



RODEO-HERCULES FIRE PROTECTION DISTRICT
1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547
(510) 799-4561 FAX: (510) 799-0395

MEASURE O OVERSIGHT COMMITTEE MEETING MINUTES
July 17, 2019

3:00 P.M.
Station 76
1680 Refugio Valley Road
Hercules, CA 94547

1. CALL TO ORDER/ROLL CALL (00:20)

Members Present: Annie Ziff, Ron Ardissonne and Paul Freese

2. PLEDGE OF ALLEGIANCE (00:41)

3. CONFIRMATION OF THE AGENDA (01:09)

Motion to approve agenda and table items 6 and 7 made by A. Ziff, seconded by R. Ardissonne.
Motion passed 3-0.

4. APPROVAL OF PRIOR MEETING MINUTES (19:24)

Motion to approve minutes from June meeting made by R. Ardissonne, seconded by A. Ziff.
Motion passed 3-0.

5. PUBLIC COMMUNICATIONS (21:40)

No public comment.

6. DISCUSSION ITEM: PUBLIC OUTREACH (23:07)

Motion to establish subcommittee comprised of two members to work on public outreach made by R. Ardissonne, seconded by A. Ziff. Motion passed 3-0.

Motion to accept A. Ziff and R. Ardissonne as subcommittee members made by A. Ziff and seconded by R. Ardissonne. Motion passed 3-0.

7. POSSIBLE AGENDA ITEMS (37:50)

Motion made by R. Ardissonne to have special meeting on 7/29 at 3:00 p.m. to discuss bylaws, fiscal year 2017-18 budget and public outreach. Seconded by A. Ziff. Motion passed 3-0.

8. ADJOURNMENT (47:40)

Audio from this board meeting can be heard at www.rhfd.org: Number in parentheses is time stamp on audio where agenda item begins.

Board Secretary

**MEASURE O CITIZEN’S OVERSIGHT COMMITTEE
BYLAWS
(Approved by the Board July 10, 2019)**

**SECTION I
COMMITTEE ESTABLISHED**

The Rodeo-Hercules Fire Protection District (the “District”) was successful at the election conducted on November 6, 2016, on Measure O, obtaining authorization from the District’s voters to impose a special tax in the amount of \$216 per parcel annually.

Pursuant to Resolution No. 2016-04, the District is obligated to establish a Citizens’ Oversight Committee in order to satisfy the accountability requirements of Measure O. In a resolution adopted on March 13, 2019, the Board of Directors of the Rodeo-Hercules Fire Protection District (“Board”) established the Measure O Citizens’ Oversight Committee, which shall have the duties and rights, set forth in these Bylaws.

**SECTION II
COMMITTEE’S MISSION**

The mission of the Measure O Citizen’s Oversight Committee is to independently review and inform the public and the Board concerning the expenditure of parcel tax revenues and to ensure that such revenues are expended in accordance with the intention of the voters.

**SECTION III
NAME AND LOCATION**

- 3.01 The name of the Committee will be the Measure O Citizens’ Oversight Committee (the “Committee”).
- 3.02 The office of the Committee shall be located at the Rodeo-Hercules Fire Protection District, located at 1680 Refugio Valley Road, Hercules, CA 94547.

**SECTION IV
PURPOSE**

- 4.01 The Committee shall actively review and publicly report on the proper expenditure of the taxpayers’ monies in accordance with the stated purposes of the Measure O Parcel Tax as detailed in Section 4 of the Ordinance enacted by Measure O:

The proceeds of the special tax funding replacement measure imposed by this ordinance shall be placed in a special account or fund to be used solely for any lawful purpose permissible to Fire Districts pursuant to California Health and Safety Code

§13800 et seq., including but not limited to enhancing the level of fire prevention, emergency fire protection and paramedic response services through increasing staffing levels to operate and maintain the District's fire stations, maintaining and when necessary replacing fire protection and lifesaving equipment and apparatus to optimal levels of function and performance, and to fund capital improvements.

- 4.02 The Committee shall convene to oversee through publicly reporting, on the following:
1. That Measure O revenues are deposited into a separate account created by the District.
 2. That Measure O revenues are expended only for the purposes described in section 4.01 above.
- 4.03 Neither the Board nor the Fire Chief shall attempt to interfere with or inappropriately influence the preparation or presentation of the Committee's annual report.
- 4.04 The Fire Chief shall provide the Committee with copies of all public financial documents of the District, as requested by the Committee, including but not limited to annual audits and financial reports.
- 4.05 The Fire Chief shall provide administrative support to the Committee, including obtaining a publicly accessible meeting location for Committee meetings and providing copies of agendas and reports, and performing such other tasks as may be reasonably necessary for the functioning of the Committee.

SECTION V COMMITTEE ACTIVITIES

- 5.01 The Committee shall engage in any of the following activities in furtherance of its purpose:
1. Actively review and report on the proper expenditure of Measure O revenue.
 2. Advise the Board as to whether the District is in compliance with the requirements of Measure O.
 3. Conduct all business in accordance with the provisions of the Ralph M. Brown Act ("the Brown Act") of the State of California which shall include the posting of notices and agendas of the Committee meetings on the District's website.
 4. Provide communication to and accept communication from the community on Measure O issues.
 - a. The Committee shall issue an Annual Report of its activities to the Board. Each Annual Report shall concern the events of the preceding fiscal year and shall include a summary of the Committee's proceedings and a statement indicating whether the District's Measure O expenditures were in accordance with the stated purpose. The Measure O Oversight Committee annual report shall be

presented to the Board within 60 days of the Committee receiving the independent auditor's annual report and the Fire Chief's annual report required by Measure O, whichever report is received later.

- b. In addition, the Committee may prepare, approve, and distribute other progress reports of its activities, findings, and recommendations to the Fire Chief, the Board, and the public. If in conducting its duties and activities, the Committee finds it necessary to report to the Board on any item it deems to be of immediate concern, the Committee may request that the Board call a special Board meeting in accordance with the provisions of the Brown Act.
- c. The Committee reports shall be posted on the District's website.

5. All documents received and reports issued by the Committee shall be made available for public viewing on the District's website.

5.02 In furtherance of its purpose, the Committee may engage in any of the following activities:

- 1. Receive and review copies of the District's required annual, independent financial audits.
- 2. Receive and review copies of the District's annual and interim budget reports and presentations.
- 3. Inform the public on Committee activities and encourage membership participation.

5.03 The Committee may review any documents related to the expenditure of Measure O proceeds and make recommendations in accordance with its Purpose and Activities, as stated in Sections IV and V of these bylaws, and Measure O. The Board may act on any recommendations as it deems appropriate.

5.04 In recognition of the fact that the Committee is charged only with overseeing the expenditure of Measure O proceeds, the Board has not charged the Committee with the following, all of which shall be determined in the Board's sole discretion:

- 1. The establishment of District goals and priorities.
- 2. The selection of personnel to support the Committee.
- 3. The approval of an annual budget for the Committee that is sufficient to carry out the activities set forth in its bylaws.
- 4. The appointment or reappointment of qualified applicants to serve on the Committee based on criteria adopted by the Board.

SECTION VI

DISTRICT DUTIES AND SUPPORT

6.01 Either the Board or Fire Chief, as the Board shall determine, shall have the following duties reserved to it, and the Committee shall have no jurisdiction over the following types of activities:

1. Approval of contracts and purchases
2. Handling of all legal matters
3. Approval of personnel assignments
4. Approval of the parcel tax assessments
5. Approval of agreements related to parcel tax assessments

6.02 The District commits to support the oversight process through cooperation with the Committee, by providing the Committee with access to information and with sufficient logistical support so that the Committee may effectively perform its oversight function. Further, the District will insure that with regard to the Committee, all District personnel are committed to open communication, the timely sharing of information, and teamwork.

6.03 The District shall provide necessary administrative and technical support to the Committee as shall be consistent with the Committee's purpose, including but not limited to:

1. Preparation of and posting of public notices as required by the Brown Act, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the Board.
2. Provision of a meeting room, including any necessary audio/visual equipment.
3. Preparation and copies of any document or meeting materials, such as agendas and reports.
4. Retention of all Committee records.

SECTION VII

MEMBERSHIP

7.01 The Committee shall be composed of a minimum of three (3) and a maximum of five (5) members appointed by the Board after an open and public recruitment process. The Board may appoint more than five (5) members provided that any appointments beyond five (5) result in an odd number of active members serving at any one time. Members of the Oversight Committee shall be residents or property owners within the District and registered to vote. Employees, officials, vendors, contractors, or consultants of the District are not eligible for voting or active membership on the Committee. The number of Committee members shall be a balance of residents or property owners that reside in the City of Hercules or the Town of Rodeo located within the County of Contra Costa. Dependent on the number of members on the Committee, a majority shall constitute a quorum of the Committee. Members selected to the Committee shall have a two-year term from

time of appointment, unless sooner terminated by the Board or as otherwise provided herein. Committee members shall serve until their successor is appointed by the Board. Committee members may be re-appointed by the Board.

7.02 The Committee shall include at least:

1. One member shall be a registered voter who is a resident or property owner in Hercules.
2. One member shall be a registered voter who is a resident or property owner in Rodeo.

7.03 A Committee member who no longer serves the group s/he was appointed to represent shall be allowed to complete his/her current term. However, that Committee member shall not be entitled to serve a subsequent term as a representative of that group.

7.04 Committee members may not hold any incompatible office or position during their term of membership, as those terms are defined in Article 4.7 of Division 4, of Title I (commencing with section 1125) of the Government Code, and shall abide by the conflict of interest prohibitions contained in the Political Reform Act (commencing with section 81000), Article 4 of Division 4, of Title I (commencing with section 1090) of the Government Code and with the Ethics Policy attached as Appendix I hereto. Any member shall disclose immediately any possible or potential conflict of interest to the Committee. A Committee member's failure to disclose any possible or potential conflict of interest when known will result in the member's removal from the Committee.

7.05 Committee members are not eligible to apply for contracts with the District until two (2) years after the expiration of the member's term.

7.06 Committee members shall receive no compensation for their service on the Committee.

SECTION VIII

TERMS OF OFFICE

8.01 Committee members are appointed by the Board for a term of two (2) years, except as provided in Section 8.02 or as otherwise provided herein. No member may serve more than three (3) consecutive terms or a maximum of six (6) consecutive years, whichever is less. The terms shall be staggered as set forth in Section 8.02 below. Should a member resign their position before their term matures, the Board will appoint a new member to complete the term. At the discretion of the Board, members serving partial terms may be reappointed to serve three complete terms at the conclusion of the partial term.

8.02 At the Committee's first meeting, members will draw lots in order to stagger the starting initial terms as follows:

1. One or Two of the members will serve an initial two-year (2) term, and,
2. Two or Three of the members will serve an initial three-year (3) term.

**These numbers are dependent on the total number of Committee members*

- 8.03 The members serving the initial three (3) year term will be eligible for reappointment to no more than one additional two (2) year term at the discretion of the Board.
- 8.04 Should the Board increase the number of members on the Committee, the Committee will make the necessary adjustments to terms in order to once again have one-half of the members' terms maturing each year.
- 8.05 Following an absence of one year, any Committee member whose term has expired due to statutory term limits shall be eligible to serve again.

SECTION IX

REMOVAL FROM OFFICE

- 9.01 The Board may remove any Committee member, for cause, including but not limited to failure to attend without reason acceptable to the Committee three (3) consecutive Committee meetings or for failure to comply with the District's or Committee's Ethics Policy. Upon a member's removal, their seat shall be declared vacant. The Board, in accordance with the established appointment process, shall fill any vacancies on the Committee as soon as practicable.

SECTION X

COMMITTEE RULES & PROCEDURES

- 10.01 The Committee will meet at least twice per year and as often as deemed necessary to conduct its business. The date upon which, and the hour and place at which, each such meeting shall be held shall be fixed by the Committee and posted on the District's website. To the extent permitted by the Brown Act, such meetings may be held by teleconference.
- 10.02 Special meetings and established subcommittee meetings may be called in accordance with the provisions of the Brown Act, as amended or supplemented from time to time. To the extent permitted by the Brown Act, such meetings may be held by teleconference.
- 10.03 All meetings of the Committee shall be called, noticed, held and conducted subject to the provisions of the Brown Act. The Committee shall cause minutes of all meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to District staff for posting on the District's website.
- 10.04 Any person wishing to speak during the Public Comments section of the Committee's

agenda, at the beginning and/or end of each meeting, shall first complete a speaker request card and submit the card to the Committee Secretary prior to the public comments section of the agenda.

1. Individual speakers before the Committee shall have a three-minute time limit per item. The Chairperson may increase this time limit, taking into consideration the total number of additional speakers, length of meeting agenda and other relevant factors.
 2. The Chairperson shall ensure that all persons addressing the Committee confine the subject matter of their remarks to the particular matter before the Committee.
 3. If a member of the audience has addressed the Committee on matters, which are not on the posted agenda for that meeting, members shall refrain from discussing such matters. If the non-agenda matter raised by a member of the public concerns an issue that is within the subject matter jurisdiction of the Committee, any member may request that the Committee vote to place that matter on a future agenda.
 4. Persons addressing the Committee shall address the Committee as a whole and shall not direct comments to individual members of the Committee or to members of the audience.
- 10.05 In the event of disorderly conduct by members of the public, the Committee may order the meeting room cleared pursuant to California Government Code §54957.9.
- 10.06 A majority of the members of the Committee, but in no case less than three (3) members, shall constitute a quorum for the transaction of business.
- 10.07 Each member of the Committee shall be entitled to one vote to be entered in person. Members may not vote by absentee or proxy. No action shall be taken by members present and voting, unless a quorum is present. Recommendations to the Board must be approved by a majority of the members of the Committee.
- 10.08 Members are expected to attend all meetings.
- 10.09 Committee members shall complete and submit to the Fire Chief a California Fair Political Practices Commission Form 700 upon appointment, and annually thereafter. Committee members shall be held to the District's and Committee's Ethics policy and shall attend AB 1234 Ethics training.

SECTION XI

COMMITTEE OFFICERS

- 11.01 The officers of the Committee shall be a Chairperson, Vice Chairperson, and Secretary. The Chairperson shall chair the Committee meetings. The Vice Chairperson shall act as Chairperson only when the Chairperson is absent.
- 11.02 The Chairperson and Vice Chairperson must be members of the Committee, and shall be elected by a majority of the Committee at the organizational meeting, and first meeting of the calendar year each year thereafter. The Chairperson and Vice

Chairperson shall serve for no more than four (4) years in their respective offices. The Secretary shall be appointed by the Committee and need not be a member of the Committee.

11.03 The duties of the Chairperson are to:

1. Preside over Committee meetings.
2. Appear before the Board and other bodies to present and discuss the official actions of the Committee.

11.04 The duties of the Vice Chairperson are to:

1. Preside over Committee meetings in the absence of the Chairperson.
2. Appear before the Board and other bodies to present and discuss the official actions of the Committee in the absence of the Chairperson.

11.05 The duties of the Secretary are to:

1. Record and maintain minutes of all meetings of the Committee.
2. Distribute minutes of all meetings of the Committee to all Committee members, to the Board, and to District staff for posting on the District's website.
3. Review Committee meeting agenda with the Chairperson. Distribute Committee meeting agendas to all Committee members, to all other persons requesting copies of the agenda so that provisions of the Brown Act are followed, and to District staff for posting on the District's website.
4. Distribute all Committee reports to all Committee members, to the Board and to District staff for posting on the District's website.
5. Keep all documents officially received by the Committee in the course of its business, and to forward copies of all such documents to the District staff.
6. Prepare all necessary correspondence of the Committee.
7. Arrange and coordinate meeting locations and teleconferences of the Committee

The Fire Chief may, in his or her discretion, serve as the Secretary or provide an employee of the District to serve as or assist the Secretary with these functions, if staffing and budget allow.

SECTION XII

AMENDMENTS

12.01 These Bylaws shall become effective upon approval of the Board of Directors.

12.02 These Bylaws may be amended, changed, added to, or repealed by the Board. Additional or supplemental operational guidelines or procedures may be adopted by the Committee by a majority vote of all the members of the Committee, provided such additional or supplemental operational guidelines or procedures are not in conflict

with these Bylaws, any Resolution or Ordinance of the Board, or any state law, including but not limited to the provisions of the Brown Act and the California Health & Safety Code.

SECTION XIII

SUSPENSION

- 13.01 The Board shall suspend the Committee upon the Committee's failure to meet its purpose or duties, for a violation of the Brown Act, or the Committee's violation of the District's or Committee's Ethics policies.

APPENDIX I
RODEO-HERCULES FIRE PROTECTION
DISTRICT MEASURE O CITIZENS' OVERSIGHT
COMMITTEE

ETHICS POLICY STATEMENT

This Ethics Policy Statement provides guidelines for committee members to follow in carrying out their roles. Not all ethical issues that committee members face are covered in this statement. However, this statement captures some of the critical areas that help define ethical and professional conduct for committee members. The provisions of this statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy, as well as the District's ethics policy, and any Board Policies and Procedures.

POLICY

CONFLICT OF INTEREST A committee member shall not attempt to influence a District decision related to: (1) any contract funded by Measure O proceeds or (2) any District project that will benefit the Committee member's outside employment, business, or personal finances or benefit an immediate family member, such as a spouse, child or parent.

OUTSIDE EMPLOYMENT A Committee member shall not influence a District decision related to any District project involving the interests of a person with whom the member has an agreement concerning current or future employment, or remuneration of any kind.

COMMITMENT TO UPHOLD LAW A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California and all other applicable government entities, and the policies, procedures, rules and regulations of the Rodeo-Hercules Fire Protection District.

COMMITMENT TO DISTRICT A Committee member shall place the interests of the District above any personal or business interests of the member.



**RODEO – HERCULES FIRE PROTECTION
DISTRICT**

**FISCAL YEAR 2018/2019
BUDGET**

I. MISSION STATEMENT**Rodeo-Hercules Fire District****Mission Statement**

It is the mission of this organization to provide the highest level of service to the community; to mitigate the devastating effects of fires and other disasters; to deliver emergency medical services; to educate the public and maintain a constant state of readiness.

Core Values

To that end we value:
Service to the Community
Public Trust
Professionalism
Educated Work Force
Compassion
Team Work
Safety, Health & Welfare of the Organization

Board of Directors

The Board of Directors is the elected policy-making body for the Rodeo-Hercules Fire District. The Directors provide financial oversight and strategic policy direction to maximize the public value of District services

Andrew Gabriel (Board Chair)

Raemona Williams (Board Secretary)

William Prather

Marc Thorpe

Ernest Wheeler

Interim Fire Chief

Bryan Craig

The Fire Chief is the Chief Executive Officer of the District. In collaboration with the Board of Directors and in partnership with all members of the organization, the Fire Chief provides direction, protection and order to the District.

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II. Executive Summary

A. Transmittal Letter

June 27, 2018

Board of Directors
Rodeo-Hercules Fire District
1680 Refugio Valley Rd, Hercules, CA 94547

Members of the Board:

The Fiscal Year 2018-19 Budget for the Rodeo-Hercules Fire District is attached. This Budget is the result of input provided by the Board during the FY 2018-19 mid-year budget review and an inclusive staff review process. Additional input and review was also provided by the Board Budget Subcommittee and the Board, which conducted a special budget review workshop on June 13, 2018. This Proposed Budget was reviewed and approved on June 27, 2018.

In continuance with the prior fiscal year, the District continues to use its newly adopted accounting principles as mandated by the Board after the completion of FY 2016-17. This is the second year the District has utilized a full budget narrative with supporting documentation. Details regarding the Budget's projected revenues, expenditures and operations are all fully explained in this document.

During FY 2016-17 the Board of Directors engaged a consultant to assist the District in assessing its financial condition. The Financial Analysis and Stabilization Report, presented to the Board in August 2016 outlined issues faced by the District. Even though these particular issues were driving factors in the formulation of the 2017-18 budget narrative, they still remain instrumental in the principles formulating the 2018-19 budget.

The Board took the following actions to help stabilize District revenues during FY 2016/17:

- The Board engaged assistance in assessing the Community's support for a replacement ballot measure designed to restore earlier levels of District funding;
- The Board developed a ballot measure for the November 8, 2016 ballot designed to provide the Community with the opportunity to address the revenue shortfalls;
- The Board placed the measure on the ballot for the November 8, 2016 election. Measure O, a \$216 parcel tax levied on properties in the District, was approved by 78% of the voting community.
- Measure O is estimated to provide replacement funds to the District to help offset earlier revenue losses.

I am very pleased to report that, for the second year, with all the above efforts and dedication of this Board, the Budget for FY 2018-19 is balanced. The District is currently at full staffing with the District's two Fire Station configuration.

The Budget does not contain increases in expenditures for staff costs (other than mandated benefit cost increases), any capital expenditures other than those required to maintain the facilities and necessary operational and support activities. We estimate that the 2017-18 General Fund will have an operating reserve balance of \$167,047. Revenues and Expenditures are projected to provide a modest June 30, 2019 estimated year-end General Fund operating reserve of \$262,491. The General Fund operating reserve will be used to offset any unforeseen expenses during the fiscal year.

It has been the District Board, and my concerned effort to move the District to a more secure financial condition, and to provide a Budget with complete financial transparency. The addition of the Measure O funds will provide a revenue stream to replace the earlier revenue losses. This revenue, combined with continued fiscal prudence, is the reason the District has a balanced budget and is able to maintain its full two station configuration for the community. We believe the Proposed Budget represents our continued strides forward in the District's efforts to maintain a consistent and professional level of service to the Rodeo - Hercules Community.

I would again like to thank this Board for their continued support of the District.

Bryan Craig
Interim Fire Chief

B. Budget Overview and Summary

Budget Goals for Fiscal Year 2018-19

As the Board and Community are aware, the District has struggled to maintain a solid financial condition in light of major revenue losses over the past 5 years. The replacement revenues from Measure O will improve the District's finances, providing a financial resource for the District. In preparing the Proposed Budget, District staff has developed a Proposed Budget that recognizes the District's current obligations and provides accurate information on the fiscal realities faced by the District. The District will continue its efforts to secure additional revenue sources in an effort to stabilize its financial future.

