



Board of Directors
Finance and Planning Committee Meeting
Director Kris Hurst and Director Ron Whittle

Agenda
Tuesday October 27, 2025, 10:00 A.M.

Scotts Valley Fire Protection District
7 Erba Lane, Scotts Valley CA 95066

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

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

1. Opening Business

- 1.1 Call to Order
- 1.2 Roll Call

2. Public Comment (GC §54954.3)

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

3. Discussion Items

- 3.1 Capital Improvement Plan
- 3.2 Budget Book
- 3.3 Investing Policy
- 3.4 Impact Fee Update
- 3.5 Enhanced Infrastructure Finance District (EIFD)
- 3.6 Update on MVC Billing Program



SCOTTS VALLEY FIRE PROTECTION DISTRICT

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- 3.7 SVFPD CalPERS Safety Plans Annual Valuation Reports as of June 30, 2024 (Classic and PEPRA)
- 3.8 SVFPD CalPERS Miscellaneous Plans Annual Valuation Reports as of June 30, 2024 (Classic and PEPRA)
- 3.9 CERBT and CEPPT Account Update Summary as of September 30, 2025

4. Adjournment

SCOTTS VALLEY FIRE PROTECTION DISTRICT CAPITAL IMPROVEMENT PLAN 2025/2026 2025-2030



Scotts Valley Fire Protection District

Capital Improvement Plan FY 25/26 to FY 30/31

Summary

The Capital Improvement Plan (CIP) is one of the most critical planning tools for the Scotts Valley Fire Protection District. It aims to identify the organization's capital needs over a five-year period, addressing both immediate priorities and long-term requirements, with a planning horizon extending through fiscal year 2030/31.

Primarily, the CIP serves as a dynamic, annually updated document that adapts as organizational and community needs become clearer and projects progress through planning and budgeting stages. An effective CIP facilitates advanced project identification, planning, evaluation, scope definition, design, public engagement, cost estimation, and financial planning.

The development of this CIP is guided by several objectives:

- Preserving and improving infrastructure through sustainable capital asset procurement.
- Maximizing the lifespan of investments by scheduling major renovations, modifications, and procurement at optimal times.
- Identifying current and future infrastructure and equipment needs, establishing project priorities to utilize resources effectively.
- Enhancing financial stability through resource comparison, future funding projections, and fiscal impact analysis.

This plan serves multiple purposes:

- As a strategic guide for the District Board and administration regarding current and future capital needs.
- To inform personnel, the community, businesses, and stakeholders about capital requirements and associated costs.
- To meet administrative and regulatory requirements.
- To identify funding sources and strategies aimed at achieving plan objectives and recommendations.
- To inform financial decisions, allocations, and needs over the planning period, regardless of funding availability.
- To present feasible funding options and evaluate their viability.

The Scotts Valley Fire Protection District provides fire and emergency medical services within the City of Scotts Valley and nearby unincorporated areas of Santa Cruz County, operating from two staffed stations—SCO1 (Erba Lane) and SCO2 (Glennwood)—and a third station, SCO3 (Branciforte, staffed during high-risk periods). SCO1 is located at 7 Erba Lane, SCO2 at 251 Glennwood Drive, and SCO3 at 2711 Branciforte Drive. The administrative and Community Risk Reduction teams are based at 7 Erba Lane but are temporarily relocated to 251 Glennwood Drive.

The response area covers approximately 30 square miles and serves approximately 22,000 residents within the City of Scotts Valley and adjacent rural and suburban regions. The department is staffed with a minimum of seven responders per shift, plus a Fire Chief, Fire Marshal, approximately 2.6 administrative staff, and about twelve paid-call firefighters.

Introduction

This CIP balances industry standards and community needs within resource constraints. As standards evolve and costs increase, the plan will remain flexible and subject to annual updates. Its purposes include:

- Supporting future financial decisions and capital allocations.
- Providing a basis for budgeting capital projects as demands evolve.
- Guiding the District's Board on funding requirements.
- Informing stakeholders about the department's current and planned capital assets and funding status.
- Ensuring consistent planning for major expenditures and "just-in-time" replacement of apparatus, equipment, and facilities.

The following sections outline the guiding principles for capital improvements, replacement schedules, facility use, cost estimates, and financial strategies.

Section 1 Program Context

As one of California's Fire Protection Districts organized under Fire Protection District Act of 1961 and further revised under Fire Protection District Act of 1987, the Scotts Valley Fire Protection District provides fire and EMS services to an identified area within the County of Santa Cruz. The District's jurisdiction is over 30 square miles of area, and includes the City of Scotts Valley, California and rural or suburban areas surrounding the city.

The adopted Mission Statement "*Dedicated to saving lives, property, and the environment of the communities we serve through rapid response, prevention, and education*" is vested in our ability to provide as robust an approach to emergency medical services (EMS), fire response and suppression, special operations, vehicle extrication, hazardous materials response, fire district administration, staff professional development, and public safety education. Having a Board-adopted CIP, which is both realistic and dynamic, is essential to meeting the intent of that Mission Statement and ensuring operational safety. Recommended standards for fire protection and emergency medical services issued by the National Fire Protection Association (NFPA) are important considerations. Sometimes these are incorporated into law and regulations, and often are used by courts to determine industry standards.

Also, of importance to the Fire District and property owners served by the District, are Public Protection Classification Surveys performed by the Insurance Services Office (ISO) for the insurance industry. The results have a direct bearing on the premiums charged by companies for fire insurance. The District's current split public protection classification is 2 in the urban area of the Scotts Valley City limits and a 10 for areas of the

District in excess of 5 road miles from a fire station. Recent experience shows that the failure to meet minimum acceptable service standards causes immediate and expensive increases in fire insurance premiums for property owners in the rated area. A well-formulated Capital Improvement Plan (CIP) is rooted in consistent planning for major expenditures and in anticipation of the “just-in-time” replacement of apparatus, equipment, and facilities.

Supported by an appropriate funding stream and thoughtful analysis and forecasting by staff, the CIP is a powerful instrument for managing the Fire District’s level of service delivery and in seeking the necessary funding. Major capital improvements may include the following:

Apparatus: Purchase and/or refurbishment/replacement of Type-I Engines, Type-III Engines, Type-VI, ladder trucks, water tenders, command vehicles, utility vehicles, and rescue vehicles.

