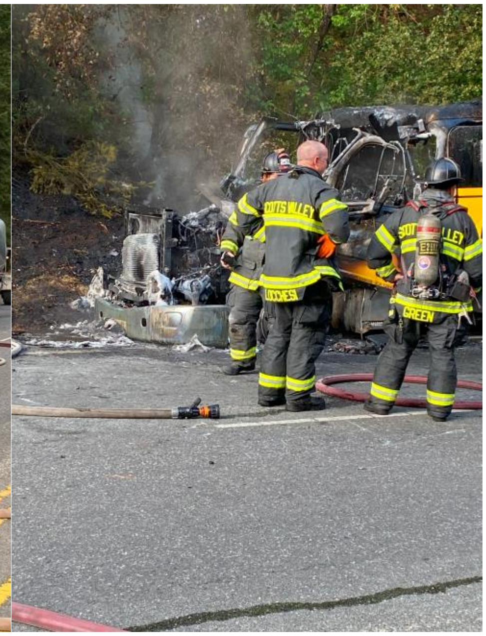
Subject: Administrative Report – September 2024

Administration

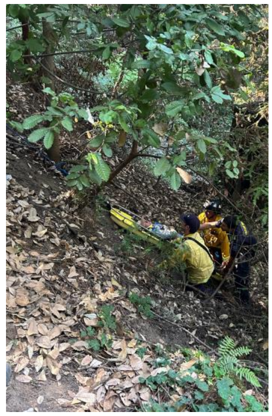
- The District hosted the "National Night Out" event on August 6th in partnership with the Scotts Valley Police Department. The event was a great success, with a large number of residents in attendance. The District set up an information booth and conducted guided tours of the station and apparatus. Younger attendees even had the opportunity to use a fire hose to put out a simulated fire.

Operations

- We have successfully completed the preconstruction work for the new Type 6 engine. The apparatus committee members, in a virtual meeting with Weis Fire Apparatus, have configured everything into a new specification. I extend my gratitude to Ben Lomond Fire for their assistance in this process, particularly for bringing their Weis Type 6 for us to review all the similar features.
- E2538 and BC LoFranco spent over 3 weeks at the Park Fire in Butte and Tehama Counties. E2538 (Grigg, Laine, Avila, Petteys, Smiley, Nehf, Bridges) was part of a Santa Clara County mixed (rainbow) strike team. The 3-week deployment included one crew swap out. BC LoFranco, who was sent as a single resource Safety Officer, was recognized by the incident management team for his exceptional courage and dedication while assisting fellow firefighters. Such recognition is rare and is only awarded for extraordinary efforts.
- On August 5th, E2511 (Green, Nehf, Lucchesi) responded to a significant incident-a large vehicle fire on the Mount Hermon road bypass. Their swift and aggressive intervention effectively contained the fire, preventing it from spreading into the nearby dry vegetation. This successful response is a testament to their training and dedication.

- Despite the recent replacement of multiple antennas, radio communication challenges continue across the district and county. Unfortunately, the anticipated improvements in radio transmission quality have not materialized. In response to this issue, fire agencies throughout the County have teamed up with the Sheriff's office to address the challenges with the County radio department.
- The four recently acquired portable radios with the plate number BKR5000 have been programmed and equipped with new chargers on E2538. These new P25-compliant radios will support our crews during both in-county and out-of-county assignments, thanks to improved interoperability. Engineer Kevin Laine has played a significant role in implementing the new portable radios and overseeing the District's radio program overall.
- On August 26, E2511, BC McNeil, and Chief Correira responded to Henery Cowel Park for an injured woman who was thrown from a horse and down a ravine. Scotts Valley Crews, AMR and State Parks staff hiked approximately ¾ mile into the park to access the injured rider. The patient was extricated using technical rescue systems and a stokes stretcher. The crews worked together to extricate the patient on the stokes and litter wheel to an awaiting State Parks vehicle 1 mile further into the park. The patient was driven in the State Parks vehicle with paramedics to an awaiting ambulance on Graham Hill Road. The pictures below show some of the excellent team work that was provided by all the responders:


Fire Prevention / Community Risk Reduction

- Inspections Conducted:
  - 19 construction inspections
  - 2 State Licensing inspections
  - 12 initial annual inspections
  - 58 annual re-inspections
  - Follow-up: 1 defensible space inspection and 2 complaints
- Plan Reviews:
  - 6 construction plans
  - 3 fire sprinkler plans
- Community Engagement & Meetings
  - Deputy Fire Marshal (DFM) Collins attended National Night Out.
  - DFM Collins joined Fire Chief Correira at Montevalle MHP to discuss the Resource Conservation District's and Land Management's upcoming Bean Creek Rd restoration project, as well as emergency preparedness.
  - Met with Erik Duffy and two students to discuss fire code requirements for the high school's 2024 Haunted House.
  - Met with several neighbors of the Rider Ridge and Upper Glen Canyon to discuss road access and clearance in their efforts to become recognized as Firewise Communities.
  - The Fire Prevention Officers revised three standards, which have been sent to the Fire Chiefs for review.