Fiscal Year 2018-19 Projected Revenues

The FY 2018-19 Budget projects total revenue of \$7,382,390 which includes \$5,029,718 in General Fund revenues, \$2,352,672 in Measure O revenue, and \$103,000 in Fire Facilities Fee revenue (shown on Fire Facilities Fee Revenue and Expenditures Sheet). Although Fire Facilities fees are included in the budget, these are restricted revenues.

Measure O is a tax measure that was approved by the citizens of Rodeo and Hercules to replace the revenue lost from the sunset of the 2014 Benefit Assessment. Measure O was passed to allow for the continued operation of two fire stations.

Measure O also provided for continued Consumer Price Index (CPI) adjustments to ensure that the Measure continued to meet the needs of the District. In addition, the Measure provided for an establishment of a citizen oversight committee to advise the board on the fund's usage upon the annual report.

Measure O collections began in FY 2017-18 and will be applied to all affected (non-exempt) properties for the full fiscal year. Measure O revenues will only be used for District operations and fully expended to provide emergency services during the Budget year. At the June 13, 2018 Regular Board Meeting, the Board voted down an increase in the per parcel tax based on the March 2018 CPI. This results in a loss of approximately \$65,352 to the District.

We also anticipate some reductions in the potential total Measure O revenues due to the provision for exclusions of senior owned properties. The initial revenue projections indicate that approximately \$2.3 million could be generated in FY 2018-19; taking into account the senior exemptions we have reduced that amount to \$2,352,672 to ensure the Budget does not expend more than is potentially available.

Fiscal Year 2018-19 Projected Expenditures

The Proposed Budget expenditures include full staffing for two stations. During FY 2016-17, three SAFER employees transitioned to the District on a permanent basis and several vacant positions were filled through recruitments and promotions. Full staffing compliment for FY 2018-19 includes:

- One Chief
- One Battalion Chief
- Six Captains
- Six Engineers
- Six Firefighters
- One Administrative Assistant

While the District has become fully staffed, there is still a budget for overtime. This allows each shift to be fully staffed while personnel takes allowable vacation and sick time. The amount budgeted for overtime does not take into consideration any unforeseen circumstances, such as extended sick leave, vacancies, worker's compensation leave, training coverage, or other needs that may arise during the year. These circumstances would increase the amount of overtime spent by the District in order to maintain minimum staffing levels.

The Budget includes the following assumptions and significant items:

- No salary increase.
- No new or modified benefits.
- Increases in retirement costs for normal contributions (\$42,361) and UAAL (unamortized) contributions (\$73,312).
- Increases in medical benefits costs to current and retired employees. (\$90,000).
- Budgeting current vehicle lease costs in the General Fund (\$80,401).

C. District Financial Position

Historically, the District has struggled to address the significant revenue reductions imposed by outside agencies, including State reductions in subventions; sequestration of property tax through the dissolution of redevelopment agencies. Fortunately, District voters approved a significant and stable revenue source through Measure O, which was approved in November 2016. This replacement revenue source will continue to be a resource to the District for the foreseeable future.

During the 2012-2017 period, the District was forced to reduce its services significantly and was forced to use virtually all of its established reserve funds. As indicated elsewhere in this document, the Board has declared its intent to build cash reserves for the District whenever possible to assure stable service provision in the event of an unexpected circumstance, and for vehicle replacement. Although the Proposed Budget for FY 2018-19 is balanced based on current revenue and expenditure projections, it leaves little additional funding available to add to District reserves.

D. District Financial Issues and Revenue Opportunities

The District's financial position has improved with the revenue provided by Measure O. Full funding for two stations and uninterrupted service are major accomplishments for the District, when two years ago the District was uncertain of its financial position and was facing major service reductions. With the development and implementation of an industry standard budgeting and accounting system, the District currently has the ability to track its finances and build a budget based on actual revenue and expenses.

Financial Issues

The majority of the financial issues faced by the District originate externally and are difficult or impossible to control. A number of these involve actions by outside agencies or result from past decisions and economic conditions outside the scope of the Board.

These issues include the following:

- Continued loss of over \$1.1 million in property tax resulting from the freeze by the State of ‘pass through funding’ from the City of Hercules Redevelopment Successor Agency to the District.
- Continuing development of substantially sized vacant properties in the City of Hercules located in the prior Redevelopment project areas—precluding the District from receiving property tax ‘pass through’ funds.
- New development throughout the City of Hercules which increases service demands without commensurate revenue, degrading the District’s ability to maintain its traditionally high level of service. In addition, multi-story buildings and dense residential and commercial development projects require additional equipment and resources to protect.
- Increases in the Contra Costa County Employees Retirement Agency (CCCERA) retirement system costs for both the ongoing payments for current employees and the unfunded liabilities (UAAL) incurred for the pensions for current and retired employees. These two costs total \$2,245,102 which represents 35% of the projected FY 2018-19 personnel costs for the District’s 21 employees.
- Although the District’s represented personnel contribute 3.5% of their base salary toward the District’s Other Pensionable Employee Benefits (OPEB), the ongoing and accruing unfunded liability for the District’s retiree medical program has and will continue to rise as medical insurance costs increase over time. The District is currently not contributing to the Annual Required Contribution (ARC). If the District does not set aside additional funds for this benefit program the unfunded liability will increase significantly over time. Current Government Accounting Standards Board (GASB) accounting principles require the District to clearly state the unfunded portion of both its retirement and OPEB programs (See *Section III. Statement of Unfunded Liabilities: CCCERA UAAL and OPEB UAAL for details*).
- The District currently operates and has in its inventory 4 specialty frontline vehicles and 2 older vehicles that serve in reserve. The frontline vehicles have an estimated current replacement value of \$4,770,000. The aging inventory has had an additional impact on the FY 2017/18 budget, and has resulted in an increase in this budget category. The District has implemented a new fleet surveying process to better understand its fleet replacement needs. Replacement of this equipment when it becomes unserviceable represents a significant cost factor for the District (see *Section IX. Vehicle Replacement Reserve and Appendix C* for depreciation schedules and a recommended approach for the replacement of frontline vehicles).
- These issues will be reviewed with the Board as it considers the Budget and works to develop strategies on how best to approach these challenges.

Revenue Opportunities

- *Revision of the District’s Fire Facilities Impact Fees:* The District is permitted to charge a Fire Facilities Impact Fee to new development to offset the proportional costs the District will incur providing service to the development. These fees are to be used to offset the costs of facilities and equipment needed to provide the service to new development. These fees are placed in a separate fund and only used for designated purposes.

During FY 2017-18 the District sought out and was awarded two Grant Funding opportunities. The District was successful in receiving a regional grant from FEMA's Assistance to Firefighters Grant, (AFG) program. RHFD joined with Pinole Fire Department and East Contra Costa Fire Protection District and received in total for all three departments \$450,450.00 for Self-Contained Breathing Apparatus (SCBA). These monies were shared between all three departments, and allowed RHFD to replace its SCBAs that were reaching the end of their service life. Through the efforts of Staff and the Department's Program Manager, in a further effort to maximize the grant funds, the district entered into Intergovernmental Cooperative Purchasing Agreement (ICPA) thereby increasing the District's purchasing power. The District also received a \$25,000 Firehouse Subs Grant to purchase an extractor and dryer for personal protective gear decontamination. This purchase saves the District the cost of paying an outside contractor for decontamination. The District Staff continues to seek out grant funding opportunities to help reduce operating costs.

E. District Budget Control Reporting and Reserve Policies

This Budget document contains a number of Budget Management, Control and Reserve Policies (see *Section IV. Budget Policies* for details). These policies describe important fiscal control areas to ensure that the Board's financial decisions are implemented in a thorough and professional manner and that detailed and transparent financial reporting is provided to the Board and public on an ongoing basis.

III. STATEMENT OF UNFUNDED LIABILITIES: CCCERA & OPEB UAALS

The District provides two benefit programs to employees which require ongoing contributions to be sustainable. These are (1) the pension benefits provided through contracts with the Contra Costa County Employees Retirement Association and (2) "other post-employment benefits" (medical insurance) for qualifying retirees (OPEB program). The costs of these programs are funded through two types of contributions: the current or 'normal' costs, and the contributions required to fund the Unfunded Actuarial Accrued Liability (UAAL) which is the difference between the actuarially stated amount needed to pay for future benefits and the current funding set aside for those benefits. The two programs treat those two components differently, as described below.

The Contra Costa County Employees Retirement Association (CCCERA) retirement program is governed by an independent Board of Directors. The CCCERA program mandates that participating employers pay into the fund for both the normal and UAAL costs on an annual basis. CCCERA utilizes regularly scheduled actuarial studies to ensure funding requirements are met and that the benefits are available to retirees when due. The normal and UAAL rates fluctuate based on numerous factors, including the return on investments for recent years, changes in assumptions regarding future return on investments, changes in assumptions regarding program participants' longevity and other factors.

The District's CCCERA contribution rates in FY 2018-19 for the normal costs will be 20.2% of payroll for "Legacy" employees and 16.98% for PEPRA employees (PEPRA employees are those who have been hired recently, who receive lower pension benefits than Legacy employees). The UAAL payment for FY 2018-19 is \$1,683,840, a 2% increase. The District's current overall unfunded liability for the CCCERA retirement system is \$14,361,583. Appendix B contains background information on the District's CCCERA retirement program cost calculations for both the normal and the UAAL costs.

The District's Other Post Employment Benefit (OPEB) Program funds retiree medical insurance. The District currently pays the cost of qualifying retiree's medical insurance based on an agreement with the employees. The District is currently paying the full cost of those coverages to retirees—the 'normal' costs of the OPEB program. For FY 2018-19 \$337,050 is budgeted for the program.

The District is not currently paying the UAAL portion of the OPEB program. The total liability of that unaddressed obligation as estimated in the District's most recent actuarial study is \$11,031,000. The actuarial study estimated that the District will have set aside \$1,910,000 to fund the UAAL which leaves an unfunded portion of \$9,121,000. The study indicated as of the end of FY 2017-18, the District's UAAL was funded at a 17.0% level.

The study further estimates that the District would be required to pay an additional \$5,386,176 per year if it were to address the full UAAL liability. (*See Appendix C for details.*)

IV. BUDGET POLICIES

The following budget policies were adopted by the Board of Directors during the FY 2017/2018 budget adoption, and currently remain in place with no additions or deletions.

A. Policy for District Reserves and Fund Balances and Goals for Reserves and Fund Balance Maintenance

Fund Balance and Reserve Policy

A Fund Balance is defined as the District's balance sheet assets less liabilities, which equals a Fund Balance. There are varieties of defined fund balances which are based on the extent to which the District is bound to honor specific spending constraints.

The Rodeo-Hercules Fire District utilizes the following definitions for its Budgetary Practices:

Unassigned Fund Balance

An ***Unassigned Fund Balance*** is defined as any Fund Balance amounts not classified as a Restricted Fund Balance, Committed Fund Balance or an Assigned Fund Balance.

Assigned Fund Balance

An ***Assigned Fund Balance*** is intended to be used by the District for a specific purpose, however; the activity does not meet the criteria to be classified as restricted or committed.

Committed Fund Balance

A ***Committed Fund Balance*** is defined as funds which can only be used for a specific purpose as determined by a formal action of the District's Board of Directors.

Restricted Fund Balance

A ***Restricted Fund Balance*** is defined as funds that can only be spent for specific purposes for which the funds were intended. These typically include expenditures controlled by outside agencies such as

the State and Federal Government, employee retirement, medical and other funds as well as funds required for surety for debt obligations.

The establishment and maintenance of the District's financial stability and sustainability is of primary importance to the Board of Directors. The Board has established the following policies for the District to implement.

General Fund Unassigned Fund Balance—the purpose of this reserve is to provide the District with the needed flexibility to provide for unanticipated changes in revenues or expenditures and to assure the provision of stable services to the District's residents and businesses. Based on this standard and the FY 2018-19 Proposed Budget, the Unassigned Fund Balance goal would be approximately \$1.2 million.

It is recommended that the Board establish the goal of having funds for two months of operations in this Unassigned Fund Balance. The Board should designate funds to be allocated for this purpose as part of its annual Budget process.

General Fund Committed Fund Balance—the purpose of this reserve is to provide the District with the opportunity to address growing unfunded liabilities in employee retirement benefits. If funds are accumulated by the District in this account they will only be used to retire the obligations for the retirement and other post-retirement benefits (medical insurance) costs the District currently provides. Using funds to 'prepay' these obligations will provide significant cost savings for the District over the life of the obligations.

It is recommended that the Board strive to set aside funds to address the UAAL associated with the OPEB program.

Assigned Fund Balance—included in the assigned fund balance are funds for specific program activities that benefit from a protected source of funding. These are generally specific programs that include high cost items that last for many years. Fire vehicles, equipment and buildings are examples.

Vehicles represent a substantial District funding obligation. These are high cost vehicles that typically have an extended life of 7 to 20 years. The District currently has no designated reserve funds for the purchase or lease of vehicles.

It is recommended that the Board establish a Vehicle Replacement Reserve and commit to an annual contribution to the Vehicle Replacement Reserve, designating funding for vehicles, to assist the Board in ensuring there are adequate funds to maintain the District's fleet.

Capital Facilities (buildings and facilities) maintenance is a second major District obligation that includes higher cost periodic funding. These are expenditures that are less frequent and require planning to accomplish. The Proposed Budget does not include a capital replacement reserve, but the Board may want to consider a reserve for this purpose in the future.

Replacement of District equipment is a third major District obligation. The District owns hundreds of pieces of equipment that have a replacement cost of more than \$5,000 per unit. These are expenditures that are less frequent and require planning to accomplish. The Proposed Budget does not include an equipment replacement reserve, but the Board may want to consider a reserve for this purpose in the future.

The Board will annually review the status of the District's reserves—including the General Fund Unassigned Fund Balance, the General Fund Committed Fund Balance, the Assigned Fund Balances for Vehicles, Capital Equipment and UAAL for the District's Retirement and OPEB obligations. The Board will designate funding levels for each as the Board determines its priorities for the District's short and long-term obligations. The

Board will conduct its review based on the Staff's Third Quarter Financial review which will include the estimated year-end fund balances in all the District's Reserves.

B. Critical Funding Areas Policy

Critical Funding Areas are those costs which represent obligations the District has incurred and future expenditures that may have significant impact on the District's future Budgets.

These areas include:

- Retiree OPEB UAAL Obligations
- Retiree Pension UAAL Obligations
- Vehicle Replacement Obligations
- Capital Facilities Obligations
- Equipment Replacement Obligations
- General Fund Unassigned Fund Balance

The District is currently addressing the Retiree UAAL obligations on an ongoing basis and has budgeted funds for its Vehicle Replacement Reserve Fund.

C. District Financial Reporting Policy and Practices

The District is currently developing an accounting software program which will permit detailed revenue and expenditure reporting on an ongoing basis. The system will be updated on a regular basis and reports will be generated and circulated to staff for review and budget management purposes. The Board will receive monthly copies of these materials for review, in addition to approval of warrant lists, at the regular Board meeting.

In addition to this level of reporting, District staff will develop and present quarterly financial updates to the Board at its regularly scheduled meetings. The quarterly report will provide the following information:

- Revenues to date by category, budgeted amount, amount remaining and percentage received—by line item, in conformance with the District's Chart of Accounts;
- Expenditures to date, budgeted amount, amount remaining and percentage used—by line item in conformance with the District's Chart of Accounts;
- A description of any unusual or unanticipated expenditures with the reason for the expenditure and the impact of the expenditure on the Adopted Budget;
- A description of any unanticipated financial situations or issues, upcoming major financial expenditures or issues affecting the District.

D. District Budget Activity Management, Monitoring and Review Program and Policy

The goal of this Program is to normalize the organization's management of available resources and to ensure adequate controls on District expenditures. This Policy is designed to designate staff assignments for responsibly in managing the District's budget. This policy will assure expenditures and revenues are frequently monitored and managed by the District.

The District staff will monitor the Agency's revenue and expenditures on an ongoing basis throughout the fiscal year. This monitoring program will ensure the staff, Board and public will receive timely and accurate reporting on the District's financial position as described in the District's Financial Reporting Policy.

The monitoring program has been divided into several categories to assist the staff in managing the budget throughout the year. They are based on the need for frequency of review and confirmation of the accuracy of the expenditures.

Revenues will be tracked and recorded as received and extraordinary revenue booked as received.

The budget monitoring activities include:

Actively managed activity accounts which are reviewed on a frequent basis by the Fire Chief and administrative staff to ensure accurate data input and a thorough review of the activity. The year-to-date and budget-to-actual expenditures will be reviewed to ensure conformance with the approved budget. Any inconsistencies will be addressed.

Managed by staff accounts are created by and managed/monitored by line staff—generally Fire Captains who are responsible for development of the fiscal year expenditure programs. These identified areas are ten key programs that involve significant expenditures in areas that can potentially exceed the line item budgets significantly. Vehicle and equipment repairs and maintenance are examples of these program areas. The assigned staff will ensure the charges are allocated correctly, are needed and that the budgeted amount for the program will not be exceeded during the fiscal year.

Periodically managed activity accounts are reviewed by administrative staff on a regular basis and are normally infrequent and lower cost items.

Monitored/not managed items are reviewed by administrative staff on a regular basis and are normalized monthly expenditures (leases, rent, contract agreements) and are lower cost expenditures

RODEO HERCULES FIRE DISTRICT				
BUDGET ACTIVITY MANAGEMENT/MONITORING/REVIEW CATEGORIES				
ACCOUNT	ACTIVITY DESCRIPTION	BUDGET MANAGEMENT CLASSIFICATION	RESPONSIBLE PARTY	
1001	Holiday Pay	1. Actively Managed	Chief/Staff	
1011	Permanent Salaries	1. Actively Managed	Chief/Staff	
1013	Drill/Temporary Salaries	1. Actively Managed	Chief/Staff	
1014	Overtime	1. Actively Managed	Chief/Staff	
1015	Deferred Compensation	1. Actively Managed	Chief/Staff	
1042	FICA	1. Actively Managed	Chief/Staff	
1044	Retirement	1. Actively Managed	Chief/Staff	
1060	Group Insurance	1. Actively Managed	Chief/Staff	
1061	Group Insurance--Retiree/ARC	1. Actively Managed	Chief/Staff	
1063	Unemployment	1. Actively Managed	Chief/Staff	
1070	Workers Compensation Insurance	3. Periodically Managed	Administrative Staff	
2100	Office Expenses	3. Periodically Managed	Administrative Staff	
2102	Books/Periodicals/Subscriptions	3. Periodically Managed	Administrative Staff	
2110	Communications	3. Periodically Managed	Administrative Staff	
2120	Utilities	3. Periodically Managed	Administrative Staff	
2130	Small Tools & Equipment	2. Managed by Staff	Captains/Program Managers	
2140	Medical Supplies	2. Managed by Staff	Captains/Program Managers	
2150	Food	4. Monitored/Not Managed	Administrative Staff	
2160	Clothing & Personal Supplies	4. Monitored/Not Managed	Administrative Staff	
2170	Household Expenses	2. Managed by Staff	Captains/Program Managers	
2190	Publications & Legal Notices	4. Monitored/Not Managed	Administrative Staff	
2200	Memberships	4. Monitored/Not Managed	Administrative Staff	
2250	Rents & Leases-Equipment	4. Monitored/Not Managed	Administrative Staff	
2270	Repair & Service Equipment	3. Periodically Managed	Administrative Staff	
2271	Vehicle Repair Services	2. Managed by Staff	Captains/Program Managers	
2272	Gas & Oil Supplies	2. Managed by Staff	Captains/Program Managers	
2273	Vehicle Maintenance--Tires	2. Managed by Staff	Captains/Program Managers	
2276	Maintenance-Radio/Electronic Equip	2. Managed by Staff	Captains/Program Managers	
2281	Maintenance-Bldg & Grounds	2. Managed by Staff	Captains/Program Managers	
2303	Employee Travel Expenses	4. Monitored/Not Managed	Administrative Staff	
2310	Professional/Specialized Services	1. Actively Managed	Chief/Staff	
2315	Data Processing Services	4. Monitored/Not Managed	Administrative Staff	
2316	Data Processing Supplies	4. Monitored/Not Managed	Administrative Staff	
2326	Information Security	4. Monitored/Not Managed	Administrative Staff	
2360	Insurance	4. Monitored/Not Managed	Administrative Staff	
2474	Firefighting Supplies	2. Managed by Staff	Captains/Program Managers	
2476	Recreation/Physical Fitness Equipment	2. Managed by Staff	Captains/Program Managers	
2477	Educational Supplies & Courses	3. Periodically Managed	Administrative Staff	
2479	Other Sp. Departmental Expenses	3. Periodically Managed	Administrative Staff	
3520	Interest on Notes & Warrants	4. Monitored/Not Managed	Administrative Staff	
3530	Taxes & Assessments	4. Monitored/Not Managed	Administrative Staff	
ACTIVITY DESCRIPTIONS:				
1.	Actively Managed	<i>Actively Managed Activity Accounts</i> are reviewed on a frequent basis by Chief administrative staff to insure accurate data input and thorough review of the activity		
2.	Managed by Staff	<i>Managed by Staff Activity Accounts</i> are created by and managed/monitored by generally captains who are responsible for development of the fiscal year program and managing the expenses to insure they are appropriate, charged correctly and do not exceed the budgeted amounts.		
3.	Periodically Managed	<i>Periodically Managed Activity Accounts</i> are reviewed by Administrative Staff on a on a regular basis and are normally infrequent and low cost items		
4.	Monitored/not Managed	<i>Monitored/Not Managed Activity Accounts</i> are reviewed by Administrative staff on on a periodic basis these are infrequent, lower cost or normalized expenditures		

V. DISTRICT REVENUES, EXPENDITURES & FUND BALANCES

A. District Revenues

The District has historically received the majority of its revenue from property taxes generated within its service boundary. There are a number of components to the property tax income, but the largest source of that category has been the District’s share of the ad valorem (1% of assessed value) property tax collected by the County and distributed to qualifying agencies.