Major Equipment: Purchase and/or replacement of personal protective equipment (PPEs), self-contained breathing apparatus (SCBAs), EMS diagnostic equipment, rescue tools, fire hose, communications equipment, information technology related devices and hardware, and small/portable equipment.

Facilities: New construction, renovation or major maintenance of fire stations, training facilities (classrooms and manipulative drill ground buildings and props), and administrative and support offices. Property (land) acquisition is also addressed in this category.

The administration has chosen to include non-capitalized but high-value equipment purchases in selected categories as a way to account for additional equipment items necessary for operations and service provision. These items include rescue equipment, personal protective gear, IT devices, and similar items.

Debt payment(s) would also be included in this plan as a way to provide a comprehensive look at what is being spent annually on equipment related purchases, be they direct budget allocation, debt payments, or actual capitalized equipment and improvements. This plan does not include debt financing payments.

The CIP allows policymakers and management to effectively plan, approve, and implement a sustained and continuous effort when operating a progressive fire protection service delivery system through a proactive budgeting strategy. If funding for a CIP has not yet been established, there is a requisite initial investment whenever inaugurating or restoring a CIP. Scotts Valley Fire Protection District is just now developing from this type of situation. This is necessary for creating a baseline of equipment and identifying the sources of funding to support an equipment and facilities replacement schedule based on a formally established policy specifying the useful service life of equipment and facilities, or OSHA mandated service lives.

Section 2 Capital Acquisitions – Apparatus

The Scotts Valley Fire Protection District established some standard apparatus and equipment depreciation values. These amounts can be found in Policy 1604 - Depreciation. Primary funding is now provided under the pay as you go process, by using reserve funds, borrowing capital, or through grants.

Type I Engine Replacement Recommendations: Follow Policy 1604’s depreciation schedule of 20 years using the following approach: 10 years of frontline service for all Type I firefighting apparatus, with a minimum of 10 years reserve service before consideration of decommissioning the apparatus. Apparatus refurbishment may also be a consideration.

Aerial Apparatus: The District may consider the future purchase of an aerial or quint type fire apparatus. This addition could be in place of a Type 1 Engine. The multipurpose capability of an aerial unit could be beneficial in the core area of the District, and would be based on the vertical growth that is currently planned in the town center and along main City thoroughfares. With this purchase, an existing Type I Engine could be retired from front line service, thus placing the current unit into reserve status. The purchase of this apparatus could also be used regionally and collaboration on this purchase may be the most efficient way to acquire this type of apparatus. Because this apparatus type is a consideration caused by growth, some or all of its funding above the cost of a Type 1 engine could be derived from impact fees. More study is needed on the type of apparatus, when it should be purchased, and the funding sources used.

Type III and Type VI Engine Replacement Recommendations: Continue to follow and implement an apparatus replacement schedule policy of 15 years of frontline service and 15 years reserve for all Type III and VI firefighting apparatus. Apparatus refurbishment may also be a consideration.

Water Tender Replacement Recommendations: Continue to follow and implement an apparatus replacement schedule policy of 25 years of frontline service for all Water Tender apparatus. Apparatus refurbishment may also be a consideration.

Light Duty Vehicle Replacement Recommendations: It is recommended that light vehicles should be considered for a replacement policy of 15 years for the Chief Command Vehicles and Utility Vehicles.

Ambulance / Rescue (transport) Unit: The District recently purchased a surplus transport-capable ambulance / rescue unit. Once this resource is put in service, and depending on demand, a replacement apparatus should be considered for the replacement schedule.

CIP Project Table for Apparatus: Following is the CIP Planning Table which incorporates the preceding recommendations and includes estimated cost allocations and define funding recommendations and/or specific funding strategies.

Projected Useful Life of Fire				
Apparatus & Type	Apparatus 1st Out Response	2nd Out Response	Emergency Reserve	Total
Engine Type 1 or Aerial	10 Years	10 Years	5 Years	25 Years
Type 3 and Type 6	15 Years	10 Years	5 Years	30 Years
Water Tender	25 Years	N/A	5 Years	30 Years
Command/Utility Vehicle	15 Years	N/A	Off-Budget Unit	15 Years
Rescue (Transport Ambulance)	10 years***	5 Years	5 Years	20 Years

Current Fleet Apparatus & Type		Placed In Service 1st Out	Actual or Projected Move to 2nd Out	Actual or Projected Move to Reserve	Projected Retirement
Engine 2511 - Type 1 (Pierce Enforcer)		2017	2027	2037	2042
Engine 2512 - Type 1 (Pierce)		2025	2035	2045	2050
Engine 2560 - Type 6 (2546)		2025	N/A	N/A	2045
Engine 2538 - Type 3 (KME)		2018	N/A	N/A	2038
Water Tender – 2560 (Pierce/International)		2003	N/A	N/A	2028
Engine 2537 – Type 3 (Pierce/International)		2007	N/A	N/A	2027*
2591 – FM (2017 Ford Explorer)		2017	N/A	N/A	2032
2592 – BC (Dodge Ram 1500)		2014	N/A	N/A	2029
2593 – QRV (Chevy Tahoe)		2008	N/A	N/A	2023 **
2594 – BC (Dodge Ram 1500)		2013	N/A	N/A	2028
2597 – CH (Chevy Tahoe)		2018	N/A	N/A	2032
2595 – Utility (Dodge Ram 2500)		2018	N/A	N/A	2032

Additional and Replacement Apparatus Needs Next 5 Years	Apparatus & Type Estimated Cost as of 2025	Reason of Addition
Rescue (transport ambulance)	\$250,000	If the Santa Cruz County Fire Agencies were to assume transport ambulance the District should plan on purchasing a new Type 3 ambulance.
Water Tender – 2560 (Pierce/International)	\$450,000	Reached end of its useful life during this CIP schedule.
Engine 2537 – Type 3 (Pierce/International)	\$650,000	Reached end of its useful life. *
2592 – BC (Dodge Ram 1500)	\$60,000	Reached end of its useful life.
2594 – BC (Dodge Ram 1500)	\$60,000	Reached end of its useful life.

Additional and Replacement Apparatus Needs Next 5-10 Years	Apparatus & Type Estimated Cost as of 2025	Reason for Addition
2591 – FM (2017 Ford Explorer)	\$60,000	Reached end of its useful life.
2597 – CH (2018 Chevy Tahoe)	\$60,000	Reached end of its useful life
2595 – Utility (2018 Dodge Ram 2500)	\$55,000	Reached end of its useful life
TOTAL	\$1,645,000	

* Could be replaced with the Type 6 (2560)

** Off-replacement-schedule vehicle. Replaced with Type 6 once placed in service.

***National Fire Protection Association (NFPA) recommends an ambulance be replaced every 5 years or 75,000-100,000 miles.