Chief Report

- Attended National Night Out with Firefighters and Staff. This included tours of the Fire Station, and positive interaction with the community.
- Hosted and presented at the Branciforte Community Meeting held on August 7. This was a positive meeting with great community turnout.
- Completed performance evaluations on all direct-report staff, and discussed the need and importance of succession planning.

- Met with the County's consultant related to evacuation planning, and the public safety radio system.
- Attended the North Santa Cruz County Democrats meeting (August 13).
- Met with RRM Design to discuss next step in the design process as directed by the Board
- Met with Santa Cruz City Water representatives to discuss the La Madrona Pump Station and PG&E Utility Easement
- Met with Central Fire District Representatives to discuss a partnership on a Paid Call Firefighter (PCF) Academy. The Chief and Command Staff are evaluating the benefits of partnering on this training. Historically, the District has worked with CalFire and other Departments. This academy would be a sole partnership between the two departments and could provide a higher level of training quality for our PCFs.
- Implemented a 15-minute weekly meeting for the Administration, Deputy Fire Marshal, and on-duty Battalion Chief. Known as our "Admin-Huddle," this weekly meeting allows us to touch base on projects, work together to remove barriers, and communicate any challenges a team member may be experiencing. So far these meetings have been both positive and productive.

RE-AFFIRMING NOTICE OF INTENT TO TAKE LEGAL ACTION REGARDING SCOTTS VALLEY FIRE AT-LARGE BOARD ELECTIONS

From: Becky Steinbruner (ki6tkb@yahoo.com)

To: mcorreira@scottsvalleyfire.com; jparker@scottsvalleyfire.com; info@scottsvalleyfire.com

Cc: joe.serrano@santacruzcountyca.gov; francisco.estrada@santacruzcountyca.gov; b40advisory@scottsvalleyfire.com; ki6tkb@yahoo.com

Bcc: dicklandon@yahoo.com; yafareed@gmail.com; ktmgbc@aol.com; petervannerus@protonmail.com; fareed.rayyis@gmail.com; ccnb40@gmail.com

Date: Wednesday, August 14, 2024 at 03:22 PM PDT

Dear Scotts Valley Fire Protection District Board of Directors and Chief Correira,
I am hereby re-affirming my previous NOTICE OF INTENT regarding legal action against Scotts Valley Fire Protection District to demand the District begin action to transition from existing at-large elections to establish district-based elections for Board members.

I am compelled to do this because the proposed 2024-2025 District Budget allows for only $30,000 to pay for a demographic study, an inadequate amount to financially cover a full transition process to district-based elections. This is based upon the precedent of Central Fire Protection District of Santa Cruz County in 2021, when the cost for such work was $35,000 -$40,000.

I will provide documentation of this at the August 14, 2024 Board Budget Hearing.

While correspondence with Chief Correira provided anecdotal information that the District has a quote from National Demographics Corporation for a demographic study in an e-mail of July 10, 2024, (see correspondence in August 14, 2024 Board agenda packet) there has been no formal documentation included in Board agenda packets to provide clear public information regarding the scope of work.

I protest that only $30,000 is proposed for the cost of a demographic study, and provides no assurance that the District will act upon the study to move forward with a transition to district-based elections, honoring the California Voting Rights Act and equitable representation.

Therefore, I must hereby re-affirm my NOTICE OF INTENT TO TAKE LEGAL ACTION.

Below is a copy of my original such NOTICE, dated August 9, 2023. I have since attended multiple District Board meetings and have spoken with your Board on this matter repeatedly. I have also requested that your Board send a letter to Santa Cruz County LAFCO to request financial aid for the purpose of completing a transition process to district-based elections. This request would have merit, based on precedence of the LAFCO awarding such a request by the City of Capitola in order to comply with a LAFCO recommendation.

Please include this correspondence in the Board packet for consideration.

Please respond.

Thank you.
Sincerely,
Becky Steinbruner
3441 Redwood Drive
Aptos, CA 95003
831-685-2915
ki6tkb@yahoo.com
****

Becky Steinbruner

From:ki6tkb@yahoo.com
To:Mark Correira,Alicia Walton
Cc:Joe Serrano,Francisco Estrada,Nate Lackey,Larry Pageler,Becky Steinbruner
Wed, Aug 9, 2023 at 5:18 PM

Dear Scotts Valley Fire District Board and Clerk of the Board,
I am hereby placing the Scotts Valley Fire District ON NOTICE regarding the Plan for Service and impending Reorganization of Scotts Valley Fire District and inherent dissolution of Branciforte Fire Protection District, for the following reasons:
1) On June 14, 2023, I personally attended your Board meeting and testified in support of future transition to district-based Board elections upon completion of the Branciforte Fire Protection District Reorganization process overseen by Santa Cruz County LAFCO.