The District historically received a “pass-through” of some of the ad valorem property tax received by the County in the Rodeo redevelopment project area and in the City of Hercules redevelopment project areas. The recent demise of redevelopment has eliminated the pass-through from the City of Hercules redevelopment Successor Agency, because of the State’s requirement that property tax collected in the former Hercules redevelopment project areas cannot be distributed to qualified agency recipients until the Hercules Successor Agency has paid off other outstanding obligations.

Two other major revenues are generated through voter approved special taxes. One is a long-standing revenue (fire benefit assessment district) and the most recent was approved in 2016. The 2016 Measure O proposal was approved in November of that same year and became effective on July 1, 2017. This revenue source will supplant the historic loss of property taxes and the 2014 Benefit Assessment the District received in the past.

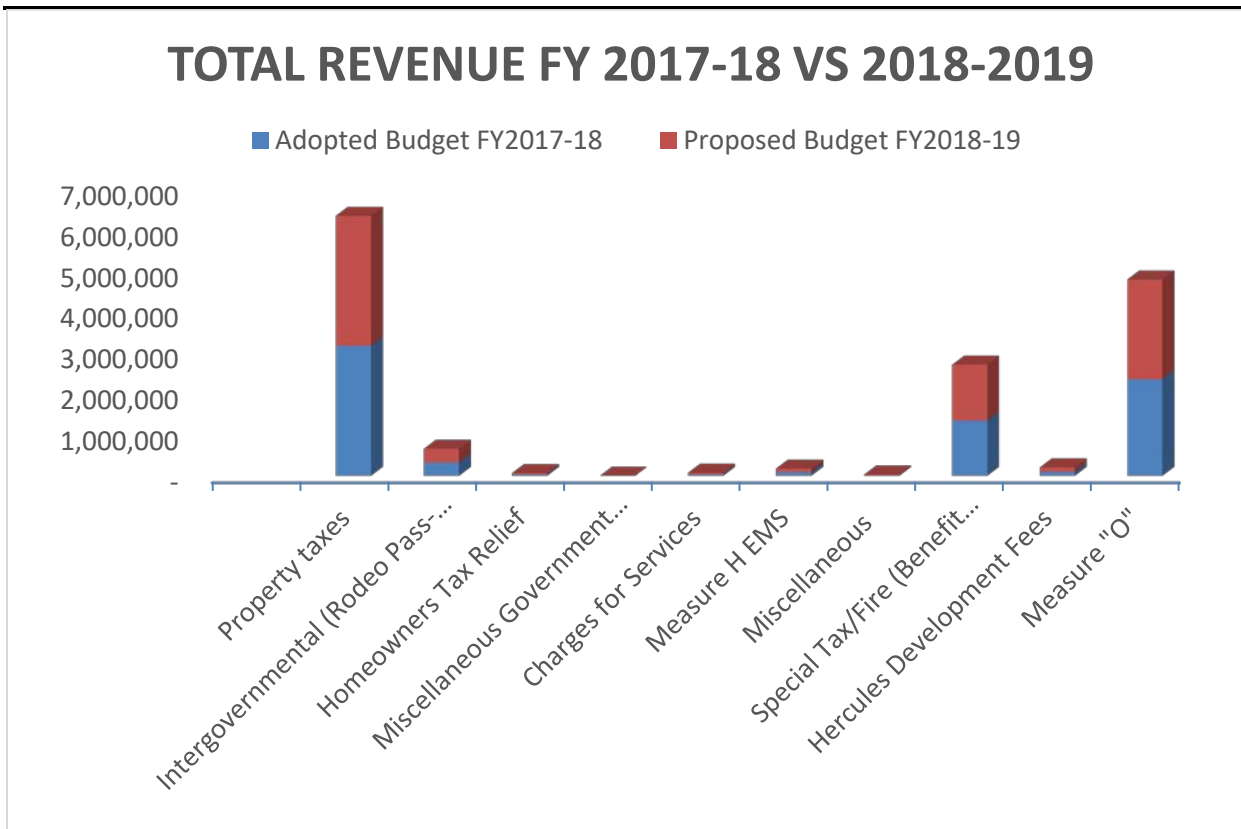
Property taxes, the District’s Benefit Assessment District and Measure O equal 93% percent of the revenues received annually, Miscellaneous/other revenues equal 7% of total revenue:

• Property taxes	\$3,154,122	42%
• Benefit Assessment District	\$1,354,034	18%
• Measure O	\$2,352,672	32%
• Miscellaneous other	\$ 619,722	<u>8%</u>
		100%

Property tax and Benefit Assessments District revenues have been in place since the District incorporated and the Measure O funding was approved by the voters in 2016. These three sources of revenue will provide a stable long-term revenue stream for the District. While the Benefit Assessment District and Measure O revenues are based on set annual amounts, the property tax is “ad valorem” based revenue. The annual revenue from property tax varies year to year depending on the general economic conditions as they affect property values.

Total projected revenues for FY 2018-19 are \$7,382,390.

RODEO HERCULES FIRE PREVENTION DISTRICT				
FISCAL YEAR 2018-19				
REVENUE				
DESCRIPTION	GL CODE	ACTUALS FY16-17	PROJECTED ACTUALS FY 17-18	PROPOSED BUDGET FY 18-19
Prop. Taxes-Current secured	9010	2,784,636	2,937,718	2,866,199
Prop. Tax-Supplemental	9011	113,020	24,905	114,818
Prop. Tax-Unitary	9013	71,565	74,884	73,711
Prop. Tax-Current Unsecured	9020	118,274	112,167	114,508
Prop Tax-Prior-Secured	9030	(9,158)	(8,569)	(9,158)
Prop Tax-Prior-Supplemental	9031	(5,789)	(4,981)	(5,789)
Prop Tax-Prior-Unsecured	9035	3,825	(948)	(167)
TOTAL PROPERTY TAXES		3,076,373	3,135,177	3,154,122
Benefit District	9066	1,339,548	1,354,034	1,354,034
TOTAL BENEFIT DISTRICT		1,339,548	1,354,034	1,354,034
H/O Prop Tax Relief	9385	30,665	30,945	31,873
Other in Lieu Taxes	9580	182	-	-
RDA NonProp-Tax Pass Thru	9591	334,773	322,276	331,944
Misc. Government Revenue	9595	17,321	-	-
Fire Prevention Plan Review	9741	23,009	41,812	43,066
Measure H EMS	9895	85,525	87,565	87,565
Other Revenue	9980	13,623	26,323	27,113
		-		
TOTAL INTERGOVERNMENTAL		505,098	508,921	521,561
Measure "0"		-	2,429,756	2,352,672
Fire Assessment Fund		1,006,138	-	-
Capital Fund		65,000	-	-
SAFER Grant		880,740	-	-
TOTAL OTHER REVENUE		1,951,878	2,429,756	2,352,672
TOTAL PROJECTED FY2018-2019 REVENUE		6,872,897	7,427,888	7,382,389

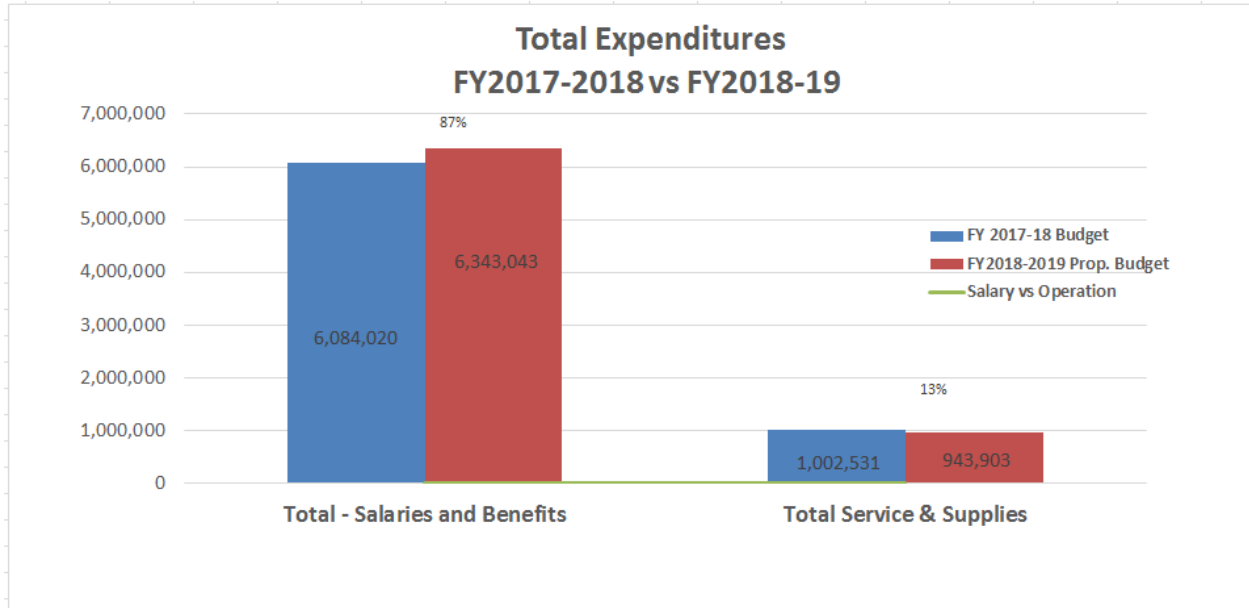


B. District Expenditures

As discussed earlier the Proposed Budget for FY 2018-19 is based on maintaining the District’s two station configuration, is fully staffed and provides no increases in salaries or benefits. It ‘holds the line’ on expenses to the extent possible. The total projected expenditures for FY 2018-19 are \$7,286,946.

**RODEO-HERCULES FIRE PROTECTION DISTRICT
FY2018-19 EXPENDITURES BUDGET**

Expenditure Category	GL CODE	ADOPTED BUDGET FY 17-18	ESTIMATED TO 06/30/18	PROPOSED BUDGET FY 2018-19
Holiday Pay	1001	156,543	146,325	149,923
Permanent Salaries	1011	2,199,278	2,147,211	2,360,955
Drill/Temporary Salaries	1013	500	22	500
Overtime				-
Backfill (Overtime)	1014	376,200	367,486	376,200
FLSA	1014	50,877	55,236	48,725
Deferred Compensation	1015	10,800	9,900	10,800
FICA	1042	31,115	45,811	32,103
Retirement	1044			-
Retirement - Normal	1044	540,149	518,901	561,262
Retirement - UAAL	1044	1,652,779	1,652,889	1,683,840
Group Insurance	1060	503,911	379,937	517,577
Group Insurance - Retiree	1061	315,000	244,221	337,050
Unemployment	1063	1,000	611	1,000
Workers Compensation Insurance	1070	245,868	245,868	263,108
Total - Personnel		6,084,020	5,814,418	6,343,043
Office Expenses	2100	12,780	12,780	16,945
Books/Periodicals/Subscriptions	2102	2,485	2,000	2,485
Communications	2110	162,656	201,843	180,915
Utilities	2120	28,823	28,823	28,823
Small Tools & Instruments	2130	2,000	5,414	1,400
New Vehicle Equipment	2130	30,000	41,399	-
Medical Supplies	2140	7,340	7,000	7,340
Food	2150	1,920	3,115	2,420
Clothing & Personal Supplies	2160	13,200	12,650	13,200
Household Expense	2170	13,275	10,000	6,000
Publications & Legal Notices	2190	1,180	1,400	1,180
Memberships	2200	4,204	4,077	4,204
Rents & Leases - Equipment	2250	8,640	8,640	8,640
Lease Payments-Vehicles	2250	80,401	80,401	80,401
Repairs & Service Equipment	2270	35,224	10,000	17,740
Central Garage Repairs	2271	71,620	64,079	72,820
Central Garage Gasoline/Oil	2272	8,620	7,000	10,000
Central Garage Tires	2273	10,531	13,409	12,500
Maintenance Radio - Electronic Equip	2276	20,780	20,680	27,300
Maintenance of Buildings	2281	42,064	15,000	18,864
Other Travel Expenses	2303	3,172	2,500	4,360
Professional/Specialized Services	2310	314,843	320,000	346,368
Data Processing Service	2315	192	207	192
Data Processing Supplies	2316	323	323	323
Information Security	2326	1,020	1,033	1,020
Insurance	2360	34,639	41,539	40,423
Fire Fighting Supplies	2474	48,498	40,000	4,180
Recreation/Physical Fitness Equipment	2476	6,200	1,000	700
Education Supplies & Courses	2477	17,457	7,500	17,220
Other Special Departmental Expenses	2479	3,444	1,500	1,940
Interest on Notes & Warrants	3520	2,000		1,000
Taxes & Assessments	3530	13,000	11,158	13,000
Total Service & Supplies		1,002,531	976,469	943,903
Total Expenditures		\$7,086,551	6,790,887	7,286,946

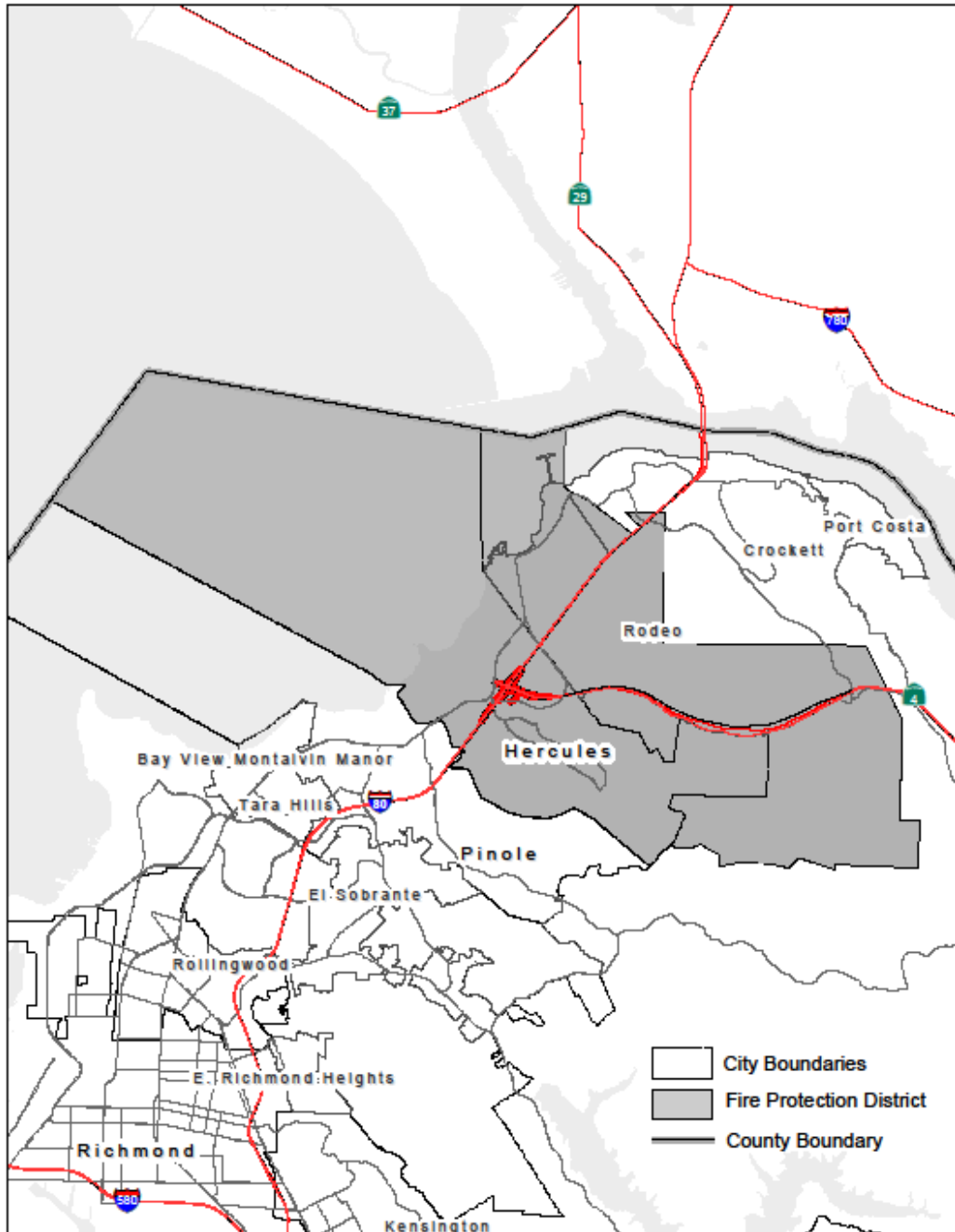


RODEO HERCULES FIRE PROTECTION DISTRICT				
FISCAL YEAR 2018-19				
FIRE FACILITIES FEE REVENUE AND EXPENDITURES				
DESCRIPTION	GL CODE	ACTUALS FY16-17	PROJECTED ACTUALS FY 17-18	PROPOSED BUDGET FY 18-19
DEVELOPMENT IMPACT REVENUE		56,000	100,000	103,000
TOTAL DEVELOPMENT REVENUE		56,000	100,000	103,000
100 1 1/2 " Hose Wildland	2474			1,600
100 5' LDH Hose	2474			9,600
50' 1 3/4" Hose	2474			1,848
Rescue / Rope-Water	2474			3,000
Structure/ /Wildland Fire PPE	2474			30,000
SCBA Compressor	2474	-		53,000
TOTAL EXPENDITURES		-	-	99,048
PROJECTED Excess				3,952

C. District Fund Balances

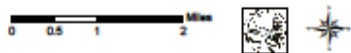
The FY 2018-19 Proposed Budget is balanced. The District is projected to have a year-end **\$262,491** General Fund balance. That amount is roughly 2% of the District’s total General Fund expenditures, far short of the \$1.2 million recommended uncommitted fund balance (equal to two months of operating expenses).

Rodeo-Hercules Fire Protection District



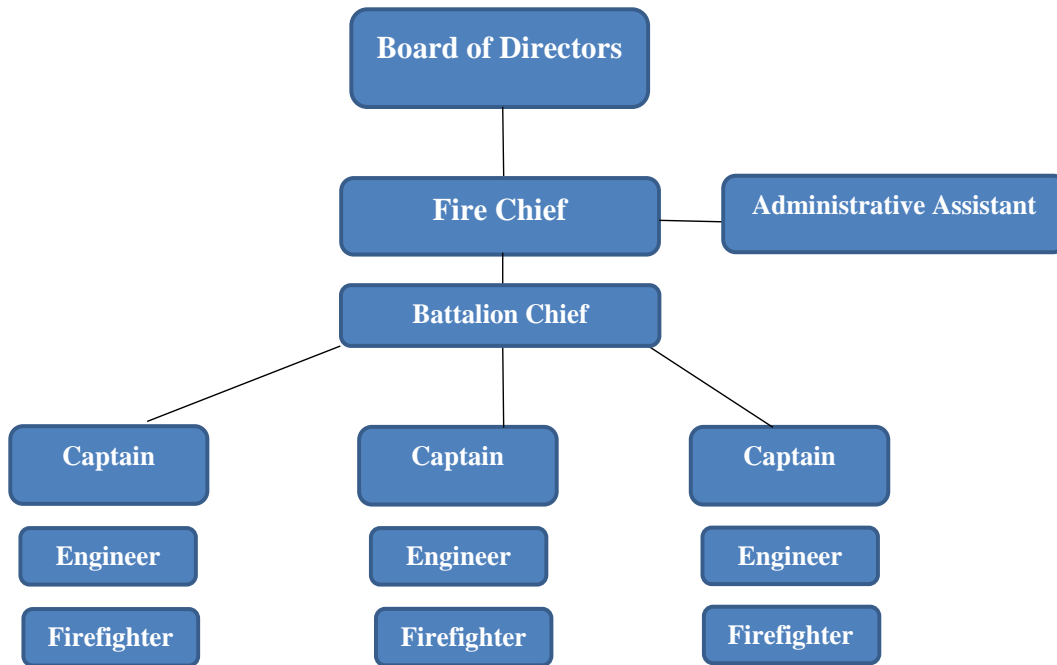
Map created 8/20/2018
by Corbin Coyle Community Development GIS Group
401 Pine Street, 4th Floor North Wing, Berkeley, CA 94702-2586
916.841.4200 | 916.841.3949

This map was created by the Contra Costa County Community Development Department with data from the Contra Costa County GIS Program. Some data, such as primary City Limits, is derived from the CA State Board of Equalization's file sets. While diligent care has been taken, the County assumes no responsibility for its accuracy. The map contains copyrighted information and may not be altered. Copying or reproduction of the content made of this document is prohibited. Users of this map agree to hold and defend the County of Contra Costa harmless of liability for geographic information.



ORGANIZATIONAL CHART

RODEO-HERCULES FIRE PROTECTION DISTRICT



VI. GENERAL FUND EXPENDITURES

The Proposed Budget expenditures include the District at full staffing. During FY 2016-17, three SAFER employees transitioned to the District on a permanent basis and three vacant positions were filled through recruitment. The District is currently at full staffing and anticipates a full staffing complement for 2018-19 fiscal year that includes:

- One Interim Fire Chief
- One Battalion Chief
- Six Captains
- Six Engineers
- Six Firefighters
- One Administrative Assistant

The ability to have achieved full staffing has reduced the District’s overtime costs significantly, and provided permanent employees to staff the two-station configuration.

Some observations regarding the proposed expenditures:

- Approximately 85% of all expenditures are employee related (salaries, benefits, retirement, etc.);
- Of the employee related expenses, salaries and retirement costs are virtually equal, retirement payments equal one \$1.00 for each \$1.00 of salary;

- The CCCERA retirement Unamortized Actuarial Accrued Liability (UAAL) payment increased by \$73,312 or approximately 4%;

The Budget includes the following significant items:

- No salary increases (See Appendix A-Employee Compensation Calculations);
- No new or modified benefits;
- Increases in retirement contributions for normal (\$42,361) and retirement UAAL (unamortized) costs (\$73,312);
- Increases in medical benefits costs (\$90,000);
- Budgeting current vehicle lease costs in the General Fund (\$80,401);
- Increase in professional services (\$75,000.).