Section 3 Capital Acquisitions – Equipment

This section discusses the replacement of capital equipment in the on-going business of fire, rescue, and EMS service delivery. It includes personal protective equipment (PPE) turnout gear, self-contained breathing apparatus (SCBA), rescue extrication tools, advanced life support cardiac monitoring/intervention equipment, and information technology related devices such as desktop/laptop computers and tablets. While some items may not be considered a capital asset by policy, they are included as a way of presenting some of our ongoing equipment needs that are funded through the Capital Outlay/Zone A Fund.

Personal Protective Equipment (PPE): PPE is recommended to be replaced every ten years, or every two NFPA standards revision cycles, or whenever the equipment is damaged beyond repair or fails an inspection. The Scotts Valley Fire Protection District has approximately 35 sets of frontline structural firefighting gear and an equal number of wildland firefighting PPE gear. The District also provides each career firefighter with a second set of structural gear. The 2025 cost for one (1) set of structural firefighting gear (pants, coat, hood, boots, helmet, and gloves) cost is approximately \$7,450. One (1) set of wildland firefighting gear (pants, jacket, boots, helmet, gloves, filtered respirators, and fire shelters) cost approximately \$1,800. There are many ways to approach PPE replacement including a large purchase every three (3), five (5) or ten (10) years, or purchase a set amount of gear each year. Larger block purchases do not allow for flexibility with staff turnover, or body-shape-changes. The District's most recent hybrid-approach is to purchase a set amount of PPE each year, and add additional gear as needed to keep in compliance with recognized standards. Therefore, in order to amortize the cost of PPE replacement in a planned fashion over a 5 to 7-year period, the District should budget for four (4) sets of PPE at approximately \$38,000 annually, in addition to maintenance and repairs costs. This approach allows the District to maintain its serviceable complement of PPEs in manageable increments versus larger purchases.

Recommendation: Continue to budget an annual amount for replacement gear, and phase in replacement and second-sets of turnouts as set forth through the previously established replacement plan. Accelerate the replacement if possible. As turnouts are replaced the older sets shall become the members back up set of turnouts. This will allow for turnouts to be laundered more efficiently reducing the member's exposure to carcinogens and helping prolong the life and performance of the turnouts. If a set is not serviceable due to wear, age, contamination, or degradation that member will be placed back onto the list to receive an additional set after higher priority sets are ordered. Turnout gear falling out of usable life compliance must be replaced. Non-structural Volunteer PPE should also be considered in future years when gear is not available.

Rescue Tools: Hydraulic rescue tools are mission critical equipment for delivering service. Staff is recommending replacement every 10 years, and or depending on advances in technology and the cost of maintenance and repairs to each unit. The District has made good progress in past years in this area. Funding for new battery powered tools (eDRAULIC) should continue. The 2025 quote for eHydraulic Tools is \$51,407.

Recommendation: Refocus on the purchase of battery powered units in order to equip all staffed type 1 engines, and a reserve-ready type 1 engine. An additional set of heavy rescue eDRAULIC tools should be considered, and is included for purchase in fiscal year (FY) 2026/27. These three (3) items should be added to the CIP for funding and replacement every 10 years.

EMS Equipment: Cardiac Monitors/defibrillators and CPR devices (Lucas) have been a huge technological improvement to the department’s response for over a decade and is responsible for many lives saved within the Scotts Valley Fire Protection District. In addition, the District has purchased mechanical CPR devices (Lucas) to improve quality of care and reduce risk of injury to the responders. The original Lucas device was deployed on the Battalion Chief / Duty Chief apparatus but, with the purchase of a second device, they are now deployed on the two (2) frontline Type 1 Engines. The District currently owns five (5) cardiac monitors and two (2) Lucas Devices.

Recommendation: staff is recommending the district maintain three (3) frontline cardiac monitors and two (2) Lucas devices on a ten (10) year replacement schedule. As the community grows and call volume increases, an additional monitor and Lucas device may be warranted.

Information Technology (IT): the IT budget support ongoing costs of computer equipment, and network hardware. As public safety technology and software become more interconnected and advanced, and as services levels increase with growth, continued investment in IT equipment will ensure reliable service delivery. The district currently has one (1) server, fifteen (15) iPads, eight (8) laptops, and fifteen (15) desk top computers. Staff is currently transitioning administrative and management staff desk top computers to laptops with docking stations. This prevents the need to issue more than one computer to a single staff member, and allows them to work seamlessly from any location.

Recommendation: staff will continue to implement laptop computers for administrative and management staff. To accomplish this, Staff has budgeted a higher amount in FY 2025/26 (\$12,000), and a lesser amount (\$8,000) for equipment replacement in the out years. Staff is also evaluating the need to maintain a server versus moving to cloud computing. In FY 2025/26, a cost analysis will be performed to determine if moving to cloud computing makes sense. Lastly and as growth occurs, additional equipment may be required to accommodate increase call volume, or inspection requirements.

			Expected fiscal year purchased				
Category	Overall item description	Total Cost	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
PPE	Structural FF Gear	\$170,000	\$30,000	\$35,000	\$35,000	\$35,000	\$35,000
PPE	Wildland FF Gear	\$190,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000
Rescue Tools	eDRAULIC Extrication Tools	\$51,407	\$0	\$51,407	\$0	\$0	\$0

EMS Equipment	Cardiac Monitors / Defib	\$150,000	\$0	\$0	\$150,000	\$0	\$0
EMS Equipment	Lucas CPR Devices	\$0	\$0	\$0	\$0	\$0	\$0
IT	Computers, iPads	\$44,000	\$12,000	\$8,000	\$8,000	\$8,000	\$8,000
<i>TOTAL</i>		\$605,407	\$80,000	\$132,407	\$231,000	\$81,000	\$81,000

Section 4 Capital Acquisitions – Facilities

Capital improvements and investments in facilities can represent some of the largest expenditures of a Capital Improvement Plan, especially if new fire facilities are contemplated. The facilities section requires a very dynamic approach if new facilities are considered. Detailed response time analysis, call saturation data, ISO cost/benefits, flood plain impacts, current and proposed development and associated zoning, street and highway access, are just some of the considerations which make predicting new facilities needs a challenge.