2) On June 18, 2023, I sent your Board e-mail correspondence as a follow-up to the points in my testimony, and asked that your Board agendize the issue of district-based Board elections for discussion at your July 12, 2023 Board meeting.

3) On July 12, 2023, your Board agenda did not include the issue of possible transition to district-based Board elections:
https://www.scottsvalleyfire.com/wp-content/uploads/2023/07/7.12.2023-Board-Packet-1.pdf
and according to the Draft Minutes, the matter was not discussed.

4) On July 30, 2023, I submitted e-mail correspondence to your Board regarding my action to place the Branciforte Fire Protection District ON NOTICE due to my continued concerns for property owners and residents in that District who will, upon completion of the Reorganization, will effectively have no representation regarding finances, use of assets, and level of service in their area. This correspondence is listed in your August 9, 2023 agenda packet.

5) On August 2, 2023, I attended and testified before the Santa Cruz County LAFCO, and urged them to amend the Resolution RO22-07 for the Reorganization. The Commissioners did not make any amendments that I asked for and did not make any amendments requested by Branciforte Fire District property owner Ms. Kate Anderton, regarding Measure T funds.

Therefore, I am hereby placing the Scotts Valley Fire District and your Board ON NOTICE that I will bring legal challenge, for Public Benefit, regarding the California Voting Rights Act and requirements inherent to pursue the matter of equitable representation for the property owners and residents of the current Branciforte Fire Protection District.

Sincerely,

Becky Steinbruner

Re-Districting Process 2021-2022

Central Fire Re-Districting Process Information

https://www.centralfiresc.org/2279/Re-Districting-Process-2021-2022

The re-districting process of the Central Fire District of Santa Cruz County is now complete. Central FD previously had an at-large election system, where voters of our entire District elect the members of our Board. After receiving public oral communication on the possibility of a CVRA violation it was decided that the public interest would be best served by converting from an at-large based election system to a district-based electoral system. This new system divides our district into separate geographic areas, where voters choose their representatives, who must also live in that district area.

The Central Fire District chose National Demographics Corporation to implement the planning, mapping and population data collection/analysis for this process. A total of four public hearings were conducted over the last few months to receive input from District residents on this process before final plan revisions were made and adopted.

At the February 10th Board meeting, a final map was chosen from the ones presented (Purple II). Resolution 2022-02 was passed approving this plan, and the District has now completed the process of submitting this plan to the County of Santa Cruz Registrar's Office for approval and implementation.

Residents can input their home address into our Interactive District Map to see what their designated election zone is within the District.

Summary of California Voting Rights Act (CVRA):

"AB 182, Alejo. California Voting Rights Act of 2001. Existing law, the California Voting Rights Act of 2001 (CVRA), prohibits the use of an at-large election in a political subdivision if it would impair the ability of a protected class, as defined, to elect candidates of its choice or otherwise influence the outcome of an election. The CVRA provides that a voter who is a member of a protected class may bring an action in superior court to enforce the provisions of the CVRA, and, if the voter prevails in the case, he or she may be awarded reasonable litigation costs and attorney's fees. The CVRA requires a court to implement appropriate remedies, including the imposition of district-based elections, that are tailored to remedy a violation of the act.

This bill would prohibit the use of a district-based election in a political subdivision if it would impair the ability of a protected class, as defined, to elect candidates of its choice. The bill would require a court to implement specified remedies upon a finding that a district-based election was imposed or applied in a manner that impaired the ability of a protected class to elect candidates of its choice."

For the entire CVRA, visit California Legislative Information.

Re-Districting Timeline:

September 15, 2020

Public oral communication received during the Board of Directors Meeting as to the possibility of a CVRA violation and consideration of changing to a district-based electoral system.

March 9, 2021

- Presented Plan at the March 9th Board of Directors Meeting:
  - **Staff Report (PDF)**

April 13, 2021

- At the April 13th Board of Directors Meeting, presented **Staff Report (PDF)** & **Resolution 2021-03 (PDF)**, Declaring the Board's Intent to Transition from At-Large to District-Based Elections by November 2022 General District Election, Pursuant to California Elections Code Section 10010.