VII ADMINISTRATION & PROFESSIONAL SERVICES

The Administration portion of the budget is contained in the General Fund Expenditures and contains one Administrative position responsible for a variety of administrative activities. These include managing the District’s payroll and accounting activities, authorizing vendor payments, processing personnel, conducting human resources activities and serving as Secretary to the Board of Directors.

Also included in this activity are the expenditures for Professional Services which are shown in the following table

PROFESSIONAL SERVICES BUDGET 2017-18

IEDA (Labor Negotiator)	\$18,396.00
Annual Audit	\$16,500.00
Maintenance of Fire Trails	\$13,000.00
Information Technology Maintenance and Repair	\$18,000.00
Third Party - Audit/budgeting/Financial Assistance/Oversight	\$20,000.00
Fire Information Support - Records	\$ 3,000.00
Semi - Annual Medical Exams	\$10,500.00
Attorney (Meyers Nave)	\$100,000.00
Fire Prevention	\$40,000.00
County Auditor’s Office Fees	\$30,000.00
Quarterly EMS Training / CQI / Infectious Disease Control	\$24,000.00
ATS (Phone System Support)	\$ 250.00
OPEB Actuarial	\$ 3,800.00
2018 Board Election	\$25,000.00
County Levy Processing Fee	\$ 2,200.00
CUPA Fees	\$ 402.00
LAFCO	\$ 3,300.00
Avery & Associates	\$17,000.00
Website Web Hosting	\$ 1,020.00
TOTAL	\$346,368.00

The items in the Professional Services Budget are largely continuations of prior expenditures updated to reflect current costs. Several of the items are new or of note. The items of note include:

- *Contra Costa County Board of Elections:* The District holds a staggered general election for Board Members that have reached the end of their term. Each Board member has a term of 4 years, with three seats available in 2018.
- *Avery and Associates:* The Board had elected to conduct an independent employment search for Fire Chief.
- *Attorney:* District utilizes attorney to ensure the District is compliant with all laws and regulations.

VII. FIRE OPERATIONS

Rodeo-Hercules Fire District is an all risk department operating individual fire companies specially trained to respond to residential and commercial fires, refinery and industry related incidents, wildland fires and vehicle extrication technical rescue and hazard materials first responder duties. Engine companies are also tasked with determining the origin and cause of fires and providing rescue and advanced life support services. The District provides a minimum of one advanced life support paramedic on duty 365 days a year in the Town of Rodeo and the City of Hercules.

Rodeo-Hercules Fire District also operates and participates in Battalion 7, a jointly operated Battalion with Pinole Fire Department and the Contra Costa County Fire Protection District. Each participating entity provides a single Battalion Chief to ensure the consistent establishment of incident command, firefighter safety and judicious resource management at emergencies. The Battalion also serves the outlying communities of Rodeo-Hercules including Pinole, Tara Hills, Bayview, Montalvan Manor, Montara Bay, East Richmond Heights, San Pablo, El Sobrante, unincorporated Contra Costa County and Martinez. Each of these areas presents unique set of complex hazards and the rapid establishment of fire ground command is essential to the successful resolution of an array of calls for service.

The District also responds automatic aid (additional unit response on a call regardless of jurisdictional boundaries) and mutual aid (request for additional resources for large incidents or due to multiple simultaneous incidents). Citizens of participating communities benefit from this sharing of resources and regionalized approach. These extended responses have included the Contra Costa County Fire Protection District, Crockett-Carquinez Fire Protection District, Pinole Fire Department, Richmond Fire Department, El Cerrito Fire Department, Moraga/Orinda Fire Protection District and Vallejo Fire Department.

The District also participates in the California Fire Assistance Agreement for the State of California and Federal Fire Agencies. This agreement, which is managed by the Office of Emergency Services, has called upon R.H.F.P.D. to provide Mutual Aid resources throughout the State of California, Oregon and Nevada.

Community Outreach:

When not providing emergency services the Engine Company crews participate in a variety of community outreach programs that include:

- Conducting Blood Pressure Screening for Rodeo and Hercules Senior Citizens
- Providing bicycle safety helmets to District children through donations from the Rodeo Municipal Advisory Council;
- Providing smoke detectors and carbon dioxide (CO2) detectors to District residents;
- Participating with local schools in Adopt-A-Class Programs;

- Participating in the Salvation Army food and toy drive collection;
- Participating in community parades and festivals;
- Participating in the Harvest Festival and Breakfast with Santa at St. Patrick's School;
- Participating in Read Across America;
- Participating in the Hercules Senior Center Pancake Breakfast;
- Participating in Career Day at the Hercules Teen Center;
- Participating in the Boy Scout 9/11 Ceremony;
- Participating in the Rodeo baseball parade, the Hercules Fourth of July Parade, Veterans Walk of Honor, Safety and Health Fairs, Hercules Kids Fest, and
- Providing Fire Extinguisher Training for both the community and local businesses.

Community Outreach Goals:

- Hosting of Neighborhood Emergency Response Teams (NERT) classes.
- Establishing a Citizen Advisory Panel for the District.

Fire Prevention:

Engine companies conducted fire and life safety inspections of all schools and Business within the Fire District. Engine companies also conduct inspection of public and private properties for; hazardous and/or combustible fuels, unabated annual grasses, urban blight, and give notifications to abate said hazards.

The District employees two independent outside contractors that split their time in accordance with their expertise for inspection of residential care facilities, licensed daycare and adult care facilities, commercial tenant improvements; new construction and provide construction plan review of construction plans and specifications for compliance with local and state requirements, and regularly meet with developers and contractors.

Apparatus:

The District operates a variety of Fire Apparatus including:

- A 75 foot Quint Ladder Truck
- One Type 1 Rescue Pumper
- Two Type 1 Engines
- Two Type 3 Wild Land Engines

Fire apparatus are placed into category types identified in the Incident Command System as a means of organizing multiagency resources through the National Interagency Fire Center. The District maintains a variety of fire apparatus and equipment in order to meet the public safety needs of our service area that includes major highways and streets, undeveloped wildland, developed urban residential and refinery/industrial areas.

Fire Incident Calls—2017

Incident Type	Number of Calls
Fire	132
EMS/Rescue	1,509
Hazardous Condition	44
Service Call	196
Good Intent	548
False Call	189
Other	7
TOTAL	2,625
*See Appendix E for Details	

VIII. VEHICLE REPLACEMENT RESERVE

The Budget preparation process included an extensive review of the District’s vehicle fleet. The vehicles were categorized by age, use and role in emergency response, and a replacement program was created. The District’s recent vehicle replacements have been funded by securing a line of credit and paying off the debt on the line of credit over a 10-year period.

A 20-year vehicle replacement schedule was created as the basis for the cost modeling used to calculate the costs of leasing vehicles versus setting aside funds in a vehicle replacement reserve and acquiring the vehicles with cash.

The District has a current line of credit obligation that requires lease payments through FY 2021-22. The District will need to replace Engine 754 (Type I Spartan) and Engine 768 (Quint 76) in FY 2018-19, and the cost modelling assumes that this vehicle will be funded by another 10-year lease (because funds have not been previously set aside for the acquisition of this replacement vehicle).

The proposed (Lease-set aside) approach calls for the District to continue existing leases and add two additional lease for the replacement of Engine 754 and 768 (in 2018-19), and beginning to set aside funds in a Vehicle Replacement Reserve. Using this approach the District will need to add funds to the reserve in addition to the lease costs, but in 10 years the District will then acquire all other vehicles with cash on a ‘go forward’ basis. Utilizing the Lease-set-aside approach, the District will accumulate \$860,383 in cash in the vehicle replacement reserve at the end of 20 years and incur no interest costs after year 10. (See *Appendix C—Vehicle Replacement Schedules*).

IX. FIVE YEAR REVENUE & EXPENDITURE PROJECTIONS

Preparation of the Proposed Budget included the creation of Five Year Revenue and Expenditure Projections to provide the Board and staff with a roadmap for fiscal decisions and policy. (See *Appendix D-Five Year Revenue and Expenditure Projections*).

In summary, if the projections are sustained, the District is not projected to experience any significant financial issues. This conclusion is predicated on continued stable staffing, no benefit expansions or improvements, UAAL and other costs rising at the projected rate and no significant diminishment in revenues.

There are; however, several areas of risk worth noting:

- A significant portion of the District's revenue (almost 42%) is property tax which is based on real estate values. A disturbance in values will translate to diminished revenues.
- The projections include a limited increase of 2% per year for personnel related costs, which could be largely consumed by expenditure areas with high growth potential including health care for employees and retirees and UAAL payments for the retirement system.
- As an important reminder, the District's OPEB medical insurance for retirees program is only partially funded. The District is not making payments into the UAAL portion of the program currently calculated as \$561,262 per year. If the District paid the full Actuarially Required Contribution (ARC) the program would be sustainable.
- Overtime is calculated on the minimum allocation per employee and major events/illnesses/long term disabilities could create additional costs.

The Budget for Fiscal Year 2018-19 is balanced and maintains the District's two Fire Station configuration with full staffing. The current Five Year Revenue and Expenditure projections also show that the District will remain in a balanced position during that period and retain a modest fund balance.

X. RHFD BUDGET APPENDICES

- A. CCCERA Retirement Costs & UAAL**
- B. OPEB Contribution Costs & UAAL**
- C. Vehicle Replacement Schedules**
- D. Five Year Revenue and Expenditure Projections**
- E. Incident Report Detail**

APPENDIX A

CCCERA RETIREMENT COSTS & UAAL



**CONTRA COSTA COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**

**CONTRIBUTION RATE PACKET FOR
JULY 1, 2018 through JUNE 30, 2019**

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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15	Safety Non-PEPRA Cost Group #9 Member Rates (Exhibit K)
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17	Safety Non-PEPRA Cost Group #11 Member Rates (Exhibit M)

18	Safety Non-PEPRA Cost Group #12 Member Rates (Exhibit N)
19	General and Safety PEPRA Member Rates (Exhibit O)
20	Examples for Subvention and Employee Cost Sharing
21	Prepayment Discount Factor for 2018-19



MEMORANDUM

Date: September 26, 2017
To: Interested Parties and Participating Employers
From: Gail Strohl, Chief Executive Officer
Subject: Contribution Rates Effective July 1, 2018

At its August 9, 2017 meeting, the Retirement Board reviewed and accepted the actuary's valuation report for the year ending December 31, 2016 and adopted the recommended employer and employee contribution rates, which will become effective on July 1, 2018. A copy of the December 31, 2016 Actuarial Valuation can be found on CCCERA's website at www.cccera.org under the Actuarial Valuations link.

Enclosed are the rates to be used effective July 1, 2018 through June 30, 2019. Please note the following:

- ✓ **The rates are effective July 1, 2018 through June 30, 2019 and have not yet been adopted by the County Board of Supervisors.**
- ✓ **The rates are BEFORE ANY EMPLOYER SUBVENTION of the employee contribution.** The rates quoted here are the employer required rates without taking into consideration any employer subvention of employee contributions. A convenient methodology for adding subvention is included for your use on page 20. Note that subvention is not always permitted for PEPRAs members.
- ✓ **The rates are BEFORE ANY INCREASE IN EMPLOYEE RATE to pay a portion of the employer contribution.** If an employee's rate needs to be increased to pay a portion of the employer contribution, both employee and employer rates would need to be adjusted accordingly. A convenient methodology for adding subvention is included for your use on page 20.

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA

Adopted this Order on _____, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

SUBJECT: Approving Contribution Rates to be charged Resolution No. _____
 by the Contra Costa County
 Employees’ Retirement Association.

Pursuant to Government Code Section 31454 and on recommendation of the Board of the Contra Costa County Employees’ Retirement Association, BE IT RESOLVED that the following contribution rates are approved to be effective for the period July 1, 2018 through June 30, 2019.

I. Employer Contribution Rates for Basic and Cost-of-Living Components and Non-refundability Discount Factors

- A. For General Members (Sec. 31676.11, Sec. 31676.16 and Sec. 7522.20(a))
 See attached Exhibit A

- B. For Safety Members (Sec. 31664, Sec. 31664.1 and Sec. 7522.25(d))
 See attached Exhibit B

II. Employee Contribution Rates for Basic and Cost-of-Living Components

See attached Exhibits C through O

The Pension Obligation Bonds (POB) issued by the County in March 1994 and April 2003, affected contribution rates for certain County employers. The following non-County employers who participate in the Retirement Association are referred to as “Districts”.

- | | |
|---|--|
| Bethel Island Municipal Improvement District | Contra Costa County Fire Protection District |
| Byron, Brentwood Knightsen Union Cemetery District | East Contra Costa Fire Protection District |
| Central Contra Costa Sanitary District | Moraga-Orinda Fire Protection District |
| Contra Costa County Employees’ Retirement Association | Rodeo-Hercules Fire Protection District |
| Contra Costa Housing Authority | San Ramon Valley Fire Protection District |
| Contra Costa Mosquito and Vector Control District | |
| Local Agency Formation Commission (LAFCO) | |
| Rodeo Sanitary District | |
| In-Home Supportive Services Authority | |
| First 5 - Children & Families Commission | |

All other departments/employers are referred to as “County” including the Superior Court of California, Contra Costa County.

Contra Costa County Fire Protection District and Moraga-Orinda Fire Protection District issued Pension Obligation Bonds in 2005 which affected contribution rates for these two employers. Subsequently, Con Fire has made additional payments to CCCERA for its UAAL in 2006 and 2007.

First 5 - Children & Families Commission made a UAAL prepayment in 2013 which affected contribution rates for that employer.

Central Contra Costa Sanitary District made a UAAL prepayment in 2013, 2014 and 2015 which affected contribution rates for that employer.

Exhibit A - 1

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

EMPLOYER CONTRIBUTION RATES EFFECTIVE FOR JULY 1, 2018 THROUGH JUNE 30, 2019 for General Tier 1 and 3 Legacy Members

	Cost Group #1				Cost Group #3	Cost Group #4	Cost Group #5
	Moraga-Orinda		Districts	without POB	Central Contra Costa	Contra Costa	Contra Costa County
	County	Fire District	First 5		Sanitary District	Housing Authority	Fire Protection District
GENERAL TIERS - ENHANCED							
Tier 1 BASIC Enhanced							
First \$350 monthly & in Social Security	16.08%	N/A	15.73%	19.67%	N/A	20.07%	N/A
Excess of \$350 monthly & in Social Security	24.12%	N/A	23.60%	29.51%	N/A	30.11%	N/A
All Eligible \$ if NOT in Social Security	24.12%	20.08%	N/A	29.51%	37.36%	N/A	23.02%
Tier 1 COL Enhanced							
First \$350 monthly	3.74%	N/A	3.63%	6.65%	N/A	8.89%	N/A
Excess of \$350 monthly	5.61%	N/A	5.44%	9.97%	N/A	13.33%	N/A
All Eligible \$ if NOT in Social Security	5.61%	4.59%	N/A	9.97%	14.47%	N/A	10.02%
Non-Refundability Factor	0.9599	0.9599	0.9599	0.9599	0.9588	0.9563	0.9590
				<u>Cost Group</u>	<u>Employer Name</u>		<u>Tier</u>
Tier 3 BASIC Enhanced				Cost Group #1	County General LAFCO CC Mosquito & Vector Control District Bethel Island Municipal Improvement District First 5 - Children and Families Commission Contra Costa County Employees' Retirement Association Superior Court		Tier 1 Enhanced (2% @ 55)
First \$350 monthly	16.09%	19.76%					
Excess of \$350 monthly	24.13%	29.63%					
All Eligible \$ if NOT in Social Security	N/A	29.63%					
Tier 3 COL Enhanced							
First \$350 monthly	3.67%	6.60%					
Excess of \$350 monthly	5.50%	9.91%					
All Eligible \$ if NOT in Social Security	N/A	9.91%					
Non-Refundability Factor	0.9576	0.9576		Cost Group #2	County General In-Home Supportive Services CC Mosquito & Vector Control District Superior Court		Tier 3 Enhanced (2% @ 55)
GENERAL TIER NON-ENHANCED							
Tier 1 BASIC NON-Enhanced							
First \$350 monthly	17.12%			Cost Group #3	Central Contra Costa Sanitary District		Tier 1 Enhanced (2% @ 55)
Excess of \$350 monthly	25.68%			Cost Group #4	Contra Costa Housing Authority		Tier 1 Enhanced (2% @ 55)
All Eligible \$ if NOT in Social Security	N/A			Cost Group #5	Contra Costa County Fire Protection District		Tier 1 Enhanced (2% @ 55)
Tier 1 COL NON-Enhanced							
First \$350 monthly	2.57%			Cost Group #6	Rodeo Sanitary District Byron Brentwood Cemetery District		Tier 1 Non-enhanced (1.67% @ 55)
Excess of \$350 monthly	3.85%						
All Eligible \$ if NOT in Social Security	N/A						
Non-Refundability Factor	0.9535						

Basic rates shown include an administrative expense load of 0.66% of payroll. This load has been integrated and adjusted as appropriate into the first \$350 and excess of \$350 monthly rates shown.

Exhibit A - 2

**CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
EMPLOYER CONTRIBUTION RATES EFFECTIVE FOR JULY 1, 2018 THROUGH JUNE 30, 2019 for General Tier 4 and 5 PEPRA Members with 2% Maximum COLA**

GENERAL PEPRA TIERS

Tier 4 BASIC

All Eligible \$

Tier 4 COL

All Eligible \$

Non-Refundability Factor

	Cost Group #1				Cost Group #3	Cost Group #4	Cost Group #5	Cost Group #6
	County	Moraga-Orinda Fire District	First 5	Districts without POB	Central Contra Costa Sanitary District	Contra Costa Housing Authority	Contra Costa County Fire Protection District	Districts without POB
All Eligible \$	20.27%	N/A	N/A	N/A	N/A	N/A	20.02%	N/A
All Eligible \$	4.03%	N/A	N/A	N/A	N/A	N/A	8.64%	N/A
Non-Refundability Factor	0.9605	N/A	N/A	N/A	N/A	N/A	0.9635	N/A

Tier 5 BASIC

All Eligible \$

Tier 5 COL

All Eligible \$

Non-Refundability Factor

	Cost Group #2	
	County	Districts without POB
All Eligible \$	19.69%	25.11%
All Eligible \$	3.88%	8.22%
Non-Refundability Factor	0.9621	0.9621

Cost Group	Employer Name	Tier
Cost Group #1	County General LAFCO CC Mosquito & Vector Control District Bethel Island Municipal Improvement District First 5 - Children and Families Commission Contra Costa County Employees' Retirement Association Superior Court East Contra Costa Fire Protection District Moraga-Orinda Fire Protection District Rodeo-Hercules Fire Protection District San Ramon Valley Fire Protection District	Tier 4 (2.5% @ 67)
Cost Group #2	County General In-Home Supportive Services CC Mosquito & Vector Control District Superior Court	Tier 5 (2.5% @ 67)
Cost Group #3	Central Contra Costa Sanitary District	Tier 4 (2.5% @ 67)
Cost Group #4	Contra Costa Housing Authority	Tier 4 (2.5% @ 67)
Cost Group #5	Contra Costa County Fire Protection District	Tier 4 (2.5% @ 67)
Cost Group #6	Rodeo Sanitary District Byron Brentwood Cemetery District	Tier 4 (2.5% @ 67)

Some tiers are not applicable to employers as shown above in the rate table.
Basic rates shown include an administrative expense load of 0.66% of payroll.

Exhibit A - 3

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

EMPLOYER CONTRIBUTION RATES EFFECTIVE FOR JULY 1, 2018 THROUGH JUNE 30, 2019 for General Tier 4 and 5 PEPRA Members with 3% Maximum COLA

GENERAL PEPRA TIERS	Cost Group #1				Cost Group #3	Cost Group #4	Cost Group #5	Cost Group #6
	County	Moraga-Orinda Fire District	First 5	Districts without POB	Central Contra Costa Sanitary District	Contra Costa Housing Authority	Contra Costa County Fire Protection District	Districts without POB
Tier 4 BASIC All Eligible \$	20.11%	16.40%	19.58%	25.53%	32.23%	25.31%	22.01%	24.39%
Tier 4 COL All Eligible \$	4.93%	3.98%	4.76%	9.27%	13.44%	12.42%	10.35%	3.79%
Non-Refundability Factor	0.9625	0.9625	0.9625	0.9625	0.9661	0.9667	0.9637	0.9511

GENERAL PEPRA TIERS	Cost Group #2		Cost Group	Employer Name	Tier
	County	Districts without POB	Cost Group #1	County General LAFCO CC Mosquito & Vector Control District Bethel Island Municipal Improvement District First 5 - Children and Families Commission Contra Costa County Employees' Retirement Association Superior Court East Contra Costa Fire Protection District Moraga-Orinda Fire Protection District Rodeo-Hercules Fire Protection District San Ramon Valley Fire Protection District	Tier 4 (2.5% @ 67)
Tier 5 BASIC All Eligible \$	19.83%	25.25%	Cost Group #2	County General In-Home Supportive Services CC Mosquito & Vector Control District Superior Court	Tier 5 (2.5% @ 67)
Tier 5 COL All Eligible \$	4.77%	9.11%	Cost Group #3	Central Contra Costa Sanitary District	Tier 4 (2.5% @ 67)
Non-Refundability Factor	0.9630	0.9630	Cost Group #4	Contra Costa Housing Authority	Tier 4 (2.5% @ 67)
			Cost Group #5	Contra Costa County Fire Protection District	Tier 4 (2.5% @ 67)
			Cost Group #6	Rodeo Sanitary District Byron Brentwood Cemetery District	Tier 4 (2.5% @ 67)

Basic rates shown include an administrative expense load of 0.66% of payroll.