The Scotts Valley Fire Protection District has been fortunate over the years to be able to continue to maintain its stations in serviceable condition, but its primary station, SCO1 at 7 Erba Lane, reached the end of its useful life in 2018. The current location of SCO1 is not the most advantageous response location and should be moved further south. Since 2005, four (4) attempts have been made to seek voter approval to build on a 1.5 acre District-owned parcel at 6000 La Madrona but have failed by very close margins. Because of its location and the need to replace the Erba Lane Station, relocating and building SCO1 on the La Madrona site is the preferred option. To accomplish this, a dedicated funding source will be needed as the District does not have the capacity in its current revenue streams. The District has a Board Committee dedicated to fleet and facilities, and District Staff continue to look for funding options to support this need.

The SCO2 Station on Glennwood was built in 2000 and opened in 2001. SCO3 Station on Branciforte was built in 1950, and a newer two-bay station with crew quarters on the second floor was constructed in 2018 and opened in 2020. Both of these stations continue to be maintained and remain in a serviceable capacity.

In addition to fire station facilities, the Fire District has limited space to train its firefighters. The District currently uses Connex (shipping) boxes for this purpose which are limited to two stories. As the District grows vertically, a site will be needed to train to this new expanded requirement. Although no funds have been set aside for this need, as the community grows a more detailed plan will be developed on this facility.

General Recommendation: Due to the age of the buildings the District will continue to pursue relocating SCO1 to La Madrona Drive as well as updating the existing fire station. This will allow the district to expand as well as be able to meet the space requirements for new

apparatuses like a quint/Ladder, or to improve the service levels for which the district is reliant on surrounding departments to fulfill the need. The improved facility would also meet the current health and safety requirements as identified by the National Fire Protection Association (NFPA). The estimated cost to replace & build a new fire station is \$19.5 Million.

Maintaining SCO2 and SCO3 Fire Stations shall be paramount to protect these investments. To accomplish this and as part of the District’s Strategic Plan, the agency shall work with consultants to identify investments into maintain these two fire stations. Until this study is completed, it is recommended the District should consider an annual \$25,000-for-each-station reserve to cover these expenses. This amount is budgeted in the FY2025/26 Capital Fund, and is recommended this amount be maintained in the out-years.

Planning for a training building as the community grows is critical.

Station	CIP	Estimated Replacement Year	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL
SCO 1 - Headquarters 7 Erba Lane Scotts Valley, CA	Relocate and replace	2020	\$1,500,000					\$1,500,000
SCO2 – Glennwood 251 Glennwood Drive Scotts Valley, CA	Maintain	2040	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
SCO3 – Branciforte 2711 Branciforte Drive Santa Cruz, CA	Maintain	2060	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
Training Building	New	N/A					\$250,000	\$250,000
							TOTAL	\$2,000,000

Section 5 CIP Funding Summary

Based on the preceding recommendations the Scotts Valley Fire Protection District estimates that over the next five years, the District needs to consider \$4,250,407 in Capital Investments. The amount considers the three areas of capital investment identified in this document, totaling \$1,645,000 (38.70%) for Apparatus, \$605,407 (14.24%) for Major Equipment and \$2,000,000 (47.05%) for Facilities.

Section 6 Funding Strategies

This financial strategy provides an analysis and recommendations for funding the needs and projects identified in the Capital Improvement Plan. This is designed to be a living document and not a definitive answer. Utilized along with thoughtful analysis and forecasting by staff, it allows management and the Board of Directors to effectively plan and approve a sustainable maintenance of effort through a proactive budgeting strategy.

This financial strategy document provides a description of several Capital Improvement Fund funding possibilities by presenting alternatives with a recommendation, an implementation schedule, and an estimated cost to implement the recommendation.

Sources of Capital Funds

Funding for capital improvements comes from several sources. These funds are generated through local taxes, fees, grants, outside funding or other similar sources. The availability of these funds is sensitive to economic cycles, human capital contracts, outside service contracts, health insurance costs, etc., and other unforeseen and unfunded mandates from outside sources.

Currently, the District has a general fund where property taxes fund ongoing programs and a Capital Outlay / Zone A fund that is used to fund the District's Capital Equipment Needs. In 2025/26 Fiscal Year, it is estimated the Zone A will generate \$165,729 in revenue, not including interest income. In addition, the District transferred \$750,000 from the General Fund to the Capital Fund to keep the capital replacement scheduled fully funded in the out years.

It has been a historical practice to move monies between funds to meet the needs of the District. It has also been a historical practice to plan for large capital expenses and use these funds to pay for the capital item. Other options exist to pay for capital items, and each need should be evaluated to determine which "tool in the toolbox" is best for the purchase.

The remainder of this section provides other ways to fund capital equipment.

Pay-As-You-Go (PAYG) comes from annual appropriations and is part of the adopted operating budget. PAYG funding provides the greatest flexibility and historically has funded many of the District's capital items and projects. Projects that are typically smaller in scale as well as minor renovations are likely candidates for PAYG funding – as long as the project has an expected useful life of at least 10 years or more. PAYG has no debt service cost that must be paid on the expenditure. It is available at the start of the fiscal year but must compete with other operating programs for funding. Funding can also be carried over at the end of each fiscal year.

Loan financing refers to debt financing of projects. Loan financing is generated through the borrowing of funds (principal) at a cost (interest) through the sale of municipal bonds or through a standard financial loan with traditional banking institution.

Inter-Governmental Loans refers to loans specifically provided from one government entity to another. In some cases, they can be interest free or structured with interest. They are usually considered for one-time capital purchases. While still a consideration, it may be difficult for one agency to loan money to another due to internal funding needs and restrictions on reserve amounts.

Grant Funding has been a challenge for the District, but may be an funding option for capital items. Over the past ten years the District has spent countless hours writing grants only to have them denied. Regardless, annual grant opportunities should continue to be pursued when the opportunities present themselves.

Impact Fees are assessed on new development in order to pay for a portion of the costs of the capital needed to serve the new development. Impact fees are one-time assessments established by local governments to assist with the provision of Capital Improvements necessitated by new growth and development. In 2024, the District contracted with NBS Government Finance Group to analyze the impacts of new development on capital facilities and to calculate impact fees based on this analysis.