November 18, 2021

- Pre-Map Hearing #1, held at the 9 AM Regular Board Meeting of November 18, 2021.
- **Staff Report (PDF)**
- **Districting Presentation for Hearing #1 (PDF)**

December 2, 2021

- Pre-Map Hearing #2, held at the 1 PM Special Board Meeting of December 2, 2021.
- **Staff Report (PDF)**
- **Districting Presentation for Hearing #2 (PDF)**

January 13, 2022

- Map Review Hearing #1 - held at the 9 AM Regular Board Meeting of January 13, 2022.
- **Interactive Draft Maps for Review**
- **Draft Maps for January 13, 2022 Public Hearing (PDF)**
- **Staff Report (PDF)**

February 10, 2022

- Map Review Hearing #2 - held at the 9 AM Regular Board Meeting of February 10, 2022.
- **Staff Report - Fourth Public Hearing Re: Election District Boundaries**
- **Revised "Orange" Map for February 10, 2022 Public Hearing (PDF)**
- **Revised "Purple" Map for February 10, 2022 Public Hearing (PDF)**
- **Interactive Draft Maps for Review**

Final Map Adoption for CVRA Conversion

- February 10, 2022
- **Staff Report - Resolution 2022-02 Final Map/Plan Adoption for CVRA Conversion (PDF)**
- **Fully Executed Resolution 2022-02 Election Re-Districting (PDF)**

Resources

- **Current District Boundaries Map (PDF)**
- **Notice of Public Hearings for Redistricting Process (English & Spanish) (PDF)**

Public Input

The District would like to personally thank those members of the public that contributed input and suggestions over the last 4 public hearings regarding this process. Your input was crucial in helping the Board of Directors choose the best possible option for the Re-Districting process.

Public Comments on this or any other District-related topic may be submitted in writing, attending meetings virtually or **emailing Public Comments.** If you wish for your suggestions to be included in the next written communications please send via the **Public Comments email** . We look forward to hearing from you!

CENTRAL FIRE DISTRICT

of Santa Cruz County

STAFF REPORT

Date: March 9, 2021

To: Central Fire District Board of Directors

From: Fire Chief John Walbridge

Subject: Demographic Services Proposals for Districting

Purpose: Staff to present demographic service proposal for the purpose of conversion to districted elections under the California Voting Rights Act (CVRA).

Background: The public interest would be better served by Board consideration of proposals to convert from an at-large based election system to a district based electoral system because of the extraordinary cost of defending against a CVRA lawsuit and the risk of losing such a potential lawsuit which would require Central Fire District to pay the prevailing plaintiffs' attorney fees.

Currently, Central Fire District does not have any formal certified letters asserting that our at-large electoral system is in violation of the CVRA. However, at the Central Fire Protection District Board of Director's Meeting on September 15, 2020 a member of the public did discuss this subject under Public Oral Communications. Also, pertaining to the recent successful consolidation effort, a district based electoral system was discussed in the LAFCO Resolutions and the Fire Districts' Plan for Service submittal to LAFCO.

Cost Impacts: Cost of contracting with a demographer and their service package can be better determined once a firm is selected.

Recommended Action: Members of the Central Fire District Board of Directors to review and discuss the proposals included in the agenda and select a firm to contract with for demographic services.

Exhibit A

Summary Scope of Work

NDC tailors each project to the needs and goals of each jurisdictions. Below is a typical NDC-suggested timeline and description of project elements.

The dates provided below are general guidelines and will vary according to the goals, project choices, and deadlines of each jurisdiction.

March - May	Project Planning and decisions on public mapping tools, whether to use a commission, and other project options. Begin project communications and outreach.
May – September	Any mapping tools prepared with preliminary population data; initial pre-draft-map hearing(s) held.
October - January	Census data received and processed; draft maps prepared, considered, and revised (in hearings and, if desired, less formal public workshops)
January - April	Final plan revisions made and plan adopted and implemented.

Detailed Project Scope of Work

March – May, 2021: Project Planning and Initial Outreach

a. NDC works with the jurisdiction to prepare a detailed project timeline of expected outreach efforts, public forums, formal hearings, draft map dates, and final map adoption dates.

b. NDC works with the jurisdiction staff (or contract specialized outreach staff – see notes below about that option if interested) to prepare a project outreach plan for all steps of the process covering target audiences, contact lists, social media efforts, any potential postcard mailings, utility bill inserts, flyers for distribution at schools, media briefings, and community group contacts.

c. Decide what public mapping tool(s) to provide, if any.

d. Decide whether to use a commission.

e. Create the project website: NDC will provide advice and text for the jurisdiction's website, or as an optional project element NDC will build a project website that the jurisdiction can simply link to from the jurisdiction site.

f. NDC will work with jurisdiction and County Registrar staff to confirm GIS boundaries and to identify and include in our redistricting database any available GIS data that NDC and the jurisdiction identify are likely to be useful as mapping references for NDC, the public, and for the jurisdiction.

g. Project outreach begins with initial alerts and 'invitations to participate' sent out to the general public, to overlapping jurisdictions, and to community organizations.