Exhibit B - 1

**CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 EMPLOYER CONTRIBUTION RATES EFFECTIVE FOR JULY 1, 2018 THROUGH JUNE 30, 2019 for Safety Tier A and C Legacy Members**

SAFETY TIERS ENHANCED

Safety A BASIC Enhanced

All eligible \$

Safety A COL Enhanced

All eligible \$

Non-Refundability Factor

Cost Group #7	Cost Group #8		Cost Group #10	Cost Group #11
	Contra Costa County Fire Protection District	East Contra Costa Fire Protection District	Moraga-Orinda Fire Protection District	San Ramon Valley Fire Protection District
County 48.35%	39.32%	67.65%	36.94%	54.05%
27.74%	34.34%	55.95%	34.42%	27.33%
0.9657	0.9665	0.9665	0.9693	0.9670

Safety C BASIC Enhanced

All eligible \$

Safety C COL Enhanced

All eligible \$

Non-Refundability Factor

Cost Group #9
County
46.73%
0.9668

Cost Group	Employer Name	Tier
Cost Group # 7	County Safety	Tier A Enhanced (3% @ 50)
Cost Group # 8	Contra Costa County Fire Protection District East Contra Costa Fire Protection District	Tier A Enhanced (3% @ 50)
Cost Group # 9	County Safety	Tier C Enhanced (3% @ 50)
Cost Group # 10	Moraga-Orinda Fire Protection District	Tier A Enhanced (3% @ 50)
Cost Group # 11	San Ramon Valley Fire Protection District	Tier A Enhanced (3% @ 50)
Cost Group # 12	Rodeo Hercules Fire Protection District	Tier A Non-enhanced (2% @ 50)

Basic rates shown include an administrative expense load of 0.66% of payroll.

SAFETY TIER NON-ENHANCED

Safety A BASIC NON-Enhanced

All eligible \$

Monthly Contribution Towards UAAL

Safety A COL NON-Enhanced

All eligible \$

Monthly Contribution Towards UAAL

Non-Refundability Factor

Cost Group #12
Rodeo-Hercules Fire Protection District
14.82%
\$73,195
5.20%
\$49,628
0.9718

Exhibit B - 2

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

EMPLOYER CONTRIBUTION RATES EFFECTIVE FOR JULY 1, 2018 THROUGH JUNE 30, 2019 for Safety Tier D and E PEPRA Members

SAFETY PEPRA TIERS

Safety D BASIC (3% Maximum COLA)

All eligible \$
Monthly Contribution Towards UAAL

Safety D COL (3% Maximum COLA)

All eligible \$
Monthly Contribution Towards UAAL

Non-Refundability Factor

Cost Group #7	Cost Group #8		Cost Group #10	Cost Group #11	Cost Group #12
	Contra Costa County Fire Protection District	East Contra Costa Fire Protection District	Moraga-Orinda Fire Protection District	San Ramon Valley Fire Protection District	Rodeo-Hercules Fire Protection District
40.48%	30.98%	59.31%	29.27%	45.47%	11.92%
N/A	N/A	N/A	N/A	N/A	\$10,427
26.62%	32.99%	54.60%	33.09%	25.96%	5.07%
N/A	N/A	N/A	N/A	N/A	\$7,070
0.9755	0.9779	0.9779	0.9786	0.9784	0.9807

Safety E BASIC (2% Maximum COLA)

All eligible \$

Safety E COL (2% Maximum COLA)

All eligible \$

Non-Refundability Factor

Cost Group #8 Contra Costa County Fire Protection District	Cost Group #9 County
30.32%	39.16%
30.89%	24.24%
0.9757	0.9747

Cost Group	Employer Name	Tier
Cost Group # 7	County Safety	Tier D (2.7% @ 57)
Cost Group # 8	Contra Costa County Fire Protection District	Tier D (2.7% @ 57)
	East Contra Costa Fire Protection District Contra Costa County Fire Protection District	Tier E (2.7% @ 57)
Cost Group # 9	County Safety	Tier E (2.7% @ 57)
Cost Group # 10	Moraga-Orinda Fire Protection District	Tier D (2.7% @ 57)
Cost Group # 11	San Ramon Valley Fire Protection District	Tier D (2.7% @ 57)
Cost Group # 12	Rodeo Hercules Fire Protection District	Tier D (2.7% @ 57)

Basic rates shown include an administrative expense load of 0.66% of payroll.

Exhibit C

GENERAL Cost Group #1 Non-PEPRA Member Contribution Rates

Membership Date before January 1, 2013

Effective 7/1/18 - 6/30/19

Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic not in Social</u>	<u>Basic in Social</u>	<u>COLA</u>	<u>Total not in Social</u>	<u>Total in Social</u>
	<u>Security</u>	<u>Security*</u>		<u>Security</u>	<u>Security*</u>
15	5.40%	5.41%	2.69%	8.09%	8.10%
16	5.49%	5.50%	2.74%	8.23%	8.24%
17	5.58%	5.59%	2.78%	8.36%	8.37%
18	5.67%	5.68%	2.83%	8.50%	8.51%
19	5.76%	5.77%	2.88%	8.64%	8.65%
20	5.85%	5.86%	2.93%	8.78%	8.79%
21	5.95%	5.96%	2.99%	8.94%	8.95%
22	6.04%	6.05%	3.03%	9.07%	9.08%
23	6.14%	6.15%	3.09%	9.23%	9.24%
24	6.24%	6.25%	3.14%	9.38%	9.39%
25	6.34%	6.35%	3.20%	9.54%	9.55%
26	6.44%	6.45%	3.25%	9.69%	9.70%
27	6.55%	6.56%	3.31%	9.86%	9.87%
28	6.65%	6.66%	3.37%	10.02%	10.03%
29	6.76%	6.77%	3.43%	10.19%	10.20%
30	6.87%	6.88%	3.49%	10.36%	10.37%
31	6.98%	6.99%	3.55%	10.53%	10.54%
32	7.09%	7.10%	3.61%	10.70%	10.71%
33	7.20%	7.21%	3.67%	10.87%	10.88%
34	7.32%	7.33%	3.73%	11.05%	11.06%
35	7.44%	7.45%	3.80%	11.24%	11.25%
36	7.56%	7.57%	3.86%	11.42%	11.43%
37	7.68%	7.69%	3.93%	11.61%	11.62%
38	7.81%	7.82%	4.00%	11.81%	11.82%
39	7.94%	7.95%	4.07%	12.01%	12.02%
40	8.07%	8.08%	4.14%	12.21%	12.22%
41	8.21%	8.22%	4.22%	12.43%	12.44%
42	8.35%	8.36%	4.29%	12.64%	12.65%
43	8.49%	8.50%	4.37%	12.86%	12.87%
44	8.64%	8.65%	4.45%	13.09%	13.10%
45	8.80%	8.81%	4.54%	13.34%	13.35%
46	8.94%	8.95%	4.61%	13.55%	13.56%
47	9.09%	9.10%	4.69%	13.78%	13.79%
48	9.24%	9.25%	4.78%	14.02%	14.03%
49	9.40%	9.41%	4.86%	14.26%	14.27%
50	9.56%	9.57%	4.95%	14.51%	14.52%
51	9.72%	9.73%	5.04%	14.76%	14.77%
52	9.89%	9.90%	5.13%	15.02%	15.03%
53	10.05%	10.06%	5.22%	15.27%	15.28%
54	10.17%	10.18%	5.28%	15.45%	15.46%
55	10.31%	10.32%	5.36%	15.67%	15.68%
56	10.39%	10.40%	5.40%	15.79%	15.80%
57	10.38%	10.39%	5.40%	15.78%	15.79%
58	10.28%	10.29%	5.34%	15.62%	15.63%
59	10.01%	10.02%	5.19%	15.20%	15.21%
60 and over	10.01%	10.02%	5.19%	15.20%	15.21%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 54.39% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE:** For members in Social Security, the rate should only be applied to monthly compensation in excess of \$116.67.
The rate should be applied to compensation up to the annual IRC 401(a)(17) compensation limit.

Exhibit D

GENERAL Cost Group #2 Non-PEPRA Member Contribution Rates

Membership Date before January 1, 2013

Effective 7/1/18 - 6/30/19

Expressed as a Percentage of Monthly Payroll*

Entry Age	<u>Basic not in Social</u>	<u>Basic in Social</u>	COLA	<u>Total not in Social</u>	<u>Total in Social</u>
	Security	Security*		Security	Security*
15	5.39%	5.40%	2.46%	7.85%	7.86%
16	5.48%	5.49%	2.50%	7.98%	7.99%
17	5.57%	5.58%	2.55%	8.12%	8.13%
18	5.66%	5.67%	2.59%	8.25%	8.26%
19	5.75%	5.76%	2.64%	8.39%	8.40%
20	5.84%	5.85%	2.68%	8.52%	8.53%
21	5.93%	5.94%	2.73%	8.66%	8.67%
22	6.03%	6.04%	2.78%	8.81%	8.82%
23	6.13%	6.14%	2.83%	8.96%	8.97%
24	6.23%	6.24%	2.88%	9.11%	9.12%
25	6.33%	6.34%	2.93%	9.26%	9.27%
26	6.43%	6.44%	2.98%	9.41%	9.42%
27	6.53%	6.54%	3.03%	9.56%	9.57%
28	6.63%	6.64%	3.08%	9.71%	9.72%
29	6.74%	6.75%	3.13%	9.87%	9.88%
30	6.85%	6.86%	3.19%	10.04%	10.05%
31	6.96%	6.97%	3.24%	10.20%	10.21%
32	7.07%	7.08%	3.30%	10.37%	10.38%
33	7.19%	7.20%	3.36%	10.55%	10.56%
34	7.30%	7.31%	3.41%	10.71%	10.72%
35	7.42%	7.43%	3.47%	10.89%	10.90%
36	7.54%	7.55%	3.53%	11.07%	11.08%
37	7.67%	7.68%	3.59%	11.26%	11.27%
38	7.79%	7.80%	3.65%	11.44%	11.45%
39	7.92%	7.93%	3.72%	11.64%	11.65%
40	8.06%	8.07%	3.79%	11.85%	11.86%
41	8.19%	8.20%	3.85%	12.04%	12.05%
42	8.33%	8.34%	3.92%	12.25%	12.26%
43	8.48%	8.49%	4.00%	12.48%	12.49%
44	8.62%	8.63%	4.07%	12.69%	12.70%
45	8.77%	8.78%	4.14%	12.91%	12.92%
46	8.93%	8.94%	4.22%	13.15%	13.16%
47	9.08%	9.09%	4.30%	13.38%	13.39%
48	9.22%	9.23%	4.37%	13.59%	13.60%
49	9.37%	9.38%	4.44%	13.81%	13.82%
50	9.53%	9.54%	4.52%	14.05%	14.06%
51	9.71%	9.72%	4.61%	14.32%	14.33%
52	9.87%	9.88%	4.69%	14.56%	14.57%
53	10.02%	10.03%	4.77%	14.79%	14.80%
54	10.17%	10.18%	4.84%	15.01%	15.02%
55	10.27%	10.28%	4.89%	15.16%	15.17%
56	10.34%	10.35%	4.93%	15.27%	15.28%
57	10.31%	10.32%	4.91%	15.22%	15.23%
58	10.15%	10.16%	4.83%	14.98%	14.99%
59	10.03%	10.04%	4.77%	14.80%	14.81%
60 and over	10.03%	10.04%	4.77%	14.80%	14.81%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 49.86% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE:** For members in Social Security, the rate should only be applied to monthly compensation in excess of \$116.67.
The rate should be applied to compensation up to the annual IRC 401(a)(17) compensation limit.

Exhibit E
GENERAL Cost Group #3 Non-PEPRA Member Contribution Rates
Membership Date before January 1, 2013
Effective 7/1/18 - 6/30/19
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	5.61%	2.86%	8.47%
16	5.70%	2.91%	8.61%
17	5.79%	2.96%	8.75%
18	5.89%	3.02%	8.91%
19	5.98%	3.07%	9.05%
20	6.08%	3.12%	9.20%
21	6.17%	3.17%	9.34%
22	6.27%	3.23%	9.50%
23	6.38%	3.29%	9.67%
24	6.48%	3.34%	9.82%
25	6.58%	3.40%	9.98%
26	6.69%	3.46%	10.15%
27	6.80%	3.52%	10.32%
28	6.90%	3.58%	10.48%
29	7.02%	3.64%	10.66%
30	7.13%	3.71%	10.84%
31	7.24%	3.77%	11.01%
32	7.36%	3.83%	11.19%
33	7.48%	3.90%	11.38%
34	7.60%	3.97%	11.57%
35	7.72%	4.03%	11.75%
36	7.85%	4.11%	11.96%
37	7.98%	4.18%	12.16%
38	8.11%	4.25%	12.36%
39	8.24%	4.32%	12.56%
40	8.38%	4.40%	12.78%
41	8.52%	4.48%	13.00%
42	8.67%	4.56%	13.23%
43	8.81%	4.64%	13.45%
44	8.97%	4.73%	13.70%
45	9.12%	4.81%	13.93%
46	9.27%	4.89%	14.16%
47	9.43%	4.98%	14.41%
48	9.59%	5.07%	14.66%
49	9.73%	5.15%	14.88%
50	9.90%	5.24%	15.14%
51	10.06%	5.33%	15.39%
52	10.23%	5.43%	15.66%
53	10.39%	5.52%	15.91%
54	10.53%	5.59%	16.12%
55	10.61%	5.64%	16.25%
56	10.68%	5.68%	16.36%
57	10.65%	5.66%	16.31%
58	10.47%	5.56%	16.03%
59	9.91%	5.25%	15.16%
60 and over	9.91%	5.25%	15.16%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 55.56% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE:** The rate should be applied to all compensation up to the annual IRC 401(a)(17) compensation limit.

Exhibit F

GENERAL Cost Group #4 Non-PEPRA Member Contribution Rates

Membership Date before January 1, 2013

Effective 7/1/18 - 6/30/19

Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic not in Social</u>	<u>Basic in Social</u>	<u>COLA</u>	<u>Total not in Social</u>	<u>Total in Social</u>
	<u>Security</u>	<u>Security*</u>		<u>Security</u>	<u>Security*</u>
15	5.37%	5.38%	2.69%	8.06%	8.07%
16	5.45%	5.46%	2.73%	8.18%	8.19%
17	5.54%	5.55%	2.78%	8.32%	8.33%
18	5.63%	5.64%	2.83%	8.46%	8.47%
19	5.72%	5.73%	2.88%	8.60%	8.61%
20	5.81%	5.82%	2.93%	8.74%	8.75%
21	5.91%	5.92%	2.98%	8.89%	8.90%
22	6.00%	6.01%	3.03%	9.03%	9.04%
23	6.10%	6.11%	3.08%	9.18%	9.19%
24	6.20%	6.21%	3.14%	9.34%	9.35%
25	6.30%	6.31%	3.19%	9.49%	9.50%
26	6.40%	6.41%	3.25%	9.65%	9.66%
27	6.50%	6.51%	3.30%	9.80%	9.81%
28	6.61%	6.62%	3.36%	9.97%	9.98%
29	6.71%	6.72%	3.42%	10.13%	10.14%
30	6.82%	6.83%	3.48%	10.30%	10.31%
31	6.93%	6.94%	3.54%	10.47%	10.48%
32	7.04%	7.05%	3.60%	10.64%	10.65%
33	7.16%	7.17%	3.66%	10.82%	10.83%
34	7.27%	7.28%	3.72%	10.99%	11.00%
35	7.39%	7.40%	3.79%	11.18%	11.19%
36	7.51%	7.52%	3.86%	11.37%	11.38%
37	7.63%	7.64%	3.92%	11.55%	11.56%
38	7.76%	7.77%	3.99%	11.75%	11.76%
39	7.89%	7.90%	4.06%	11.95%	11.96%
40	8.02%	8.03%	4.13%	12.15%	12.16%
41	8.15%	8.16%	4.21%	12.36%	12.37%
42	8.29%	8.30%	4.28%	12.57%	12.58%
43	8.44%	8.45%	4.36%	12.80%	12.81%
44	8.58%	8.59%	4.44%	13.02%	13.03%
45	8.74%	8.75%	4.53%	13.27%	13.28%
46	8.89%	8.90%	4.61%	13.50%	13.51%
47	9.04%	9.05%	4.69%	13.73%	13.74%
48	9.18%	9.19%	4.77%	13.95%	13.96%
49	9.34%	9.35%	4.86%	14.20%	14.21%
50	9.49%	9.50%	4.94%	14.43%	14.44%
51	9.66%	9.67%	5.03%	14.69%	14.70%
52	9.83%	9.84%	5.12%	14.95%	14.96%
53	9.98%	9.99%	5.21%	15.19%	15.20%
54	10.12%	10.13%	5.28%	15.40%	15.41%
55	10.24%	10.25%	5.35%	15.59%	15.60%
56	10.35%	10.36%	5.41%	15.76%	15.77%
57	10.33%	10.34%	5.40%	15.73%	15.74%
58	10.18%	10.19%	5.32%	15.50%	15.51%
59	9.78%	9.79%	5.10%	14.88%	14.89%
60 and over	9.78%	9.79%	5.10%	14.88%	14.89%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 54.69% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE:** For members in Social Security, the rate should only be applied to monthly compensation in excess of \$116.67.
The rate should be applied to compensation up to the annual IRC 401(a)(17) compensation limit.

Exhibit G

GENERAL Cost Group #5 Non-PEPRA Member Contribution Rates

Membership Date before January 1, 2013

Effective 7/1/18 - 6/30/19

Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	5.39%	2.64%	8.03%
16	5.48%	2.69%	8.17%
17	5.57%	2.74%	8.31%
18	5.66%	2.79%	8.45%
19	5.75%	2.84%	8.59%
20	5.84%	2.88%	8.72%
21	5.93%	2.93%	8.86%
22	6.03%	2.99%	9.02%
23	6.13%	3.04%	9.17%
24	6.23%	3.09%	9.32%
25	6.33%	3.15%	9.48%
26	6.43%	3.20%	9.63%
27	6.53%	3.25%	9.78%
28	6.63%	3.31%	9.94%
29	6.74%	3.37%	10.11%
30	6.85%	3.43%	10.28%
31	6.96%	3.49%	10.45%
32	7.07%	3.54%	10.61%
33	7.19%	3.61%	10.80%
34	7.30%	3.67%	10.97%
35	7.42%	3.73%	11.15%
36	7.54%	3.80%	11.34%
37	7.67%	3.87%	11.54%
38	7.79%	3.93%	11.72%
39	7.92%	4.00%	11.92%
40	8.06%	4.08%	12.14%
41	8.19%	4.14%	12.33%
42	8.33%	4.22%	12.55%
43	8.48%	4.30%	12.78%
44	8.62%	4.38%	13.00%
45	8.77%	4.46%	13.23%
46	8.93%	4.54%	13.47%
47	9.08%	4.62%	13.70%
48	9.22%	4.70%	13.92%
49	9.37%	4.78%	14.15%
50	9.53%	4.86%	14.39%
51	9.71%	4.96%	14.67%
52	9.87%	5.05%	14.92%
53	10.02%	5.13%	15.15%
54	10.17%	5.21%	15.38%
55	10.27%	5.26%	15.53%
56	10.34%	5.30%	15.64%
57	10.31%	5.28%	15.59%
58	10.15%	5.20%	15.35%
59	10.03%	5.13%	15.16%
60 and over	10.03%	5.13%	15.16%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 53.62% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE: The rate should be applied to all compensation up to the annual IRC 401(a)(17) compensation limit.**

Exhibit H

GENERAL Cost Group #6 Non-PEPRA Member Contribution Rates

Membership Date before January 1, 2013

Effective 7/1/18 - 6/30/19

Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic not in Social</u>	<u>Basic in Social</u>	<u>COLA</u>	<u>Total not in Social</u>	<u>Total in Social</u>
	<u>Security</u>	<u>Security*</u>		<u>Security</u>	<u>Security*</u>
15	6.12%	6.13%	2.57%	8.69%	8.70%
16	6.22%	6.23%	2.61%	8.83%	8.84%
17	6.32%	6.33%	2.66%	8.98%	8.99%
18	6.42%	6.43%	2.70%	9.12%	9.13%
19	6.53%	6.54%	2.75%	9.28%	9.29%
20	6.63%	6.64%	2.80%	9.43%	9.44%
21	6.74%	6.75%	2.85%	9.59%	9.60%
22	6.85%	6.86%	2.90%	9.75%	9.76%
23	6.96%	6.97%	2.95%	9.91%	9.92%
24	7.07%	7.08%	3.00%	10.07%	10.08%
25	7.19%	7.20%	3.05%	10.24%	10.25%
26	7.30%	7.31%	3.10%	10.40%	10.41%
27	7.42%	7.43%	3.15%	10.57%	10.58%
28	7.54%	7.55%	3.21%	10.75%	10.76%
29	7.66%	7.67%	3.26%	10.92%	10.93%
30	7.79%	7.80%	3.32%	11.11%	11.12%
31	7.92%	7.93%	3.38%	11.30%	11.31%
32	8.05%	8.06%	3.44%	11.49%	11.50%
33	8.18%	8.19%	3.50%	11.68%	11.69%
34	8.31%	8.32%	3.56%	11.87%	11.88%
35	8.45%	8.46%	3.62%	12.07%	12.08%
36	8.60%	8.61%	3.69%	12.29%	12.30%
37	8.74%	8.75%	3.75%	12.49%	12.50%
38	8.89%	8.90%	3.82%	12.71%	12.72%
39	9.05%	9.06%	3.89%	12.94%	12.95%
40	9.22%	9.23%	3.97%	13.19%	13.20%
41	9.37%	9.38%	4.04%	13.41%	13.42%
42	9.53%	9.54%	4.11%	13.64%	13.65%
43	9.68%	9.69%	4.18%	13.86%	13.87%
44	9.85%	9.86%	4.26%	14.11%	14.12%
45	10.01%	10.02%	4.33%	14.34%	14.35%
46	10.18%	10.19%	4.41%	14.59%	14.60%
47	10.37%	10.38%	4.49%	14.86%	14.87%
48	10.52%	10.53%	4.56%	15.08%	15.09%
49	10.68%	10.69%	4.63%	15.31%	15.32%
50	10.82%	10.83%	4.70%	15.52%	15.53%
51	10.89%	10.90%	4.73%	15.62%	15.63%
52	10.86%	10.87%	4.71%	15.57%	15.58%
53	10.70%	10.71%	4.64%	15.34%	15.35%
54	10.27%	10.28%	4.45%	14.72%	14.73%
55	10.27%	10.28%	4.45%	14.72%	14.73%
56	10.27%	10.28%	4.45%	14.72%	14.73%
57	10.27%	10.28%	4.45%	14.72%	14.73%
58	10.27%	10.28%	4.45%	14.72%	14.73%
59	10.27%	10.28%	4.45%	14.72%	14.73%
60 and over	10.27%	10.28%	4.45%	14.72%	14.73%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 45.33% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE:** For members in Social Security, the rate should only be applied to monthly compensation in excess of \$116.67.
The rate should be applied to compensation up to the annual IRC 401(a)(17) compensation limit.