Philanthropic Donations are another potential source of funding. While the opportunities are far and few between, there are times when this opportunity does make itself available. The former Branciforte Fire District received a significant donation from the Barnes Family Trust. These funds were used to purchase the 2025 Type 6 engine, and hope to be used to remodel the SCO3 Branciforte Fire Station Community Room.

Section 7 Summary

The need for capital investment planning is an important responsibility for the Scotts Valley Fire Protection District. As demonstrated in the preceding pages, the District has many critical and competing needs. The Capital Improvement Plan allows the District and the public to see the identified needs, projected costs, and the estimated timeline assigned to those needs. Not all items within a CIP will be funded or can be funded. Therefore, the CIP can allow the organization and governing body to establish priorities, make adjustments, establish procurement policies, and otherwise, better manage its financial resources that are applied to capital improvements. Lastly, this document should be considered a dynamic and living document subject to significant change over time. While effort has been put forth to forecast the needs in five (5) year periods, unforeseen influences can and will have an impact on what is presented. The impacts may include labor resources, downturns in the economy, or emergency procurement needs, to name a few. The CIP is only a guide towards future needs and capital costs. The most current year of the CIP should receive the most attention regarding funding efforts as it represents the most reliable estimate of what is needed both functionally and what can potentially be supported financially.



SCOTTS VALLEY FIRE DISTRICT

Final Budget

FY2025-26



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Our Mission:

Dedicated to saving lives, property, and the environment of the communities we service through rapid response, prevention, and education.

INTRODUCTION

Board of Directors

The Scotts Valley Fire Protection District is governed by a five-member Board of Directors, elected at large by the residents of the District. Each director serves a four-year term.

From among its members, the Board selects a President and Vice President to provide leadership and preside over Board meetings.

To support its operations, the Board maintains three standing committees that conduct detailed reviews of matters before they are presented to the full Board for consideration. Additionally, the Board President may appoint ad hoc committees as needed to address specific issues or projects.

The following table provides more information about the current Board of Directors:

<i>Name</i>	<i>Term Exp. Year</i>	<i>Committee Assignment</i>
Adam Cosner, President	2026	Organization & Personnel, Interagency Advisory, Labor Negotiations (Ad Hoc)
Kris Hurst, Vice President	2026	Finance & Planning, Interagency Advisory
Mike Weaver, Director	2028	Organization & Personnel, Facilities & Equipment
Ron Whittle, Director	2028	Finance & Planning, Labor Negotiations (Ad Hoc), Reorganization / Shared Services (Ad Hoc)
Daron Pisciotta, Director	2028	Facilities & Equipment, Reorganization / Shared Services (Ad Hoc)

District Management:

The Board of Directors appoints a Fire Chief to serve as the organization's Chief Executive Officer and General Manager. The Fire Chief is responsible for planning, directing, and overseeing all District personnel and activities.

The Fire Chief's Executive Leadership Team includes three Battalion Chiefs, a Fire Marshal, and an Administrative Services Manager, each of whom leads one of the District's four major divisions.

The following table provides more details on the District's Executive Leadership Team:

Name	Assignment	Division
Mark Correira, Fire Chief	Headquarters	Executive
Alyssa Rodrieguez, Administrative Services Mgr.	Station 2	Administration
Erin Collins, Fire Marshal	Station 2	Community Risk Reduction / Fire Prevention
Chris Stubendorff, Battalion Chief	A-Shift	Emergency Medical Services (EMS), Information Technology (IT)
Jeff McNeil, Battalion Chief	B-Shift	Fleet & Facilities (Support Services), Operations
Andrew LoFranco, Battalion Chief	C-Shift	Training and Safety

1. TRANSMITTAL LETTER

Dear Board of Directors,

As Fire Chief of the Scotts Valley Fire Protection District, it is my honor to present the Final Budget for Fiscal Year 2025–26. I am proud of the exceptional achievements of our staff and Board over the past year. This budget offers a realistic and conservative financial plan for the coming year, ensuring the District continues to provide high-quality fire protection and EMS services in alignment with our adopted vision and strategic plan.

The budget is balanced and supportive of service enhancements. It addresses our immediate organizational needs while also laying a foundation for future growth, reflecting the priorities identified by our community. It invests in our most valuable asset—our staff—while also working to reduce long-term liabilities. This year's budget introduces a Capital Improvement Plan (CIP), enabling the District to fund future projects through sustained investment in the Capital Outlay/Zone A Fund. With clear direction, strong leadership, and the Board's dedication, the District remains committed to fiscal accountability and long-term sustainability.

Although we consistently perform well beyond what might be expected for our size, we rely on mutual aid for larger and more complex incidents. We are grateful to our neighboring agencies, including the Central Fire District of Santa Cruz County, the City of Santa Cruz Fire Department, and CalFire/County Fire. Through collaboration and partnership, we have collectively elevated the level of service for our communities, and we deeply value these relationships.

We also sincerely thank our community members and local businesses for their ongoing support and commitment to safety. Without their partnership, Scotts Valley would not be the safe, thriving community it is today. Lastly, I want to commend the dedicated staff of the District for their selfless service and unwavering commitment to protecting our community.



Mark Correira

Fire Chief

2. DISTRICT PROFILE

History and Background

Scotts Valley (CA) Fire Protection District (SVFPD) is located 70 miles south of San Francisco and 28 miles southwest of San Jose, sharing a southern border with Santa Cruz. Originally established in 1942 as the Eighth Area Fire District, it was restructured as the SVFPD in 1958. Before the incorporation of the City of Scotts Valley, the district primarily served Scotts Valley, Branciforte, and surrounding unincorporated areas of Santa Cruz County.

Today, SVFPD provides fire protection and emergency services to approximately 24,000 residents across 30 square miles, including the City of Scotts Valley and unincorporated communities such as Pasatiempo, Rolling Woods, Branciforte, Glenwood, and Mission Springs.

Operating as an independent special district under the Fire Protection District Law of 1987, SVFPD is governed by a five-member Board of Directors elected at-large, each serving four-year terms. The Board appoints a Fire Chief, who manages the district's daily operations and organizational performance.

Funding for SVFPD comes from locally levied taxes and fees, with an annual budget of around \$20 million, allocated through the General Fund and Zone A/Capital Budget. The District also oversees Santa Cruz County's hazardous materials response team, managing a dedicated \$730,000 budget.

In 2023, the district expanded after merging with the Branciforte Fire District, adding nine square miles and approximately 1,700 residents.