May – September, 2021: Initial Data Analysis and Initial Hearings / Forums

h. NDC prepares total population estimates for use in initial hearings and any public mapping tools.

i. NDC adds socio-economic data from the Census Bureau's American Community Survey to the state demographic data.

j. NDC prepares a report regarding the demographics and compliance with state and federal criteria of jurisdiction, including maps of "protected class" population concentrations and other socio-economic data often referenced in redistricting (such as income, education levels, children at home, language spoken at home, renters / homeowners, and single-family / multi-family residences).

k. NDC report is circulated to the jurisdiction and into the project outreach messaging.

l. Hearings / Forums: NDC presents an overview of the redistricting laws and criteria and jurisdiction demographics.

m. The project timeline and outreach plan are presented to the public for comments and feedback, along with a request to the public to provide guidance on what residents consider key neighborhoods, communities of interest, and other project-related regions in the jurisdiction.

n. If the optional public mapping tools and/or Public Participation Kit are included in the project, their use is demonstrated to the public.

o. If the optional public mapping tools and/or Public Participation Kit are included in the project, NDC provides email and phone support for any residents with questions regarding their use.

p. If the optional public mapping tools and/or Public Participation Kit are included in the project, at the jurisdiction's option additional public forums on the use of those tools can be provided.

q. Outreach efforts continue with messaging to the public, with special focus on community groups with an interest in the redistricting.

October – January, 2021: Draft Mapping Time

r. 2020 Census total population counts released and California Statewide Database completes "prison adjustments" of the data. Total population counts in outreach materials and mapping tools are updated with the official Census data.

s. Outreach efforts continue with messaging reminding the public of the opportunity to provide written or mapped input on how the maps should be drawn and welcoming any maps residents with to submit.

t. The public deadline for submitting any initial draft maps will be approximately seven days prior to the official deadline to post all draft maps online (to provide NDC time to process any draft maps received, and for NDC to develop our own two to four initial draft maps).

u. All outreach channels are used to inform the public about the opportunity to submit draft maps and to encourage participation in the review of the upcoming draft maps.

v. NDC processes all public draft map submissions, drafts NDC's draft maps, summarizes all of the draft maps. The maps, related demographics, and summaries are provided by NDC in web-friendly formats. These process maps are posted on the project website and on the NDC-provided interactive review map.

w. At the jurisdiction's option, one or more informal workshops or public forums are held to gather residents' reactions to and preferences among the draft maps.

x. The jurisdiction holds a hearing to review the draft maps, narrow down the list of initial draft maps, and provide direction on any desired new or revised maps.

y. Time provided for the public to submit any new maps and for NDC to provide maps based on the direction at the hearing. During this time, additional outreach is conducted to inform interested residents and community groups of the selected 'focus maps' and the remaining opportunities to participate in the process.

January – April, 2022: Map Adoption

z. Any new or revised maps, related demographics, and summaries are posted on the project website.

aa. At the jurisdiction's option, one or more informal workshops or public forums are held to gather residents' reactions to and preferences among the remaining maps.

bb. One or more hearings are held to continue the review and refinement of the focus maps and, ultimately, adopt the final map.

cc. Outreach continues to inform residents and community groups of the progress of the project, opportunities for future participation, and, ultimately, which map is adopted.

dd. Following map adoption, NDC coordinates map implementation with the County Registrar, informing the jurisdiction staff of the progress, any issues, and ultimate completion of that work.

ee. NDC works with the jurisdiction staff to ensure preservation of all project data and records, including GIS-format versions of the adopted map.

Project Pricing

1. **Basic Project Elements** (covers everything except for per-meeting and optional expenses): .... $ 12,500

2. **Per-Meeting expense:**

- In-person attendance, per meeting .... $ 2,750
- Virtual (telephonic, Zoom, etc.) attendance, per meeting...................... $ 1,250

For each meeting, NDC will prepare meeting materials, including presentation materials and maps; present and explain key concepts, including mandatory and traditional redistricting criteria and "communities of interest"; facilitate conversations; answer questions; and gather feedback on proposed boundaries.

Per-meeting prices include all travel and other anticipated meeting-related expenses. Telephone calls to answer questions, discuss project status, and other standard project management tasks do not count as meetings and do not result in any charge.

3. **Optional Project Elements:**
   a) Project website .... $ 4,500

   b) Online mapping tool options:
      - Caliper's "Maptitude Online Redistricting" (MOR)............. $ 6,000
      - Tuft University's "DistrictR" .... $ 3,000
      - ESRI Redistricting .... *

   c) Public Participation Kit mapping tool:
      i. With MOR or ESRI online mapping tool.......... incl. at no add'l charge
      ii. Without MOR or ESRI online mapping tool......................... $ 3,500

   d) Working with independent or advisory redistricting commission .... no additional charge

   e) Additional outreach assistance.................................... separately contracted

* ESRI prices its software on a jurisdiction-by-jurisdiction basis. The lowest prices we have seen are $80,000 and up. If that is an option the jurisdiction would like to pursue, NDC will request a specific price for your jurisdiction from ESRI.

Other Potential Project-Related Expenses:

The most common additional project expenses would be any site or staff costs for conducting the community forums and the cost of printing or copying paper copies of the "Public Participation Kit." In NDC's experience, most participants will download and print the Kits in their own homes or offices.