Exhibit I
SAFETY Cost Group #7 Non-PEPRA Member Contribution Rates
Membership Date before January 1, 2013
Effective 7/1/18 - 6/30/19
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	9.04%	6.41%	15.45%
16	9.04%	6.41%	15.45%
17	9.04%	6.41%	15.45%
18	9.04%	6.41%	15.45%
19	9.04%	6.41%	15.45%
20	9.04%	6.41%	15.45%
21	9.04%	6.41%	15.45%
22	9.18%	6.52%	15.70%
23	9.33%	6.63%	15.96%
24	9.49%	6.75%	16.24%
25	9.64%	6.86%	16.50%
26	9.80%	6.98%	16.78%
27	9.96%	7.10%	17.06%
28	10.13%	7.23%	17.36%
29	10.30%	7.35%	17.65%
30	10.47%	7.48%	17.95%
31	10.64%	7.61%	18.25%
32	10.83%	7.75%	18.58%
33	11.02%	7.89%	18.91%
34	11.21%	8.03%	19.24%
35	11.41%	8.18%	19.59%
36	11.61%	8.33%	19.94%
37	11.80%	8.47%	20.27%
38	12.00%	8.62%	20.62%
39	12.21%	8.78%	20.99%
40	12.43%	8.94%	21.37%
41	12.66%	9.12%	21.78%
42	12.89%	9.29%	22.18%
43	13.18%	9.50%	22.68%
44	13.41%	9.68%	23.09%
45	13.61%	9.83%	23.44%
46	13.65%	9.86%	23.51%
47	13.59%	9.81%	23.40%
48	13.38%	9.65%	23.03%
49	13.00%	9.37%	22.37%
50	13.00%	9.37%	22.37%
51	13.00%	9.37%	22.37%
52	13.00%	9.37%	22.37%
53	13.00%	9.37%	22.37%
54	13.00%	9.37%	22.37%
55	13.00%	9.37%	22.37%
56	13.00%	9.37%	22.37%
57	13.00%	9.37%	22.37%
58	13.00%	9.37%	22.37%
59	13.00%	9.37%	22.37%
60 and over	13.00%	9.37%	22.37%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 74.72% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE: The rate should be applied to all compensation up to the annual IRC 401(a)(17) compensation limit.**

Exhibit J
SAFETY Cost Group #8 Non-PEPRA Member Contribution Rates
Membership Date before January 1, 2013
Effective 7/1/18 - 6/30/19
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	9.02%	6.51%	15.53%
16	9.02%	6.51%	15.53%
17	9.02%	6.51%	15.53%
18	9.02%	6.51%	15.53%
19	9.02%	6.51%	15.53%
20	9.02%	6.51%	15.53%
21	9.02%	6.51%	15.53%
22	9.16%	6.61%	15.77%
23	9.31%	6.73%	16.04%
24	9.47%	6.85%	16.32%
25	9.62%	6.96%	16.58%
26	9.78%	7.09%	16.87%
27	9.94%	7.21%	17.15%
28	10.11%	7.34%	17.45%
29	10.27%	7.46%	17.73%
30	10.45%	7.59%	18.04%
31	10.63%	7.73%	18.36%
32	10.81%	7.87%	18.68%
33	10.99%	8.00%	18.99%
34	11.19%	8.16%	19.35%
35	11.38%	8.30%	19.68%
36	11.58%	8.45%	20.03%
37	11.78%	8.61%	20.39%
38	11.98%	8.76%	20.74%
39	12.19%	8.92%	21.11%
40	12.40%	9.08%	21.48%
41	12.62%	9.24%	21.86%
42	12.87%	9.43%	22.30%
43	13.15%	9.65%	22.80%
44	13.41%	9.84%	23.25%
45	13.57%	9.97%	23.54%
46	13.60%	9.99%	23.59%
47	13.51%	9.92%	23.43%
48	13.40%	9.84%	23.24%
49	13.03%	9.56%	22.59%
50	13.03%	9.56%	22.59%
51	13.03%	9.56%	22.59%
52	13.03%	9.56%	22.59%
53	13.03%	9.56%	22.59%
54	13.03%	9.56%	22.59%
55	13.03%	9.56%	22.59%
56	13.03%	9.56%	22.59%
57	13.03%	9.56%	22.59%
58	13.03%	9.56%	22.59%
59	13.03%	9.56%	22.59%
60 and over	13.03%	9.56%	22.59%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 76.02% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE: The rate should be applied to all compensation up to the annual IRC 401(a)(17) compensation limit.**

Exhibit K
SAFETY Cost Group #9 Non-PEPRA Member Contribution Rates
Membership Date before January 1, 2013
Effective 7/1/18 - 6/30/19
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	8.63%	3.92%	12.55%
16	8.63%	3.92%	12.55%
17	8.63%	3.92%	12.55%
18	8.63%	3.92%	12.55%
19	8.63%	3.92%	12.55%
20	8.63%	3.92%	12.55%
21	8.63%	3.92%	12.55%
22	8.77%	3.99%	12.76%
23	8.91%	4.06%	12.97%
24	9.06%	4.13%	13.19%
25	9.21%	4.20%	13.41%
26	9.36%	4.27%	13.63%
27	9.51%	4.35%	13.86%
28	9.67%	4.42%	14.09%
29	9.83%	4.50%	14.33%
30	10.00%	4.58%	14.58%
31	10.17%	4.66%	14.83%
32	10.34%	4.75%	15.09%
33	10.52%	4.83%	15.35%
34	10.70%	4.92%	15.62%
35	10.88%	5.00%	15.88%
36	11.06%	5.09%	16.15%
37	11.24%	5.18%	16.42%
38	11.44%	5.27%	16.71%
39	11.63%	5.36%	16.99%
40	11.82%	5.46%	17.28%
41	12.04%	5.56%	17.60%
42	12.26%	5.67%	17.93%
43	12.44%	5.75%	18.19%
44	12.52%	5.79%	18.31%
45	12.50%	5.78%	18.28%
46	12.42%	5.74%	18.16%
47	12.16%	5.62%	17.78%
48	12.54%	5.80%	18.34%
49	13.13%	6.09%	19.22%
50	13.13%	6.09%	19.22%
51	13.13%	6.09%	19.22%
52	13.13%	6.09%	19.22%
53	13.13%	6.09%	19.22%
54	13.13%	6.09%	19.22%
55	13.13%	6.09%	19.22%
56	13.13%	6.09%	19.22%
57	13.13%	6.09%	19.22%
58	13.13%	6.09%	19.22%
59	13.13%	6.09%	19.22%
60 and over	13.13%	6.09%	19.22%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 48.03% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE: The rate should be applied to all compensation up to the annual IRC 401(a)(17) compensation limit.**

Exhibit L
SAFETY Cost Group #10 Non-PEPRA Member Contribution Rates
Membership Date before January 1, 2013
Effective 7/1/18 - 6/30/19
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	9.04%	6.31%	15.35%
16	9.04%	6.31%	15.35%
17	9.04%	6.31%	15.35%
18	9.04%	6.31%	15.35%
19	9.04%	6.31%	15.35%
20	9.04%	6.31%	15.35%
21	9.04%	6.31%	15.35%
22	9.18%	6.41%	15.59%
23	9.33%	6.52%	15.85%
24	9.49%	6.64%	16.13%
25	9.64%	6.75%	16.39%
26	9.80%	6.87%	16.67%
27	9.96%	6.98%	16.94%
28	10.13%	7.11%	17.24%
29	10.30%	7.23%	17.53%
30	10.47%	7.36%	17.83%
31	10.64%	7.48%	18.12%
32	10.83%	7.62%	18.45%
33	11.02%	7.76%	18.78%
34	11.21%	7.90%	19.11%
35	11.41%	8.05%	19.46%
36	11.61%	8.20%	19.81%
37	11.80%	8.34%	20.14%
38	12.00%	8.48%	20.48%
39	12.21%	8.64%	20.85%
40	12.43%	8.80%	21.23%
41	12.66%	8.97%	21.63%
42	12.89%	9.14%	22.03%
43	13.18%	9.35%	22.53%
44	13.41%	9.52%	22.93%
45	13.61%	9.67%	23.28%
46	13.65%	9.70%	23.35%
47	13.59%	9.65%	23.24%
48	13.38%	9.50%	22.88%
49	13.00%	9.22%	22.22%
50	13.00%	9.22%	22.22%
51	13.00%	9.22%	22.22%
52	13.00%	9.22%	22.22%
53	13.00%	9.22%	22.22%
54	13.00%	9.22%	22.22%
55	13.00%	9.22%	22.22%
56	13.00%	9.22%	22.22%
57	13.00%	9.22%	22.22%
58	13.00%	9.22%	22.22%
59	13.00%	9.22%	22.22%
60 and over	13.00%	9.22%	22.22%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 73.51% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE: The rate should be applied to all compensation up to the annual IRC 401(a)(17) compensation limit.**

Exhibit M
SAFETY Cost Group #11 Non-PEPRA Member Contribution Rates
Membership Date before January 1, 2013
Effective 7/1/18 - 6/30/19
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	9.16%	6.79%	15.95%
16	9.16%	6.79%	15.95%
17	9.16%	6.79%	15.95%
18	9.16%	6.79%	15.95%
19	9.16%	6.79%	15.95%
20	9.16%	6.79%	15.95%
21	9.16%	6.79%	15.95%
22	9.31%	6.91%	16.22%
23	9.46%	7.02%	16.48%
24	9.62%	7.15%	16.77%
25	9.77%	7.27%	17.04%
26	9.93%	7.39%	17.32%
27	10.10%	7.52%	17.62%
28	10.27%	7.66%	17.93%
29	10.44%	7.79%	18.23%
30	10.61%	7.92%	18.53%
31	10.79%	8.06%	18.85%
32	10.98%	8.21%	19.19%
33	11.16%	8.35%	19.51%
34	11.36%	8.51%	19.87%
35	11.56%	8.66%	20.22%
36	11.76%	8.82%	20.58%
37	11.96%	8.97%	20.93%
38	12.16%	9.13%	21.29%
39	12.37%	9.29%	21.66%
40	12.58%	9.46%	22.04%
41	12.82%	9.65%	22.47%
42	13.06%	9.83%	22.89%
43	13.33%	10.04%	23.37%
44	13.59%	10.25%	23.84%
45	13.75%	10.37%	24.12%
46	13.79%	10.40%	24.19%
47	13.70%	10.33%	24.03%
48	13.43%	10.12%	23.55%
49	12.82%	9.65%	22.47%
50	12.82%	9.65%	22.47%
51	12.82%	9.65%	22.47%
52	12.82%	9.65%	22.47%
53	12.82%	9.65%	22.47%
54	12.82%	9.65%	22.47%
55	12.82%	9.65%	22.47%
56	12.82%	9.65%	22.47%
57	12.82%	9.65%	22.47%
58	12.82%	9.65%	22.47%
59	12.82%	9.65%	22.47%
60 and over	12.82%	9.65%	22.47%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 78.04% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE: The rate should be applied to all compensation up to the annual IRC 401(a)(17) compensation limit.**

Exhibit N
SAFETY Cost Group #12 Non-PEPRA Member Contribution Rates
Membership Date before January 1, 2013
Effective 7/1/18 - 6/30/19
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	9.16%	4.74%	13.90%
16	9.16%	4.74%	13.90%
17	9.16%	4.74%	13.90%
18	9.16%	4.74%	13.90%
19	9.16%	4.74%	13.90%
20	9.16%	4.74%	13.90%
21	9.16%	4.74%	13.90%
22	9.31%	4.82%	14.13%
23	9.46%	4.90%	14.36%
24	9.62%	4.99%	14.61%
25	9.77%	5.07%	14.84%
26	9.93%	5.16%	15.09%
27	10.10%	5.25%	15.35%
28	10.27%	5.34%	15.61%
29	10.44%	5.43%	15.87%
30	10.61%	5.53%	16.14%
31	10.79%	5.62%	16.41%
32	10.98%	5.73%	16.71%
33	11.16%	5.83%	16.99%
34	11.36%	5.93%	17.29%
35	11.56%	6.04%	17.60%
36	11.76%	6.15%	17.91%
37	11.96%	6.26%	18.22%
38	12.16%	6.37%	18.53%
39	12.37%	6.48%	18.85%
40	12.58%	6.60%	19.18%
41	12.82%	6.73%	19.55%
42	13.06%	6.86%	19.92%
43	13.33%	7.01%	20.34%
44	13.59%	7.15%	20.74%
45	13.75%	7.24%	20.99%
46	13.79%	7.26%	21.05%
47	13.70%	7.21%	20.91%
48	13.43%	7.06%	20.49%
49	12.82%	6.73%	19.55%
50	12.82%	6.73%	19.55%
51	12.82%	6.73%	19.55%
52	12.82%	6.73%	19.55%
53	12.82%	6.73%	19.55%
54	12.82%	6.73%	19.55%
55	12.82%	6.73%	19.55%
56	12.82%	6.73%	19.55%
57	12.82%	6.73%	19.55%
58	12.82%	6.73%	19.55%
59	12.82%	6.73%	19.55%
60 and over	12.82%	6.73%	19.55%

Administrative Expense: 0.46% of payroll added to Basic rates.

COLA Loading: 54.44% applied to Basic rates prior to adjustment for administrative expenses.

***NOTE: The rate should be applied to all compensation up to the annual IRC 401(a)(17) compensation limit.**

Exhibit O
PEPRA Tiers Member Contribution Rates
Membership Date on or after January 1, 2013
Effective 7/1/18 - 6/30/19
Expressed as a Percentage of Monthly Payroll*

<u>General Tiers</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
Cost Group #1 – PEPRA Tier 4 (2% COLA)	8.83%	2.04%	10.87%
Cost Group #1 – PEPRA Tier 4 (3% COLA)	8.67%	2.94%	11.61%
Cost Group #2 - PEPRA Tier 5 (2% COLA)	8.25%	1.89%	10.14%
Cost Group #2 - PEPRA Tier 5 (3%/4% COLA)	8.39%	2.78%	11.17%
Cost Group #3 - PEPRA Tier 4 (3% COLA)	8.32%	2.88%	11.20%
Cost Group #4 - PEPRA Tier 4 (3% COLA)	9.21%	3.13%	12.34%
Cost Group #5 - PEPRA Tier 4 (2% COLA)	9.25%	2.15%	11.40%
Cost Group #5 - PEPRA Tier 4 (3% COLA)	11.24%	3.86%	15.10%
Cost Group #6 - PEPRA Tier 4 (3% COLA)	11.96%	3.85%	15.81%

<u>Safety Tiers</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
Cost Group #7 - PEPRA Tier D	15.04%	6.19%	21.23%
Cost Group #8 - PEPRA Tier D	13.67%	5.77%	19.44%
Cost Group #8 - PEPRA Tier E	13.01%	3.67%	16.68%
Cost Group #9 - PEPRA Tier E	13.72%	3.81%	17.53%
Cost Group #10 - PEPRA Tier D	13.29%	5.63%	18.92%
Cost Group #11 - PEPRA Tier D	13.28%	5.64%	18.92%
Cost Group #12 - PEPRA Tier D	11.92%	5.07%	16.99%

The Basic rates shown above also include an administrative expense load of 0.46% of payroll.

***NOTE:** The rate should be applied to all compensation (whether or not in Social Security) up to the applicable annual Gov. Code 7522.10(d) compensation limit.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SUBVENTION

All rates are shown as a percent of payroll.

Employee contribution rates vary depending upon their tier and age at entry. To compute the exact subvention percent for each employee, do the following:

Employee rate – Decrease the employee's rate by the subvention percent (i.e. 25%, 50%, etc.).

Employer rate – Increase the employer's rate by a **percent** of the employee's decrease using the applicable refundability factor (found on Exhibits A and B):

EXAMPLE FOR COST GROUP #3 LEGACY MEMBERS:

If the subvention percent is 25%, and
the employee's rate is 6.00%,

Employee rates should be decreased by 1.50% ($25\% \times 6.00\%$)
The employer rate should be increased by 1.4382% ($1.50\% \times 0.9588$)

Please note that for PEPRA members, subvention is generally not permitted. The standard under Gov. Code §7522.30(a) is that employees pay at least 50 percent of normal costs and that employers not pay any of the required employee contribution, but there are some exceptions. Gov. Code §7522.30(f) allows the terms (regarding the employee's required contribution) of a contract, including a memorandum of understanding, that is in effect on January 1, 2013, to continue through the length of a contract. This means that it is possible that an employer will subvent a portion of a PEPRA member's required contribution until the expiration date of the current contract, so long as it has been determined that the contract has been impaired.

CAUTION – these rates are for employer **subvention** of up to one-half the member contribution under Gov. Code §31581.1, NOT employer **pick-up** of employee contribution rates. When an employer subvents, the contribution subvented is not placed in the member's account and is therefore not available to the member as a refund. For this reason, the employer pays the contribution at a discount (i.e. "Refundability Factor").

Employer **pick-ups** of employee contributions are those made under Gov. Code §31581.2 and Internal Revenue Code §414 (h)(2) for the sole purpose of deferring income tax. These contributions are added to the member's account, are available to the member as a refund and are considered by CCCERA as part of the member's compensation for retirement purposes.

EMPLOYEE PAYMENT OF EMPLOYER COST

There are several reasons why the attached contribution rates may need to be adjusted to increase the employee portion including the following:

Gov. Code §31631 allows for members to pay all or part of the employer contributions.

Gov. Code §31639.95 allows for Safety members to pay a portion of the employer cost for the "3% at 50" enhanced benefit.

Gov. Code §7522.30(c) requires that an employee's contribution rate be at least equal to that of similarly situated employees.

Gov. Code §7522.30(e) allows the employee contributions to be more than one-half of the normal cost rate if the increase has been agreed to through the collective bargaining process.

If you need to increase the employee contribution rate for any reason, you will need to adjust both employee and employer rates as follows:

Employee rate – Increase the employee’s rate by the desired percent of payroll.

Employer rate – Decrease the employer’s rate by a **percent** of the cost-sharing percent of payroll using the applicable refundability factor:

EXAMPLE FOR COST GROUP #11 LEGACY MEMBERS:

If the required increase in the employee rate is 8.0%,

Employee rates should be increased by 8.0%.

The employer rate should be decreased by 7.736% ($8.0\% \times 0.9670$)

PREPAYMENT DISCOUNT FACTOR FOR 2018-19

Employer Contribution Prepayment Program & Discount Factor for 2018-19 is **0.9696**

If you are currently participating in the prepayment program and wish to continue, you do not need to do anything other than prepay the July 1, 2018 through June 30, 2019 contributions on or before July 31, 2018. If you wish to start participating, please contact the Accounting Division at the Retirement Office by March 31, 2018.

The discount factor is calculated assuming the prepayment will be received on July 31 in accordance with Gov. Code §31582(b) in lieu of 12 equal payments due at the end of each month in accordance with Gov. Code §31582(a). The discount factor for the fiscal year July 1, 2018 through June 30, 2019 will be **0.9696** based on the interest assumption of 7.00% per annum.

APPENDIX B

OPEB CONTRIBUTION COSTS & UAAL

Rodeo-Hercules Fire District
Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Valuation Date: June 30, 2017
Measurement Date: June 30, 2017

Prepared by:
Total Compensation Systems, Inc.

Date: March 19, 2018

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**Rodeo-Hercules Fire District
Actuarial Study of Retiree Health Liabilities**

PART I: EXECUTIVE SUMMARY

A. Introduction

Rodeo-Hercules Fire District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of June 30, 2017 (the measurement date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2017. If the report will first be used for a different fiscal year, the numbers may need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under applicable Governmental Accounting Standards Board (GASB) Standards.

This actuarial study is intended to serve the following purposes:

- To provide information to enable Rodeo-Hercules Fire District to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable Rodeo-Hercules Fire District to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 74 and 75 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 74 and 75, Rodeo-Hercules Fire District should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 74 and 75 compliance.

This actuarial report includes several estimates for Rodeo-Hercules Fire District's retiree health program. In addition to the tables included in this report, we also performed cash flow adequacy tests as required under Actuarial Standard of Practice 6 (ASOP 6). Our cash flow adequacy testing covers a twenty-year period. We would be happy to make this cash flow adequacy test available to Rodeo-Hercules Fire District in spreadsheet format upon request.

We calculated the following estimates separately for active employees and retirees. As requested, we also separated results by the following employee classifications: Fire Safety and General Employees. We estimated the following:

- the total liability created. (The actuarial present value of projected benefits or APVPBP)
- ten years of projected benefit payments.
- the "total OPEB liability (TOL)." (The TOL is the portion of the APVPBP attributable to employees' service prior to the measurement date.)

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- the “net OPEB liability” (NOL). For plans funded through a trust, this represents the unfunded portion of the liability.
- the service cost (SC). This is the value of OPEB benefits earned for one year of service.
- deferred inflows and outflows of resources attributable to the OPEB plan.
- “OPEB expense.” This is the amount recognized in accrual basis financial statements as the current period expense. The OPEB expense includes service cost, interest and certain changes in the OPEB liability, adjusted to reflect deferred inflows and outflows. This amount may need to be adjusted to reflect any contributions received after the Measurement Date.
- Amounts to support financial statement Note Disclosures and Required Supplementary Information (RSI) schedules.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Service costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning July 1, 2017 to be \$317,829 (see Section IV.A.). The “pay-as-you-go” cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning July 1, 2017 (the service cost) is \$105,452. This service cost would increase each year based on covered payroll. Had Rodeo-Hercules Fire District begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be \$5,386,176. This amount is called the "Total OPEB Liability" (TOL). Rodeo-Hercules Fire District has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2017 was \$1,688,993. This leaves a Net OPEB Liability (NOL) Of \$3,697,183.