As an all-risk agency, SVFPD responds to a broad spectrum of emergencies and non-emergencies. It is an Advanced Life Support (ALS) first-response provider with nearly all emergency personnel certified as licensed paramedics. The district maintains a team of 25 emergency responders, with at least seven on duty daily, along with the Fire Chief, Fire Marshal, 2.5 civilian administrative staff, and 12 paid-call firefighters.

In 2024, SVFPD responded to 2,432 incidents—an increase of 4% from the previous year.

Emergency Services Provided

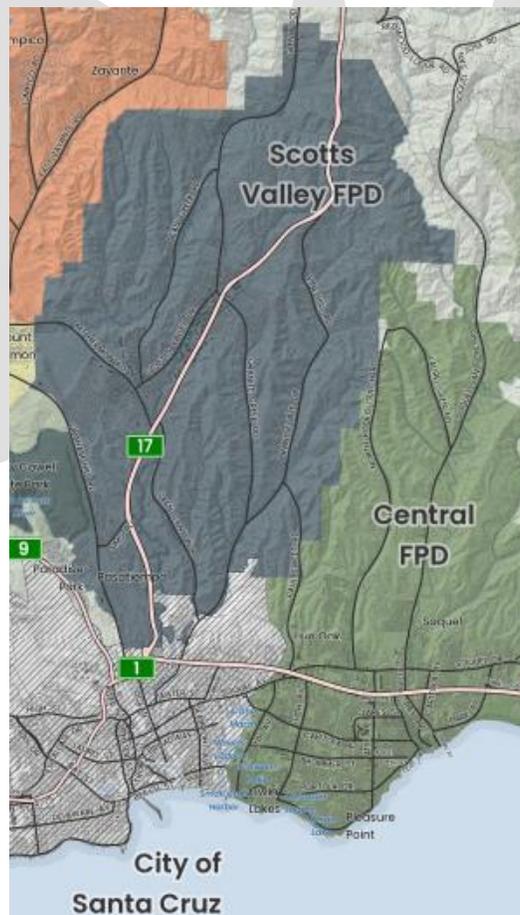
- Structure Fire Suppression
- Wildland Fire Suppression
- Emergency Medical Services (Paramedic)
- Auto Extrication

- Hazardous Materials Incident Response
- Technical Rescue

Service Area

The District's service area encompasses a diverse landscape, ranging from suburban neighborhoods to rural wildland regions with limited ingress and egress. The SVFPD also provides emergency services along State Route 17, a major transportation corridor connecting Santa Cruz to the Bay Area. According to FEMA's National Risk Index, the area is classified as "relatively high-risk" for disasters. Additionally, the State of California has designated portions of the District as moderate to high risk for wildland fire.

The map below illustrates the District boundaries.



Fire Station Locations

The District operates from three (3) strategically located fire stations. Station 1, located in the center of the District, responds to nearly two-thirds of all incidents. Station 1 responds to Pasatiempo, Rolling Woods, Graham Hill and incorporated Scotts Valley. Station 2, situated north of Station 1, responds to the remaining one-third of incidents and covers areas including Highway 17, Glenwood, and Branciforte. In 2023, as part of the reorganization of the two Districts, the Branciforte Fire Station (Station 3) was acquired by the Fire District. The single on-duty firefighter previously assigned there was relocated to Erba Lane, and Station 3 is no longer regularly staffed.



Station 1/Headquarters: 7 Erba Lane, Scotts Valley CA



Station 2 - Glenwood: 251 Glenwood Drive, Scotts Valley CA



Station 3 – Branciforte: 2711 Branciforte Drive, Santa Cruz CA

3. BUDGETING PROCESS

Budget Philosophy

The District follows an incremental budgeting philosophy. Under this approach, also known as historical budgeting, the prior year’s budget serves as the foundation, with adjustments made to reflect anticipated changes, organizational needs, and strategic goals for the upcoming fiscal year.

Revenue projections are developed using a conservative methodology, incorporating historical data for the fiscal year. In preparing the budget, the District also takes into account revenue forecasts from Santa Cruz County.

Payroll expenditures are based on the actual full-time equivalent (FTE) positions authorized in FY2024/25, in alignment with the current memorandum of understandings (MOUs) and compensation agreements for all employee groups. In cases where an MOU had not been finalized at the time of budget development, staff used placeholder figures for planning purposes until an agreement could be reached.

Non-payroll expenditures—such as services and supplies—are budgeted according to the operational needs of each program and the responsibilities of assigned program managers.

The District staff develop their budgets into two categories: Programs and Projects. Programs create expenses that carry on over multiple years, and Projects have a one-time cost. Requests for new programs or projects are submitted through “decision packages” prepared by program managers. These packages are evaluated and prioritized based on alignment with organizational objectives and the District’s Strategic Plan. Approved initiatives are incorporated into the budget accordingly for consideration by the Board.

Each budget request was reviewed and justified through a series of meetings with the Executive Leadership Team during the development of the FY2025/26 budget. Due to ongoing uncertainties in FY2024/25 activities, certain estimates were necessary in the FY2025/26 preliminary budget; these have been refined and updated in this Final Budget.

Budget Changes

Staffing

The FY2024/25 authorized staffing level for the District has been reduced by three (3) full-time equivalent (FTE) positions in the FY2025/26 Preliminary and Final Budgets. This adjustment follows the FY2023/24 reorganization, in which the Branciforte Fire District was consolidated into the SVFPD’s service area. As part of that reorganization, the District absorbed three (3)

employees formerly employed by Branciforte, temporarily operating under an "overstaffed" model.

In an overstaffed model, an agency hires additional personnel to reduce reliance on overtime typically used to cover sick leave, vacation, and other absences. However, this approach proved less efficient for the District, as staffing levels often exceeded the required minimum by two personnel per shift, resulting in surplus staffing on many days at fire stations.

In FY2024/25, three (3) FTEs resigned and accepted lateral positions with a neighboring agency, naturally reducing staffing to pre-reorganization levels. Given current call volumes, unit reliability, and risk assessment, the FY25 Budget reflects the reduction of three (3) FTEs without a reduction in service.

Additional information on staffing levels is provided in Section 5.

Strategic Planning

In FY2024/25, the District developed, and the Board adopted, a five-year Community-Driven Strategic Plan. Implementation of this Plan will begin in FY25. This budget includes the funding necessary to support the FY2025/26 Strategic Planning Workplan.