Additional Analysis

NDC is happy to assist with any additional analysis that the client requests at our standard hourly rates:

Principal (Dr. Douglas Johnson)................$300 per hour
Vice President (Justin Levitt).......................$250 per hour
Senior Consultant..$200 per hour
Consultant..$150 per hour
Analyst / Clerical...$50 per hour

Dr. Johnson is also available for deposition and/or testimony work if needed, at $350 per hour.

Requested Payment terms:

NDC requests that one-half of the "Basic Project Elements" fee be paid at the start of the project, with the balance of the project costs paid at the conclusion of the project.

CENTRAL FIRE DISTRICT
of Santa Cruz County

STAFF REPORT

Date: April 13, 2021

To: Central Fire District Board of Directors

From: Chief Walbridge

Subject: Declaration of the District's Intent to Transition from "At-Large" to District-Based/By-Division Elections: Resolution 2021-03.

Purpose: Board consideration and approval of Resolution 2021-03, which declares the Central Fire District's intent to transition from the current "at-large" system of elections to a district-based/by-division election as authorized by California Elections Code Section 10010 and 10650 for use in the November 8, 2022 Statewide General Election.

Background: The public interest would be better served by Board consideration and approval of conversion from an "at-large" based electoral system to a district-based/by-division electoral system because of the extraordinary cost of defending against a CVRA lawsuit and the risk of losing such a potential lawsuit which would require Central Fire District to pay the prevailing plaintiffs' attorney fees.

Currently, Central Fire District does not have any formal certified letters asserting that the current at-large electoral system is in violation of the CVRA. However, at the Central Fire Protection District Board of Director's Meeting on September 15, 2020 a member of the public did discuss this subject under oral communications. Also, pertaining to the recent successful consolidation effort a district based electoral system was discussed in the LAFCO Resolutions and the Fire Districts' Plan for Service submittal to LAFCO.

At the March 9, 2021 Board meeting staff was directed to select a firm for demographic services. National Demographics Corporation (NDC) has been contracted with.

Cost Impacts: Approximately $35,000-$40,000 covering legal fees and demography firm costs for mapping/recording/submittals.

Recommended Action: Approve Resolution 2021-03 declaring the Central Fire District's intent to transition elections from "at-large" to district-based/by-division elections in time for the November 8, 2022 Statewide General Election.

BEFORE THE BOARD OF DIRECTORS
OF THE CENTRAL FIRE DISTRICT
OF SANTA CRUZ COUNTY

RESOLUTION NO. 2021-03

On motion of Director RADLIFF
Duly seconded by Director RONCO
the following Resolution is adopted.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL FIRE DISTRICT OF SANTA CRUZ COUNTY (CENTRAL FIRE DISTRICT) DECLARING THE BOARD'S INTENT TO TRANSITION FROM AT-LARGE TO DISTRICT-BASED ELECTIONS BY NOVEMBER 2022 GENERAL DISTRICT ELECTION PURSUANT TO CALIFORNIA ELECTIONS CODE SECTION 10010.

WHEREAS, the directors of the Central Fire District are currently elected in "at-large" elections by all registered voters of the entire Fire District who choose to vote; and

WHEREAS, members of the Board of Directors are elected in November of even-numbered years (November 2020, 2022, 2024, etc.); and

WHEREAS, in 2003, the California Voting Rights Act ("CVRA") became law; and

WHEREAS, the CVRA, seeks to prevent the disenfranchisement of protected classes of persons, establishes a low bar for recovery of attorney fees for those seeking to force public agencies to convert from at-large to district elections; and

WHEREAS, some public agencies sued under the CVRA have paid large sums to resolve such lawsuits; and

WHEREAS, the District has yet to receive a demand that the District transition to district elections. However, at the Board's regular meeting on September 15, 2020 a member of the public did discuss this subject under oral communications. This member of the public did suggest that the at-large election system diluted the ability of certain protected classes of persons within the District to elect candidates of their choice, and thereby violates the CVRA; and

WHEREAS, the District desires to comply with the CVRA and proactive means to avoid legal risks associated with a CVRA lawsuit; and

WHEREAS, the Board has determined that it is in furtherance of the purposes of the CVRA to transition from at-large to district elections; and

WHEREAS, under the Federal Voting Rights Act, drawing electoral division boundaries today would be based upon the most current available United States Decennial Census data for 2020; and

WHEREAS, the most current information available indicates appropriate United States Decennial Census data for 2020 reasonably necessary to create the new districts will not be available for demographers before September 2021, and

WHEREAS, by this Resolution, the Board declares its intent to adopt a resolution pursuant to California Elections Code sections 10010 and 10650 transitioning from at large to district elections with sufficient time before the regular District election to be held in November 2022, and

WHEREAS, to meet such schedule, specific steps necessary to facilitate this transition include the following:

1. Prior to drawing a draft map or maps of the proposed boundaries of the divisions, the District shall hold at least two (2) public hearings over a period of no more than thirty (30) days, at which the public will be invited to provide input regarding the composition of the divisions.
2. After all draft maps are drawn, the District shall publish and make available for release at least one draft map and, if members of the Board will be elected in their divisions at different times to provide for staggered terms of office, the potential sequence of the elections shall also be provided.
3. The Board shall also hold at least two (2) additional hearings over a period of no more than thirty (30) days, at which the public shall be invited to provide input regarding the content of the draft map or maps and the proposed sequence of elections, if applicable. The first version of the draft map shall be published at least seven (7) days before consideration at a hearing. If a draft map is revised at or following a hearing, it shall be published and made available to the public for at least seven (7) days before being adopted; and

WHEREAS, the District has retained an experienced demographer to assist the District in developing a proposal for a district-based/by-division election system; and

WHEREAS, the adoption of a district-based/by-division elections system will not affect he terms of any sitting Director, each of whom will serve out their current term.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CENTRAL FIRE DISTRICT DOES HEREBY RESOLVE:

SECTION 1. The Board hereby resolves to work toward, develop and adopt a resolution to transition to a district-based election system as authorized by California Elections Code Section 10650 for the November 8th, 2022 Statewide General Election.

SECTION 2. The Board directs staff to work with the District's legal representatives and demographer and other appropriate consultants as needed to provide a detailed analysis of the District's current demographics and any other information or data as needed to prepare a draft map that divides the District's jurisdictional area into voting divisions in a manner consistent with the intent and purpose of the California Voting Rights Act and the Federal Voting Rights Act.

SECTION 3. The District hereby approves the tentative timeline in **Exhibit A**, attached hereto and made a part of this resolution by reference, for conducting a public process to solicit public input and testimony on proposed district-based/by-division electoral maps before adopting any such map.

SECTION 4. The timeline in **Exhibit A** may be adjusted by Fire Chief as deemed necessary, provided that such adjustments shall not prevent District from complying with the time frames specified under California Elections Code Section 10010.

SECTION 5. The Board directs staff to place information in appropriate public places and on the District's website regarding the proposed transition to a district-based/by-division election system, including maps, notices, agendas, and other information and to establish an appropriate means of communication to inform the public and answer questions.

SECTION 6. Severability. The provisions of this Resolution are severable and if any provision of this Resolution is held invalid, that provision shall be severed.

PASSED and ADOPTED by the Board of Directors of the Central Fire District, County of Santa Cruz, State of California this 13th day of April 2021 by the following vote:

AYES: RONCO, RADLIFF, BARBRO, SCANLON

NOES: Ø

ABSENT: LUCCHESI

ABSTAIN: Ø

ATTEST:

John Scanlon 4/13/21

John Scanlon, Board Chair

4/13/21

Fire Chief John Walbridge, Secretary to the Board

Attachments: *Exhibit A*
Distribution: *File*

CENTRAL FIRE DISTRICT

of Santa Cruz County

STAFF REPORT

Date: February 10, 2022

To: Central Fire District Board of Directors

From: Chief Walbridge

Subject: Resolution 2022-02 Final Map/Plan Adoption For CVRA Conversion

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Purpose:

This agenda item is for board consideration toward final adoption of a selected draft map or plan toward completion of Central Fire District's CVRA (California Voting Rights Act) conversion in time for the November 2022 General Election as authorized by California Elections Code Section 10010 for use in the November 8, 2022, Statewide General Election.

Background:

On April 13th, 2021, in compliance with the CVRA (California Voting Rights Act of 2001) Central Fire District's Board of Directors approved Resolution 2021-03 declaring the District's intent to transition elections from "at-large" to district-based/by-division elections in time for the November 8, 2022 Statewide General Elections.

The demographic firm, NDC (National Demographics Corporation) was retained on April 1st, 2022 to assist in Central Fire District's CVRA conversion.

The below timeline was followed inclusive of the first public hearing to the Final Map Adoption. Lastly, upon approval, Resolution 2022-02 will be submitted to the Santa Cruz County Recorder's Office prior to April 17th, 2022. Of note and due to the current pandemic the 2020 Redistricting Census Data was not released until September 30th of 2021. This left only five and half months to start and complete the CVRA conversion.

Event	Event Time & Date
Notice of Public Hearing	*1700 on November 5, 2021*
Hearing #1 (Regular Board Meeting)	*0900 on November 18, 2021*
Hearing #2 (Special Board Meeting)	*1300 on December 2, 2021*
Release of Draft Maps	*By January 6, 2022*
Hearing #3 (Regular Board Meeting)	*0900 on January 13, 2022*
Hearing #4 (Regular Board Meeting)	*0900 on February 10, 2022*
Final Map Adoption (Regular Board Meeting)	**0900 on February 10, 2022**
Submittal to County Recorder's Office	**Prior to April 17, 2022**

Additionally, the District has been engaged in outreach efforts to inform the public about district elections and the process associated with developing the Central Fire Board Election Districts. The Public Hearing Notices for Hearing #1, #2, #3, and #4 were published in English and Spanish in the Santa Cruz Sentinel, District's website, and social media. Four public hearings were held on November 18th, December 2nd, January 13th, and February 10th.