Based on the information we were provided, the OPEB Expense for the fiscal year ending June 30, 2017 is \$262,385. As noted in this report adjustments may be needed – particularly if the reporting date is not the same as the measurement date.

We based all of the above estimates on employees as of June, 2017. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

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C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

	<i>Safety</i>	<i>Miscellaneous</i>
Benefit types provided	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime
Required Service	Retirement	Retirement
Minimum Age	Retirement	Retirement
Dependent Coverage	All eligible	All eligible
District Contribution %	100%	100%
District Cap	Kaiser Bay Area Basic Rate	Kaiser Bay Area Basic Rate

D. Recommendations

It is outside the scope of this report to make specific recommendations of actions Rodeo-Hercules Fire District should take to manage the liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Rodeo-Hercules Fire District's practices, it is possible that Rodeo-Hercules Fire District is already complying with some or all of our recommendations.

- We recommend that Rodeo-Hercules Fire District maintain an inventory all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Rodeo-Hercules Fire District should determine whether the benefit is material and subject to GASB 74 and/or 75.
- We recommend that Rodeo-Hercules Fire District conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no less frequently than every two years, as required under GASB 74/75.
- Under GASB 75, it is important to isolate the cost of retiree health benefits. Rodeo-Hercules Fire District should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Rodeo-Hercules Fire District should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Rodeo-Hercules Fire District should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

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- Several assumptions were made in estimating costs and liabilities under Rodeo-Hercules Fire District's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Rodeo-Hercules Fire District should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Rodeo-Hercules Fire District to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

Respectfully submitted,



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PART II: BACKGROUND

A. Summary

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an “implicit rate subsidy”),

B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method.”

The actuarial cost method mandated by GASB 75 is the “entry age actuarial cost method”. Under this method, there are two components of actuarial cost – a “service cost” (SC) and the “Total OPEB Liability” (TOL). GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. Under the entry age actuarial cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the service cost. Under GASB 75, the service cost is calculated to be a level percentage of each employee's projected pay.

The service cost is determined using several key assumptions:

- The current *cost of retiree health benefits* (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.
- The “*trend*” rate at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.
- *Mortality rates* varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.
- *Employment termination rates* have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.
- The *service requirement* reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

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- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the real rate of return expected for plan assets plus long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The total OPEB liability (TOL) can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses can be deferred five years
- Experience gains and losses can be deferred over the expected average remaining service lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working lifetime
- Liability changes resulting from plan changes, for example, cannot be deferred.

PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefit payments (APVPBP) separately for each employee. We determined eligibility for retiree benefits based on information supplied by Rodeo-Hercules Fire District. We then selected assumptions for the factors discussed in the above Section that, based on plan provisions and our training and experience, represent our best prediction of future plan experience. For each employee, we applied the appropriate factors based on the employee's age, sex, length of service, and employee classification.

We summarized actuarial assumptions used for this study in Appendix C.

B. Liability for Retiree Benefits.

For each employee, we projected future premium costs using an assumed trend rate (see Appendix C). We multiplied each year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the employee is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid is zero if the employee is not eligible. The employee is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We discounted the expected cost for each year to the measurement date June 30, 2017 at 7% interest. Finally, we multiplied the above discounted expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan.

For any *current retirees*, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 1.0000).

We added the APVPBP for all employees to get the actuarial present value of total projected benefits (APVPBP). The APVPBP is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVPBP is the amount on June 30, 2017 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

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Actuarial Present Value of Projected Benefit Payments at June 30, 2017

	<i>Total</i>	<i>Fire Safety</i>	<i>General Employees</i>
Active: Pre-65	\$1,564,092	\$1,543,157	\$20,935
Post-65	\$1,096,391	\$1,069,022	\$27,369
Subtotal	\$2,660,483	\$2,612,179	\$48,304
Retiree: Pre-65	\$1,124,587	\$1,027,158	\$97,429
Post-65	\$2,464,996	\$2,362,267	\$102,729
Subtotal	\$3,589,583	\$3,389,425	\$200,158
Grand Total	\$6,250,066	\$6,001,604	\$248,462
Subtotal Pre-65	\$2,688,679	\$2,570,315	\$118,364
Subtotal Post-65	\$3,561,387	\$3,431,289	\$130,098

The APVPBP should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVPBP is used to develop expense and liability figures. To do so, the APVPBP is divided into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability).

The past service and future service liabilities are each accrued in a different way. We will start with the future service liability which is funded by the service cost.

C. Cost to Prefund Retiree Benefits

1. Service Cost

The average hire age for eligible employees is 28. To accrue the liability by retirement, the District would accrue the retiree liability over a period of about 27 years (assuming an average retirement age of 55). We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

Service Cost Year Beginning June 30, 2017

	<i>Total</i>	<i>Fire Safety</i>	<i>General Employees</i>
# of Employees	19	18	1
Per Capita Service Cost			
Pre-65 Benefit	N/A	\$3,512	\$1,736
Post-65 Benefit	N/A	\$2,124	\$2,268
First Year Service Cost			
Pre-65 Benefit	\$64,952	\$63,216	\$1,736
Post-65 Benefit	\$40,500	\$38,232	\$2,268
Total	\$105,452	\$101,448	\$4,004

Accruing retiree health benefit costs using service costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. This service cost would increase each year based on covered payroll.

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2. Total OPEB Liability (TOL) and Net OPEB Liability (NOL)

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability (TOL). We calculated the TOL as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables.

Total OPEB Liability (TOL) and Net OPEB Liability (NOL) as of June 30, 2017

	<i>Total</i>	<i>Fire Safety</i>	<i>General Employees</i>
Active: Pre-65	\$1,033,060	\$1,028,798	\$4,262
Active: Post-65	\$763,533	\$757,946	\$5,587
Subtotal	\$1,796,593	\$1,786,744	\$9,849
Retiree: Pre-65	\$1,124,587	\$1,027,158	\$97,429
Retiree: Post-65	\$2,464,996	\$2,362,267	\$102,729
Subtotal	\$3,589,583	\$3,389,425	\$200,158
Subtotal: Pre-65	\$2,157,647	\$2,055,956	\$101,691
Subtotal: Post-65	\$3,228,529	\$3,120,213	\$108,316
Total OPEB Liability (TOL)	\$5,386,176	\$5,176,169	\$210,007
Fiduciary Net Position as of June 30, 2017	\$1,688,993		
Net OPEB Liability (NOL)	\$3,697,183		

Because Rodeo-Hercules Fire District concluded that it would be too expensive and time-consuming to rerun prior valuations under GASB 75, we invoked Paragraph 244 of GASB 75 for the transition. Consequently, in order to determine the beginning NOL, we used a "roll-back" technique. The following table shows the results of the roll-back. Rodeo-Hercules Fire District should restate its June 30, 2016 NOL accordingly.

Changes in Net OPEB Liability as of June 30, 2017

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Roll back balance at June 30, 2016	\$4,951,369	\$1,516,571	\$3,434,798
Service Cost	\$102,630	\$0	\$102,630
Interest on TOL	\$349,483	\$0	\$349,483
Employer Contributions	\$0	\$29,082	(\$29,082)
Employee Contributions	\$0	\$0	\$0
Actual Investment Income	\$0	\$162,001	(\$162,001)
Administrative Expense	\$0	(\$1,355)	\$1,355
Benefit Payments	(\$17,306)	(\$17,306)	\$0
Other	\$0	\$0	\$0
Net Change during 2016-17	\$434,807	\$172,422	\$262,385
<u>Balance at June 30, 2017 *</u>	\$5,386,176	\$1,688,993	\$3,697,183

* May include a slight rounding error.

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3. Preliminary OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, change in TOL due to plan changes; all adjusted for deferred inflows and outflows. Rodeo-Hercules Fire District determined that it was not reasonable to rerun prior valuations under GASB 75. Therefore, we used the transition approach provided in GASB 75, Paragraph 244. That means that there are no deferred inflows/outflows in the first year (with the possible exception of contributions after the measurement date). The OPEB expense shown below is considered to be preliminary because there can be employer specific deferred items (e.g., contributions made after the measurement date, and active employee contributions toward the OPEB plan).

Preliminary OPEB Expense Fiscal Year Ending June 30, 2017

	<i>Total</i>
Service Cost	\$102,630
Interest on Total OPEB Liability (TOL)	\$349,483
Employer Contributions	(\$29,082)
Employee Contributions	\$0
Recognized Actuarial Gains/Losses	\$0
Recognized Assumption Changes	\$0
Actual Investment Income	(\$162,001)
Recognized Investment Gains/Losses	\$0
Contributions After Measurement Date*	\$0
Liability Change Due to Benefit Changes	\$0
Administrative Expense	\$1,355
Preliminary OPEB Expense**	\$262,385

* Should be added by Rodeo-Hercules Fire District if reporting date is after the measurement date.

** May include a slight rounding error.

4. Deferred Inflows and Outflows

Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliant valuations. Since the District's prior valuation was performed in accordance with GASB 43/45, it is not possible to calculate compliant gains and losses. (Please see Appendix E, Paragraph 244 for more information.) Therefore, valuation-based deferred items will not begin until the next valuation. However, there could be employer-specific deferred items that need to be reflected, as mentioned earlier.

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PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are **certain** to be *in*accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs, including any implicit rate subsidy.

<i>Year Beginning</i>			
<i>July 1</i>	<i>Total</i>	<i>Fire Safety</i>	<i>General Employees</i>
2017	\$317,829	\$300,228	\$17,601
2018	\$312,076	\$293,848	\$18,228
2019	\$342,087	\$323,213	\$18,874
2020	\$375,691	\$356,150	\$19,541
2021	\$396,728	\$376,500	\$20,228
2022	\$400,255	\$379,323	\$20,932
2023	\$385,438	\$376,293	\$9,145
2024	\$379,819	\$370,364	\$9,455
2025	\$386,183	\$376,413	\$9,770
2026	\$392,159	\$382,072	\$10,087

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 74/75 require biennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.
- An employer should perform a valuation whenever the employer forms a qualifying trust or changes its investment policy.
- An employer should perform a valuation whenever the employer adds or terminates a group of participants that constitutes a significant part of the covered group.

We recommend Rodeo-Hercules Fire District take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the District personnel records.
- We used relevant sections of collective bargaining agreements provided by the District.

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation.

APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Rodeo-Hercules Fire District to understand that the appropriateness of all selected actuarial assumptions and methods are Rodeo-Hercules Fire District's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Rodeo-Hercules Fire District's actual historical experience, and TCS's judgment based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74/75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Rodeo-Hercules Fire District regarding practices with respect to employer and employee contributions and other relevant factors.

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ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.75% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 7% per year. This is based on assumed long-term return on plan assets assuming 100% funding through CERBT. We used the "Building Block Method". (See Appendix E, Paragraph 53 for more information).

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Rodeo-Hercules Fire District.

Fiduciary Net Position as of June 30, 2017

	<u>06/30/2016</u>	<u>06/30/2017</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$1,516,570	\$1,688,993
Capital Assets	\$0	\$0
Total Assets	\$1,516,570	\$1,688,993
Benefits Payable	\$0	\$0
Fiduciary Net Position	\$1,516,570	\$1,688,993

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NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix E, Paragraph 52 for more information.

MORTALITY

<i>Employee Type</i>	<i>Mortality Tables</i>
Fire Safety	2014 CalPERS Mortality for Active Safety Employees
Miscellaneous	2014 CalPERS Active Mortality for Miscellaneous Employees

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
Fire Safety	2009 CalPERS 2.0% @60 Rates for Miscellaneous Employees
Miscellaneous	2009 CalPERS 2.0% @60 Rates for Miscellaneous Employees

SERVICE REQUIREMENT

<i>Employee Type</i>	<i>Service Requirement Tables</i>
Fire Safety	100% at 5 Years of Service
Miscellaneous	100% at 5 Years of Service

COSTS FOR RETIREE COVERAGE

Actuarial Standard of Practice 6 (ASOP 6) provides that, as a general rule, retiree costs should be based on actual claim costs or age-adjusted premiums. This is true even for many medical plans that are commonly considered to be “community-rated.” However, ASOP 6 contains a provision – specifically section 3.7.7(c) – that allows use of unadjusted premiums in certain circumstances.

Because the section 3.7.7(c) exception is new, there is not a consensus among practicing actuaries regarding the specific circumstances under which a section 3.7.7(c) exception may be invoked. It is my opinion that the section 3.7.7(c)(4) exception allows use of unadjusted premium for PEMHCA agencies if certain conditions are met. Other actuaries have taken the position that ASOP 6 does not explicitly allow use of unadjusted premium for any agencies participating in the CalPERS medical plan.

Prior to the most recent ASOP 6 revision, there was general agreement that ASOP 6 allowed use of unadjusted premium as a retiree cost basis for PEMHCA agencies (under section 3.4.5 of the prior version of ASOP 6). Since there have been no changes to the CalPERS medical plan, use of unadjusted premium must still be viewed as appropriate actuarial practice to the extent that it was under the prior version of ASOP 6. That means that if the current ASOP 6 section 3.7.7(c)(4) exception is not deemed to ***explicitly*** allow use of unadjusted premium as a retiree cost basis for Rodeo-Hercules Fire District, then it would be allowable as a “deviation.”

While I am confident that ASOP 6 section 3.7.7(c)(4) will ultimately be found to explicitly allow use of unadjusted premium as a retiree cost basis for most PEMHCA agencies, I cannot be certain that this will be the case if and when this issue is fully reviewed. Therefore, I am including disclosure information required for a “deviation” so that the valuation will not need to be revised in the event section 3.7.7(c)(4) should be found not to explicitly allow use of unadjusted premium. Following is the disclosure information that is required should a deviation be necessary.

Use of ***age-adjusted*** premium for the CalPERS medical plan results in an overstatement of Rodeo-Hercules Fire District’s OPEB Expense and Total OPEB Liability (TOL) to the extent that Rodeo-Hercules Fire District continues to participate in the CalPERS medical plan AND that the rate structure of the CalPERS medical plan continues in its current form (i.e. with no rate distinction between active employees and retirees). In addition to the overstatement of OPEB costs and liabilities, Rodeo-Hercules Fire District’s policy of funding OPEB obligations could lead to an

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inability of Rodeo-Hercules Fire District to recover overfunded assets. It is important to note that, should Rodeo-Hercules Fire District leave the CalPERS medical plan, the subsequent plan may not qualify to use unadjusted premium rates. In this event, leaving the CalPERS medical plan would be comparable to a significant change in plan terms and would likely require a new valuation.

Following are the criteria we applied to Rodeo-Hercules Fire District to determine that it is reasonable to assume that Rodeo-Hercules Fire District's future participation in PEMHCA is likely and that the CalPERS medical program as well as its premium structure are sustainable. (We also have an extensive white paper on this subject that provides a basis for our rationale entirely within the context of ASOP 6. We will make this white paper available upon request.)

The District participates in the CalPERS medical program. We have performed the required evaluation of the CalPERS medical program and we have determined that there is sufficient evidence to apply the 3.7.7(c)(4) exception. Following are details regarding the evaluation based on the criteria we have set:

- **Plan qualifies as a “pooled health plan.”** ASOP 6 defines a “pooled health plan” as one in which premiums are based at least in part on the claims experience of groups other than the one being valued.” Since CalPERS rates are the same for all employers in each region, rates are clearly based on the experience of many groups.
- **Rates not based to any extent on the agency’s claim experience.** As mentioned above, rates are the same for all participating employers regardless of claim experience or size.
- **Rates not based to any extent on the agency’s demographics.** As mentioned above, rates are the same for all participating employers regardless of demographics.
- **No refunds or charges based on the agency’s claim experience or demographics.** The terms of operation of the CalPERS program are set by statute and there is no provision for any refunds and charges that vary from employer to employer for any reason. The only charges are uniform administrative charges.
- **Plan in existence 20 or more years.** Enabling legislation to allow “contracting agencies” to participate in the CalPERS program was passed in 1967. The CalPERS medical plan has been successfully operating for almost 50 years. As far back as we can obtain records, the rating structure has been consistent, with the only difference having been a move to regional rating which is unrelated to age-adjusted rating.
- **No recent large increases or decreases in the number of participating plans or enrollment.** The CalPERS medical plan has shown remarkably stable enrollment. In the past 10 years, there has been small growth in the number of employers in most years – with the maximum being a little over 2% and a very small decrease in one year. Average year over year growth in the number of employers over the last 10 years has been about 0.75% per year. Groups have been consistently leaving the CalPERS medical plan while other groups have been joining with no disruption to its stability.
- **Agency is not expecting to leave plan in foreseeable future.** The District does not plan to leave CalPERS at present.

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- **No indication the plan will be discontinued.** We are unaware of anything that would cause the CalPERS medical plan to cease or to significantly change its operation in a way that would affect this determination.
- **The agency does not represent a large part of the pool.** The District is in the CalPERS Bay Area region. Based on the information we have, the District constitutes no more than 0.04% of the Bay Area pool. In our opinion, this is not enough for the District to have a measurable effect on the rates or viability of the Bay Area pool.

<i>Employee Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
Fire Safety	\$19,913	\$8,410
General Employees	\$17,601	\$7,434

PARTICIPATION RATES

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
Fire Safety	100%	100%
Miscellaneous	100%	100%

TURNOVER

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
Fire Safety	2009 CalPERS Rates for Sworn Fire Employees
Miscellaneous	2009 CalPERS Turnover for Miscellaneous Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

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APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

<i>Age</i>	<i>Total</i>	<i>Fire Safety</i>	<i>General Employees</i>
Under 25	0	0	0
25-29	3	3	0
30-34	2	2	0
35-39	3	2	1
40-44	3	3	0
45-49	3	3	0
50-54	3	3	0
55-59	2	2	0
60-64	0	0	0
65 and older	0	0	0
Total	19	18	1

ELIGIBLE RETIREES

<i>Age</i>	<i>Total</i>	<i>Fire Safety</i>	<i>General Employees</i>
Under 50	0	0	0
50-54	1	1	0
55-59	6	5	1
60-64	4	4	0
65-69	7	7	0
70-74	3	3	0
75-79	0	0	0
80-84	1	1	0
85-89	0	0	0
90 and older	0	0	0
Total	22	21	1

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APPENDIX E: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

Paragraph 50: **Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Rodeo-Hercules Fire District. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Receiving Benefits	22
Inactive Employees Entitled to But Not Receiving Benefits*	0
Participating Active Employees	19
Total Number of participants	41

*We were not provided with information about any terminated, vested employees

Paragraph 51: **Significant Assumptions and Other Inputs**

shown in Appendix C.

Paragraph 52: **Information Related to Assumptions and Other Inputs**

The following information is intended to assist Rodeo-Hercules Fire District in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table Disclosure	2014 CalPERS Active Mortality for Miscellaneous Employees The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
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Mortality Table	2014 CalPERS Mortality for Retired safety Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Mortality for Retired safety Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
Mortality Table	2014 CalPERS Mortality for Active Safety Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Mortality for Active Safety Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
Mortality Table	2014 CalPERS Retiree Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2009 CalPERS 2.0% @60 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS 2.0% @60 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.
Retirement Table	2009 PERS 3% @55 for firefighters
Disclosure	The retirement assumptions are based on the 2009 PERS 3% @55 FIRE RX table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

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	2009 CalPERS 2% @50 Rates for Firefighters
Disclosure	The retirement assumptions are based on the 2009 CalPERS 2% @50 Rates for Sworn Firefighters created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2009 CalPERS Rates for Sworn Fire Employees
Disclosure	The turnover assumptions are based on the 2009 CalPERS Rates for Sworn Fire Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Table	2009 CalPERS Turnover for Miscellaneous Employees
Disclosure	The turnover assumptions are based on the 2009 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL Using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$3,186,898	\$3,697,183	\$4,283,259

Paragraph 53:

Discount Rate

The following information is intended to assist Rodeo-Hercules Fire District to comply with Paragraph 53 requirements.

53.a: A discount rate of 7% was used in the valuation.

53.b: We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

53.c: We used historic 30 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 25 basis points.

53.d and 53.e.: Not applicable.

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53.f: Following is the assumed asset allocation and assumed rate of return for each.

CERBT - Strategy 1

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	43.0000	7.7950
US Small Cap	23.0000	7.7950
Long-Term Corporate Bonds	12.0000	5.2950
Long-Term Government Bonds	6.0000	4.5000
Treasury Inflation Protected Securities (TIPS)	5.0000	7.7950
US Real Estate	8.0000	7.7950
All Commodities	3.0000	7.7950

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

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53.g The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	\$4,302,760	\$3,697,183	\$3,189,575

Paragraph 55: **Changes in the Net OPEB Liability**

Please see reconciliation on page 11. Please see the notes for Paragraph 244 below for more information.

Paragraph 56: **Additional Net OPEB Liability Information**

The following information is intended to assist Rodeo-Hercules Fire District to comply with Paragraph 56 requirements.

- 56.a: The valuation date is June 30, 2017.
The measurement date is June 30, 2017.
- 56.b; 56.c; 56.d; 56.e; 56.f: Not applicable
- 56.g: To be determined by the employer
- 56.h.(1) through (4): Not applicable
- 56.h.(5): To be determined by the employer
- 56.i: Not applicable

Paragraph 57: **Required Supplementary Information**

- 57.a: Please see reconciliation on page 11. Please see the notes for Paragraph 244 below for more information.
- 57.b: These items are provided on page 11 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.
- 57.c: We have not been asked to calculate an actuarially determined contribution amount.
We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.
- 57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

Paragraph 58: **Actuarially Determined Contributions**

We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Paragraph 244: **Transition Option**

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

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APPENDIX F: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non-actuary* understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.

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<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
<u>Service Cost:</u>	The annual dollar value of the “earned” portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
<u>Service Requirement:</u>	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
<u>Total OPEB Liability (TOL):</u>	The amount of the actuarial present value of projected benefit payments attributable to employees’ past service based on the actuarial cost method used.
<u>Trend Rate:</u>	The rate at which the employer’s share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can’t be more than 30 months prior.