The table below outlines the FY2025/26 Strategic Planning Workplan:

4.4	Expand community outreach by leveraging a variety of mediums in order to improve transparency and strengthen community partnerships	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Examine current practices in community engagement strategies to determine critical gaps.	3	2025-07	Admin	25-3
	Evaluate social media needs within the community.	3	2025-07	Admin	25-3
	Engage in regular social media posts.	1	2025-07	ELT	25-3

1.1	Create an actionable plan to address facility issues to ensure long-term sustainability.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Evaluate the current locations of stations in relation to response time goals.	12	2025-07	Ops	25-3

3.1	Enhance response readiness with advancing technology, modernizing equipment, and implementing industry best practices in order to provide the highest level of service to our community.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Evaluate and revise apparatus readiness to improve response times.	6	2025-07	Chief/BCs	25-3

3.2	Explore, strengthen, and sustain relationships with adjoining agencies to increase efficiency and maximize the use of resources.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Identify the current system in place and compare it to industry best practices.	6	2025-07	ELT	25-3

4.3	Develop a comprehensive marketing strategy in order to engage all demographics of the District to have a more informed and involved community.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Examine current practices in marketing strategies to determine critical gaps.	3	2025-10	Admin	25-4

4.4	Expand community outreach by leveraging a variety of mediums in order to improve transparency and strengthen community partnerships	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Create a report of findings and resources that address the critical gaps identified.	1	2025-10	Chief	25-4
	Research industry best practices to discover solutions to fill gaps.	3	2025-10	Chief	25-4
	Examine methodologies to educate the public in wildfire resilience efforts.	3	2025-10	CRR	25-4
	Determine funding needs for resource solutions.	1	2025-10	CRR	25-4

1.1	Create an actionable plan to address facility issues to ensure long-term sustainability.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Evaluate current station plumbing, roof, and electrical status.	9	2025-10	FAC	25-4

2.3	Enhance the knowledge, skills, and capabilities of district personnel through ongoing professional development, ensuring they remain proficient to effectively serve and protect the community.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Reevaluate the career development guide to identify gaps.	1	2025-10	Training	25-4
	Create a report that explains gaps within the system.	6	2025-10	Training	25-4

3.2	Explore, strengthen, and sustain relationships with adjoining agencies to increase efficiency and maximize the use of resources.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Identify and evaluate shared border response strategies for implementing the best response	6	2025-10	BCs	25-4

4.3	Develop a comprehensive marketing strategy in order to engage all demographics of the District to have a more informed and involved community.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Create a report of findings and resources that address the critical gaps identified.	1	2026-01	Admin	26-1

2.3	Enhance the knowledge, skills, and capabilities of district personnel through ongoing professional development, ensuring they remain proficient to effectively serve and protect the community.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Research industry best practices to fill the critical gaps.	2	2026-01	Chief/Train	26-1
	Evaluate current mechanisms that could close the critical gaps (e.g., expanded ETO).	2	2026-01	Chief/Train	26-1

3.2	Explore, strengthen, and sustain relationships with adjoining agencies to increase efficiency and maximize the use of resources.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
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	Engage with regional agencies to analyze the current system to identify critical gaps within it.	3	2026-01	BCs	26-1
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4.1	Strengthen fire prevention education by examining best practices and revising programs as necessary to build a safer community.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Examine current practices in fire prevention education to determine critical gaps.	3	2026-01	CRR	26-1

4.3	Develop a comprehensive marketing strategy in order to engage all demographics of the District to have a more informed and involved community.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Research demographic needs for medium consumption.	3	2026-04	Chief	26-2
	Explore technology platforms that effectively communicate and meet the needs of the demographics.	3	2026-04	Admin	26-2
	Determine the need for increased community events.	3	2026-4	ELT	26-2

4.4	Expand community outreach by leveraging a variety of mediums in order to improve transparency and strengthen community partnerships	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Determine the need for increased community events.	3	2026-04	ELT	26-2

3.2	Explore, strengthen, and sustain relationships with adjoining agencies to increase efficiency and maximize the use of resources.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
	Research industry best practices in the mutual aid system.	3	2026-04	Chief	26-2

4.1	Strengthen fire prevention education by examining best practices and revising programs as necessary to build a safer community.	Timeline (Months)	Year - Month	Assigned	Timing (Yr-Qtr)
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	Create a report of findings that addresses the critical gaps identified.	1	2026-04	CRR	26-2
	Research industry best practices to discover solutions to fill gaps.	3	2026-04	CRR	26-2

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4. REVENUE AND EXPENDITURES

The District employs accrual-based fund accounting to record all financial transactions. Its financial records are maintained in accordance with Generally Accepted Accounting Principles (GAAP) for governmental agencies in the United States. Fund accounting allows for the segmentation of resources based on their intended purpose, aiding management in demonstrating compliance with financial, legal, and contractual requirements.

The District maintains two primary funds:

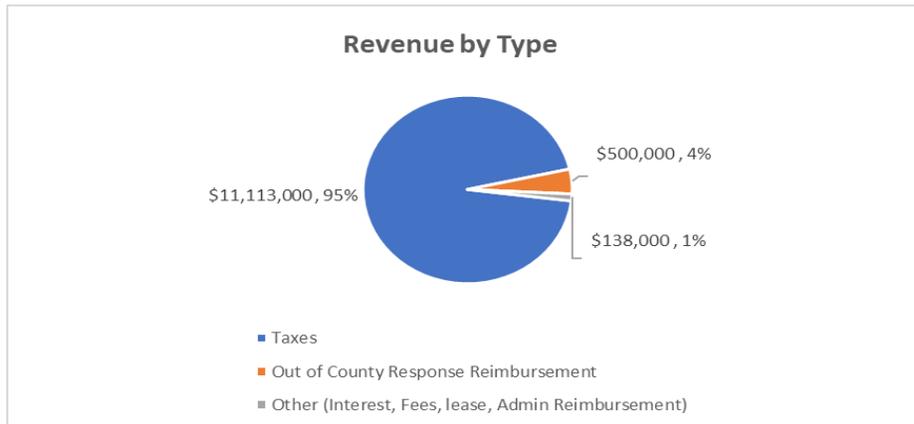
- The **General Fund** supports the District’s ongoing operations, including salaries, benefits, services, supplies, and other recurring expenses.
- The **Capital Outlay / Zone A Fund** supports capital purchases such as fire apparatus and equipment valued at more than \$5,000, and assets with a 3-years or greater service life.