Recommendation:

Motion to select and declare the final map and approve Resolution 2022-02.

BEFORE THE BOARD OF DIRECTORS
OF THE CENTRAL FIRE DISTRICT
OF SANTA CRUZ COUNTY

RESOLUTION NO. 2022-02

On motion of Director Radliff
Duly seconded by Director Scanlon
The following Resolution is adopted.

A RESOLUTION APPROVING A FINAL DISTRICT PLAN FOR THE CENTRAL FIRE DISTRICT'S TRANSITION TO A BY-DISTRICT ELECTION SYSTEM

WHEREAS, on April 13, 2021, the Governing Board ("Board") of the Central Fire District ("District") passed Resolution No. 2021-03 initiating the process for the District to transition from an "at-large" election system to a "by-district" election system commencing with the November 2022 General Elections.

WHEREAS, in approving Resolution No. 2021-03, the Board understood that the California Voting Rights Act ("CVRA") prohibits the use of an "at-large" election system for governing board members of government entity if the "at-large" elections impair the ability of a protected class to elect candidates of its choice, or its ability to influence the outcome of an election.

WHEREAS, the District used qualified professionals to assist with the transition to by-district election system including preparation of the proposed district area plans for consideration by the District, Board, and community. These professionals have extensive experience working with special districts and local jurisdictions regarding electoral demographics, taking into consideration the CVRA, the Federal Voting Rights Act, and related election system requirements.

WHEREAS, the Board was presented six alternative district area plans, to wit: "Green", "Orange", "Orange II", Purple", "Purple II", and "Olive".

WHEREAS, all six of the proposed district area plan boundaries were drawn to be and are found to be consistent with all applicable laws and regulations, including the CVRA and Federal Voting Rights Act and federal election law.

WHEREAS, the District conducted pre-map adoption public hearings at its Regular Board Meeting on November 18, 2021, and at a Special Board Meeting on December 2, 2021. Thereafter the District presented the "Green", "Orange", "Purple", and "Olive" proposed district area plans at the public hearing during its Regular Board Meeting on January 13, 2022. Thereafter the District presented the "Orange II", and "Purple II" proposed district area plans at the public hearing at its Regular Board Meeting on February 10, 2022.

WHEREAS, the District further made the "Green", "Orange", "Purple" and "Olive" proposed district area plans available for public review and comment at the local public libraries, and on the District's website on January 6, 2022. The District made the "Orange II", and "Purple II" proposed district area plans available for public review and comment at the local public libraries and on the District's website on February 3, 2022.

WHEREAS, with thoughtful consideration of all public input received on the six draft district area plans and applicable state and federal laws, the Board indicated its desire to adopt the district area plan and demographic information described as in the "Purple II Map" as the final district area plan establishing the boundaries for the new election districts.

WHEREAS, to complete the CVRA Conversion in time for the November 2022 General Election the final District plan must be submitted to the Santa Cruz County Recorder's Office before April 17, 2022. In consideration of the late release of the 2020 Redistricting Census Data on September 30, 2021, a timeline was posted on the District's website and represented at each of the four public hearings held on November 18, 2021, December 2, 2021, January 6, 2022, and February 10, 2022.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF CENTRAL FIRE DISTRICT OF SANTA CRUZ COUNTY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

1. The above recitals are true and correct.

2. The Board hereby approves the district area plan and demographic information described as "Purple II Map" as the final district area plan for the District's transition to a by-district election system commencing with the November 2022 general Elections.

3. The by-district system of elections shall be implemented, beginning at the general election held in November 2022, as follows:
   a. Members of the Board in districts 4 & 5 shall serve until the completion of the elections of November 2022 and thereafter members be elected in districts 4 & 5 beginning at the general election in November 2022, and every four years thereafter; and
   b. Members of the Board in Districts 1, 2 & 3 shall serve until the completion of the elections of November 2024 and thereafter be elected in districts 1, 2 & 3 beginning at the general election in November 2024, and every four years thereafter.

4. The Board hereby authorizes and directs staff to transmit this resolution, the final district area plan, and any additional required documentation and to take any other necessary action to effectuate the purposes of this resolution and complete the District's transition to a by-district election system in time for the November 2022 General Election.

5. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Central Fire District of Santa Cruz County, this *10th day of February 2022*, by the following vote:

AYES: 4
NOES: 0
ABSENT: 1
ABSTAIN: 0

ATTEST:

Orbrad Darbro, Board Chair

Fire Chief John Walbridge, Secretary to the Board