APPENDIX C

VEHICLE REPLACEMENT SCHEDULES

Rodeo Hercules Fire District
Vehicle Replacement Reserve Schedule

Vehicle	Type	Model	Year Purchased	Useful Life (Average)	Replacement Year	Years to Replacement Year	Current Replacement Cost	Reserve per Year to Replacement Year	Reserve per Year After 1st Replacement Year	Reserve Requirement											
										2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
7500	SUV	Chevy Tahoe	2017	10	2027	9	\$65,000	\$7,222	\$6,500	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$6,500	\$6,500	\$6,500	
7501	SUV	Chevy Tahoe	2017	10	2027	9	\$65,000	\$7,222	\$6,500	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$6,500	\$6,500	\$6,500	
E-75	Type I	Spartan	2014	15	2029	11	\$750,000	\$68,182	\$50,000	\$68,182	\$68,182	\$68,182	\$68,182	\$68,182	\$68,182	\$68,182	\$68,182	\$68,182	\$68,182	\$50,000	
E-75A	Type I	Spartan	2000	15	2015	-3	\$750,000	-\$250,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	
Q-76	Quint	Smeal	2006	15	2021	3	\$1,500,000	\$500,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	
E-76	Type I	Spartan	1995	15	2010	-8	\$750,000	-\$93,750	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	
376	Type III	International	2005	20	2025	7	\$400,000	\$57,143	\$20,000	\$57,143	\$57,143	\$57,143	\$57,143	\$57,143	\$57,143	\$57,143	\$20,000	\$20,000	\$20,000	\$20,000	
375	Type III	International	2007	20	2027	9	\$400,000	\$44,444	\$20,000	\$44,444	\$44,444	\$44,444	\$44,444	\$44,444	\$44,444	\$44,444	\$44,444	\$20,000	\$20,000	\$20,000	
PU 76	Pickup	Ford F350	2005	20	2025	7	\$90,000	\$12,857	\$4,500	\$12,857	\$12,857	\$12,857	\$12,857	\$12,857	\$12,857	\$12,857	\$4,500	\$4,500	\$4,500	\$4,500	
S2	SUV	Ford Expedition	2005	10	2015	-3	\$65,000	-\$21,667	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	
S3	SUV	Ford Escape	2007	20	2027	9	\$40,000	\$4,444	\$2,000	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	
Total							\$4,770,000	\$353,321	\$307,500	\$397,071	\$397,071	\$397,071	\$397,071	\$397,071	\$397,071	\$397,071	\$351,571	\$351,571	\$325,682	\$325,682	\$307,500

Vehicle	Type	Model	Year Leased	Purchase Price	Cash Amount	Lease Amount	Lease Term	Lease Interest Rate
S4	SUV	Chevy Tahoe	2017	\$65,000	\$21,523	\$43,477	10	3.10%
S2	SUV	Chevy Tahoe	2017	\$65,000	\$21,523	\$43,477	10	3.10%
E-75	Type I	Spartan	2014	\$613,046	\$0	\$613,046	10	3.10%
Total (3)				\$743,046	\$43,046	\$700,000		

Kansas City Bank Lease Payments											
2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
\$4,994	\$4,994	\$4,994	\$4,994	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$4,994	\$4,994	\$4,994	\$4,994	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$70,414	\$70,414	\$70,414	\$70,414	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$80,401	\$80,401	\$80,401	\$80,401	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Vehicle	Type	Model	Year Leased	Purchase Price	Cash Amount	Lease Amount	Lease Term	Lease Interest Rate
E-76 Replacement	Type I	N/A	2018	\$750,000	\$0	\$750,000	10	4.00%
Q-76 Replacement	Quint	N/A	2018	\$1,500,000	\$0	\$1,500,000	10	4.00%

Lease Payments											
2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
\$0	\$91,121	\$91,121	\$91,121	\$91,121	\$91,121	\$91,121	\$91,121	\$91,121	\$91,121	\$91,121	\$0
\$0	\$0	\$182,242	\$182,242	\$182,242	\$182,242	\$182,242	\$182,242	\$182,242	\$182,242	\$182,242	\$182,242

(1) Assumes vehicles lease purchased in 2017 with funds borrowed from Kansas State Bank of Manhattan in 2012
 (2) Assumes district enters into a lease purchase agreement to acquire a replacement for E-76 Type I vehicle in 2018, at 4% interest for a term of ten years
 (3) Does not include escrow fees of \$3,500

APPENDIX D

FIVE YEAR REVENUE AND EXPENDITURE PROJECTIONS

Rodeo Hercules Fire District
General Fund Expenditure Analysis

Expenditure Category (1)	Actual FY 2015-16	Adopted Budget FY 2016-17	Adopted Budget FY 2017-18	Projected FY 2018-19	Projected FY 2019-20	Projected FY 2020-21	Projected FY 2021-22	Projected FY2022-2023	Projected FY 2023-2024	Comments for Future Years' Projections
Holiday Pay		116,670	156,543	149,923	152,921	155,980	159,099	162,281	165,527	2% per year (base, acting, medic, longevity, CTO payout)
Permanent Salaries	2,438,710	1,674,895	2,199,278	2,360,955	2,408,174	2,456,338	2,505,464	2,555,574	2,606,685	2% per year
Drill/Temporary Salaries	8,904	2,500	500	500	510	520	531	541	552	2% per year
Overtime	430,535		-	-	-	-	-	-	-	
Backfill	-	221,802	376,200	376,200	383,724	391,398	399,226	407,211	415,355	2% per year
FLSA	-	40,505	50,877	48,725	49,700	50,693	51,707	52,742	53,796	2% per year
SAFER Backfill	-	54,230	-	-	-	-	-	-	-	
Post-SAFER Coverage	-	534,845	-	-	-	-	-	-	-	
Deferred Compensation	-	7,200	10,800	10,800	10,800	10,800	10,800	10,800	10,800	Flat
FICA	41,912	23,819	31,115	32,103	32,745	33,400	34,068	34,749	35,444	2% per year
Retirement	2,036,185	-	-	-	-	-	-	-	-	
Retirement - Normal		430,329	540,149	561,262	576,697	594,690	609,973	625,649	641,729	FY 18-19 + 2.01%; 19-20 + 2.75%; 20-21 + 3.12%; 21-22 + 2.57%
Retirement - UAAL (2)		1,358,110	1,652,779	1,683,840	1,730,146	1,784,126	1,829,978	1,877,009	1,925,248	FY 18-19 thru FY 21-22 - Same as above as a placeholder
Group Insurance	484,691	361,001	503,911	517,577	538,280	559,811	582,204	602,581	623,671	7% per 1/2 year
Medical Insurance - Retiree	304,622	294,000	315,000	337,050	350,532	364,553	379,135	392,405	406,139	7% per 1/2 year
Unemployment	2,338	1,000	1,000	1,000	1,020	1,040	1,061	1,082	1,104	2% per year
Workers Compensation Insurance	229,328	175,864	245,868	263,108	264,899	270,197	275,601	281,113	286,735	11% of Permanent Salaries
Total - Personnel Expenditures	5,977,225	5,296,770	6,084,020	6,343,043	6,500,148	6,673,547	6,838,849	7,003,738	7,172,786	
Office Expenses	9,036	13,041	12,780	16,945	17,284	17,630	17,982	18,342	18,709	2% per year
Books/Periodicals/Subscriptions	1,547	1,872	2,485	2,485	2,535	2,585	2,637	2,690	2,744	2% per year
Communications	162,870	177,473	162,656	180,915	191,770	203,276	215,473	228,401	242,105	6% per year
Utilities	22,765	23,540	28,823	28,823	29,399	29,987	30,587	31,199	31,823	2% per year
Small Tools & Instruments	233	2,000	2,000	1,400	1,428	1,457	1,486	1,515	1,546	2% per year
New Vehicle Equipment	-	-	30,000	-	-	-	-	-	-	FC & BC vehicles in FY 17-18; vehicle 754 in FY18-19
Medical Supplies	6,793	8,950	7,340	7,340	7,487	7,637	7,789	7,945	8,104	2% per year
Food	1,349	2,000	1,920	2,420	2,468	2,518	2,568	2,619	2,672	2% per year
Clothing & Personal Supplies	13,808	8,580	13,200	13,200	13,464	13,733	14,008	14,288	14,574	2% per year
Household Expense	5,785	13,275	13,275	6,000	6,120	6,242	6,367	6,495	6,624	2% per year
Publications & Legal Notices	1,833	1,100	1,180	1,180	1,204	1,228	1,252	1,277	1,303	2% per year
Memberships	4,006	4,204	4,204	4,288	4,374	4,461	4,551	4,642	4,735	2% per year
Rents & Leases - Equipment	7,924	10,050	8,640	8,640	8,813	8,989	9,169	9,352	9,539	2% per year
Lease Payments - Vehicles	-	-	80,401	80,401	169,313	169,313	169,313	169,313	169,313	Lease payment (formerly in Capital Fund)
Repairs & Service Equipment	12,941	20,652	35,224	17,740	18,095	18,457	18,826	19,202	19,586	2% per year
Central Garage Repairs	22,109	69,903	71,620	72,820	74,276	75,762	77,277	78,823	80,399	2% per year
Central Garage Gasoline/Oil	2,010	13,065	8,620	10,000	10,200	10,404	10,612	10,824	11,041	2% per year
Central Garage Tires	978	9,981	10,531	12,500	12,750	13,005	13,265	13,530	13,801	2% per year
Maintenance Radio - Electronic Equip	18,689	20,910	20,780	27,300	27,846	28,403	28,971	29,550	30,141	2% per year
Maintenance of Buildings	1,226	6,557	42,064	18,864	19,241	19,626	20,019	20,419	20,827	FY 18-19: \$22,064 + 2%; 2% per year thereafter
Other Travel Expenses	2,203	3,172	3,172	4,360	4,447	4,536	4,627	4,719	4,814	2% per year
Professional/Specialized Services	631,649	382,227	314,843	346,368	353,295	360,361	367,568	374,920	382,418	FY 18-19: \$277,843 + 2%; 2% per year thereafter
Data Processing Service	362	2,210	192	192	196	200	204	208	212	2% per year
Data Processing Supplies		200	323	323	329	336	343	350	357	2% per year
Information Security	1,712	1,518	1,020	1,020	1,040	1,061	1,082	1,104	1,126	2% per year
Insurance	38,829	34,028	34,639	40,423	41,231	42,056	42,897	43,755	44,630	2% per year
Fire Fighting Supplies	6,806	6,680	48,498	4,180	4,264	4,349	4,436	4,525	4,615	18-19 \$18,450 + 2%; 2% thereafter
Recreation/Physical Fitness Equipment		1,000	6,200	700	714	728	743	758	773	2% per year
Education Supplies & Courses	6,412	20,115	17,457	17,220	17,564	17,916	18,274	18,639	19,012	2% per year
Other Special Departmental Expenses	2,815	11,500	3,444	1,940	1,979	2,018	2,059	2,100	2,142	2% per year
Interest on Notes & Warrants	901	2,000	2,000	1,000	1,020	1,040	1,061	1,082	1,104	2% per year
Taxes & Assessments	10,395	13,000	13,000	13,000	13,390	13,792	14,205	14,632	15,071	3% per year
Total Service & Supplies	997,986	884,803	1,002,531	943,903	1,057,452	1,083,019	1,109,562	1,137,128	1,165,767	
Total Expenditures	6,975,211	6,181,573	7,086,551	7,286,946	7,557,599	7,756,567	7,948,411	8,140,866	8,338,553	

Note:
(1) Does not include contributions to OPEB ARC, Vehicle and Equipment Replacement Reserve or General Fund Reserve.

Rodeo Hercules Fire District
Revenue Analysis

Revenue Category	Actual FY 2015-16	Adopted Budget FY 2016-17	Adopted Budget FY 2017-18	Projected FY 2018-19	Projected FY 2019-20	Projected FY 2020-21	Projected FY 2021-22	Projected FY 2022-23	Projected FY 2023-24	Comments for Future Years' Projections
General Fund										
Property taxes	2,987,547	3,105,453	3,154,122	3,154,122	3,248,746	3,346,208	3,446,594	3,549,992	3,656,492	3% per year
Intergovernmental (Rodeo Pass-Thru)	305,355	316,063	322,276	331,944	341,903	352,160	362,724	373,606	384,814	3% per year
Homeowners Tax Relief	31,032	31,031	30,945	31,873	32,830	33,814	34,829	35,874	36,950	3% per year
Charges for Services	33,105	33,000	20,316	43,066	44,358	45,689	47,059	48,471	49,925	3% per year
Measure H EMS	85,952	85,952	88,091	87,565	90,192	92,898	95,685	98,555	101,512	3% per year
Miscellaneous			13,213	27,113	27,926	28,764	29,627	30,516	31,431	3% per year
Special Tax/Fire (Benefit Assessment)	1,338,993	1,338,993	1,339,548	1,354,034	1,354,034	1,354,034	1,354,034	1,354,034	1,354,034	Fixed fee per unit
Total General Fund Revenue	4,781,984	4,910,492	4,968,511	5,029,718	5,139,988	5,253,567	5,370,553	5,491,048	5,615,159	

Other Funds	Actual FY 2015-16	Budget FY 2016-17	Budget FY 2017-18	Projected FY 2018-19	Projected FY 2019-20	Projected FY 2020-21	Projected FY 2021-22	Projected FY 2022-23	Projected FY 2023-24	Comments for Future Years' Projections
Measure "O"	947,742	1,006,138	2,346,000	2,352,672	2,418,024	2,418,024	2,418,024			Kept flat due unknown # of exemptions
Capital Fund		65,000	0	0	0	0	0			None
Development Impact Fees		56,000	100,000	103,000	tbd	tbd	tbd			To be determined
SAFER Grant	1,015,716	711,427	0	0	0	0	0			None

APPENDIX E

FIRE DISTRICT CALL DATA

Incident Type Count Report

Date Range: From 1/1/2017 To 12/31/2017

Selected Station(s): All

Incident

<u>Type</u>	<u>Description</u>	<u>Count</u>	
Station: 75			
100	- Fire, other	2	0.08%
111	- Building fire	7	0.27%
113	- Cooking fire, confined to container	5	0.19%
118	- Trash or rubbish fire, contained	8	0.30%
130	- Mobile property (vehicle) fire, other	2	0.08%
131	- Passenger vehicle fire	13	0.50%
132	- Road freight or transport vehicle fire	1	0.04%
138	- Off-road vehicle or heavy equipment fire	1	0.04%
142	- Brush, or brush and grass mixture fire	4	0.15%
143	- Grass fire	11	0.42%
150	- Outside rubbish fire, other	7	0.27%
151	- Outside rubbish, trash or waste fire	14	0.53%
160	- Special outside fire, other	3	0.11%
162	- Outside equipment fire	2	0.08%
Total - Fires		80	6.80%
311	- Medical assist, assist EMS crew	2	0.08%
321	- EMS call, excluding vehicle accident with injury	657	25.03%
322	- Vehicle accident with injuries	63	2.40%
323	- Motor vehicle/pedestrian accident (MV Ped)	1	0.04%
324	- Motor vehicle accident with no injuries	9	0.34%
Total - Rescue & Emergency Medical Service Incidents		732	62.24%
400	- Hazardous condition, other	4	0.15%
411	- Gasoline or other flammable liquid spill	1	0.04%
412	- Gas leak (natural gas or LPG)	5	0.19%
413	- Oil or other combustible liquid spill	1	0.04%
440	- Electrical wiring/equipment problem, other	1	0.04%
443	- Light ballast breakdown	1	0.04%
444	- Power line down	5	0.19%
445	- Arcing, shorted electrical equipment	3	0.11%
4630	- Vehicle accident, Non Injury	4	0.15%
Total - Hazardous Conditions (No fire)		25	2.13%
500	- Service Call, other	4	0.15%
510	- Person in distress, other	3	0.11%
511	- Lock-out	5	0.19%
520	- Water problem, other	3	0.11%
522	- Water or steam leak	4	0.15%
531	- Smoke or odor removal	4	0.15%
5410	- Snake problem	3	0.11%
550	- Public service assistance, other	3	0.11%
551	- Assist police or other governmental agency	2	0.08%
552	- Police matter	1	0.04%
553	- Public service	14	0.53%
554	- Assist invalid	19	0.72%

Incident

<u>Type</u>	<u>Description</u>	<u>Count</u>	
Station: 75 - (Continued)			
561 - Unauthorized burning		2	0.08%
Total - Service Call		67	5.70%
600 - Good intent call, other		2	0.08%
611 - Dispatched & cancelled en route		167	6.36%
611E - EMS: Dispatched & cancelled en route		4	0.15%
622 - No incident found on arrival at dispatch address		3	0.11%
651 - Smoke scare, odor of smoke		13	0.50%
652 - Steam, vapor, fog or dust thought to be smoke		1	0.04%
6610 - EMS call cancelled		4	0.15%
Total - Good Intent Call		194	16.50%
700 - False alarm or false call, other		39	1.49%
710 - Malicious, mischievous false call, other		1	0.04%
714 - Central station, malicious false alarm		1	0.04%
733 - Smoke detector activation due to malfunction		4	0.15%
735 - Alarm system sounded due to malfunction		6	0.23%
736 - CO detector activation due to malfunction		4	0.15%
740 - Unintentional transmission of alarm, other		5	0.19%
741 - Sprinkler activation, no fire - unintentional		1	0.04%
743 - Smoke detector activation, no fire - unintentional		12	0.46%
744 - Detector activation, no fire - unintentional		2	0.08%
745 - Alarm system sounded, no fire - unintentional		1	0.04%
746 - Carbon monoxide detector activation, no CO		2	0.08%
Total - Fals Alarm & False Call		78	6.63%
Total for Station		1,176	44.80%
Station: 76			
100 - Fire, other		2	0.08%
111 - Building fire		7	0.27%
112 - Fires in structures other than in a building		1	0.04%
113 - Cooking fire, confined to container		4	0.15%
118 - Trash or rubbish fire, contained		5	0.19%
131 - Passenger vehicle fire		9	0.34%
140 - Natural vegetation fire, other		3	0.11%
142 - Brush, or brush and grass mixture fire		3	0.11%
143 - Grass fire		11	0.42%
150 - Outside rubbish fire, other		2	0.08%
151 - Outside rubbish, trash or waste fire		3	0.11%
162 - Outside equipment fire		2	0.08%
Total - Fires		52	3.61%
311 - Medical assist, assist EMS crew		3	0.11%
321 - EMS call, excluding vehicle accident with injury		704	26.82%
322 - Vehicle accident with injuries		49	1.87%
323 - Motor vehicle/pedestrian accident (MV Ped)		1	0.04%
324 - Motor vehicle accident with no injuries		17	0.65%
331 - Lock-in (if lock out , use 511)		1	0.04%
353 - Removal of victim(s) from stalled elevator		2	0.08%
Total - Rescue & Emergency Medical Service Incidents		777	53.88%
400 - Hazardous condition, other		1	0.04%
411 - Gasoline or other flammable liquid spill		1	0.04%
412 - Gas leak (natural gas or LPG)		6	0.23%

Incident

<u>Type</u>	<u>Description</u>	<u>Count</u>	
Station: 76 - (Continued)			
424	- Carbon monoxide incident	1	0.04%
440	- Electrical wiring/equipment problem, other	4	0.15%
445	- Arcing, shorted electrical equipment	1	0.04%
4630	- Vehicle accident, Non Injury	5	0.19%
Total - Hazardous Conditions (No fire)		19	1.32%
500	- Service Call, other	4	0.15%
510	- Person in distress, other	1	0.04%
511	- Lock-out	6	0.23%
520	- Water problem, other	10	0.38%
522	- Water or steam leak	8	0.30%
531	- Smoke or odor removal	4	0.15%
541	- Animal problem	2	0.08%
5410	- Snake problem	28	1.07%
542	- Animal rescue	1	0.04%
550	- Public service assistance, other	9	0.34%
551	- Assist police or other governmental agency	3	0.11%
552	- Police matter	4	0.15%
553	- Public service	13	0.50%
554	- Assist invalid	36	1.37%
Total - Service Call		129	8.95%
600	- Good intent call, other	4	0.15%
611	- Dispatched & cancelled en route	305	11.62%
611E	- EMS: Dispatched & cancelled en route	1	0.04%
622	- No incident found on arrival at dispatch address	9	0.34%
650	- Steam, other gas mistaken for smoke, other	1	0.04%
651	- Smoke scare, odor of smoke	27	1.03%
6610	- EMS call cancelled	7	0.27%
Total - Good Intent Call		354	24.55%
700	- False alarm or false call, other	39	1.49%
710	- Malicious, mischievous false call, other	1	0.04%
711	- Municipal alarm system, malicious false alarm	2	0.08%
713	- Telephone, malicious false alarm	1	0.04%
715	- Local alarm system, malicious false alarm	2	0.08%
721	- Bomb scare - no bomb	1	0.04%
730	- System malfunction, other	1	0.04%
733	- Smoke detector activation due to malfunction	6	0.23%
734	- Heat detector activation due to malfunction	1	0.04%
735	- Alarm system sounded due to malfunction	15	0.57%
736	- CO detector activation due to malfunction	6	0.23%
740	- Unintentional transmission of alarm, other	9	0.34%
743	- Smoke detector activation, no fire - unintentional	21	0.80%
744	- Detector activation, no fire - unintentional	2	0.08%
745	- Alarm system sounded, no fire - unintentional	2	0.08%
746	- Carbon monoxide detector activation, no CO	2	0.08%
Total - Fals Alarm & False Call		111	7.70%
Total for Station		1,442	54.93%
Station: MA			
111	- Building fire	3	0.11%
Total - Fires		3	42.86%

Incident

<u>Type</u>	<u>Description</u>	<u>Count</u>	
Station: MA - (Continued)			
311 - Medical assist, assist EMS crew		1	0.04%
321 - EMS call, excluding vehicle accident with injury		1	0.04%
350 - Extrication, rescue, other		1	0.04%
Total - Rescue & Emergency Medical Service Incidents		3	42.86%
743 - Smoke detector activation, no fire - unintentional		1	0.04%
Total - Fals Alarm & False Call		1	14.29%
Total for Station		7	0.27%
		2,625	100.00%