In addition, the District has fiduciary responsibility for the regional hazardous materials response team, SCHMIT (Santa Cruz Hazardous Materials Interagency Team). Details of the SCHMIT budget are provided in Appendix A (Page 28) of this document.

On December 8, 2023, the Branciforte Fire District was reorganized with the Scotts Valley Fire District, and all assets and liabilities were transferred to Scotts Valley. As part of this reorganization, two additional funds were established: the Branciforte Service Zone and Measure T. In FY2024/25, to streamline administration and eliminate duplication of purpose, the Branciforte Service Zone Fund was merged into the General Fund, and the Measure T Fund was merged into the Capital Outlay / Zone A Fund.

The District’s primary revenue source for the General Fund is property taxes, which account for approximately 95% of total revenue. This category includes secured and unsecured property taxes as well as residual distributions from dissolved redevelopment agencies. The District also receives reimbursements for providing firefighting support in other parts of the State; these revenues are largely offset by related personnel costs (primarily overtime). The “Other Revenue” category encompasses sources not included above, such as inspection fees and permits.

The following chart illustrates the FY2025/26 forecasted **General Fund Revenue by Fund and Source**:



The tables below present the summary of the actual revenues for all funds for FY 2022 through 2025, and budgeted revenue for FY 2025/26. It also displays actual and budgeted revenues by category.

Revenue

<i>TABLE 1 – Revenue</i> Revenue by Fund	FY22/23 Actual	FY23/24 Amended Actual	FY24/25 Amended Actual	FY25/26 Final Budget	FY24/25 vs FY25/26 + or (-)	FY24/25 vs FY25/26
General Fund	\$9,396,916.75	\$11,135,107.05	\$12,354,582.58	\$11,751,000.00	(\$603,582.58)	(4.89%)
Capital Outlay/Zone A	\$668,541.85	\$245,065.40	\$542,793.47	\$920,729.00	\$377,935.53	69.62%
Branciforte Service Zone	\$ -	\$467,879.68	\$ -	\$ -	\$ -	- %
Measure T	\$ -	\$847,489.68	\$ -	\$ -	\$ -	- %
TOTAL	\$10,065,458.60	\$12,695,541.81	\$12,897,376.05	\$12,671,729.00	(\$225,647.05)	(1.75%)
Revenue By Category General Fund						
Property Taxes	\$8,642,097.24	\$9,126,539.05	\$10,572,100.17	\$10,713,000.00	\$140,899.83	1.33%
Residual Distribution	\$498,601.00	\$737,498.00	\$496,651.00	\$400,000.00	(\$96,651.00)	(19.46%)
Strike Team Aid (out of county)	\$501,437.23	\$228,457.13	\$948,570.88	\$500,000.00	(\$448,570.88)	(47.29%)
Interest	\$41,291.28	\$103,162.86	\$156,806.42	\$25,000.00	(\$131,806.42)	(84.06%)
SCHMITT	\$46,000.00	\$70,000.00	\$81,000.00	\$65,000.00	(\$16,000.00)	(19.75%)
Licenses and Permits	\$97,344.45	\$29,297.26	\$52,958.00	\$40,000.00	(\$12,958.00)	(24.47%)
Other	\$70,145.55	\$98,569.66	\$46,496.11	\$8,000.00	(\$38,496.11)	(82.79%)
Transfer in	\$ -	\$ -	\$ -	\$ -	\$ -	- %
SUB TOTAL	\$9,396,916.75	\$11,135,107.05		\$11,751,000.00	(\$603,582.58)	(4.89%)

<i>TABLE 1 – All Funds Revenue Cont.</i>	FY22/23 Actual	FY23/24 Amended Actual	FY24/25 Amended Actual	FY25/26 Final Budget	FY24/25 vs FY25/26	Change in %
Revenue By Category Capital Outlay / Zone A						
Property Taxes	\$149,234.53	\$154,734.00	\$164,326.05	\$165,729.00	\$1,402.95	0.85%
Interest	\$18,620.32	\$46,459.37	\$40,426.14	\$5,000.00	(\$35,426.14)	(87.63%)
Other	\$723.93	\$43,871.63	\$63,041.28	\$ -	(\$63,041.28)	(100%)
Transfer in	\$500,000.00	\$ -	\$275,000	\$750,000	\$475,000.00	172.73%
SUB TOTAL	\$668,578.78	\$245,065.40	\$542,793.47	\$920,729.00	\$377,935.53	69.63%
Revenue By Category Branciforte Service Zone						
Property Taxes	\$ -	\$465,597.26	\$ -	\$ -	\$ -	- %
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	- %
Other	\$ -	\$2,282.42	\$ -	\$ -	\$ -	- %
Transfer in (out)	\$ -	\$	\$ -	\$ -	\$ -	- %
SUB TOTAL	\$ -	\$467,879.68	\$ -	\$ -	\$ -	- %
Revenue By Category Measure T						
Property Taxes	\$ -	\$80,788.94	\$ -	\$ -	\$ -	- %
Interest	\$ -	\$16,396.26	\$ -	\$ -	\$ -	- %
Other	\$ -	\$ -	\$ -	\$ -	\$ -	- %
Transfer in (out)	\$ -	\$750,304.48	\$ -	\$ -	\$ -	- %
SUB TOTAL	\$ -	\$847,489.68	\$ -	\$ -	\$ -	- %

Expenses

TABLE 2 – All Funds Expenses	FY22/23 Actual	FY23/24 Amended Actual	FY24/25 Amended Actual	FY25/26 Final Budget	FY24/25 vs FY25/26	Change in %
Total Expenses by Fund						
General Fund	\$9,444,402.41	\$9,566,367.10	\$11,024,829.69	\$14,582,734.00	\$3,557,904.31	32.27%
Capital Outlay/Zone A	\$946,503.76	\$359,223.33	\$1,445,026.58	\$1,166,500.00	(\$278,526.58)	-19.3%
Branciforte Service Zone	\$ -	\$5,883.00	\$ -	\$ -	\$ -	- %
Measure T	\$ -	\$ -	\$ -	\$ -	\$ -	- %
<i>TOTAL</i>	<i>10,390,906.17</i>	<i>\$9,931,473.43</i>	<i>\$12,469,856.27</i>	<i>\$15,749,234.00</i>	<i>\$3,279,377.73</i>	<i>26.3%</i>
Expenses By Category General Fund						
Salaries and Benefits	\$8,074,417.46	\$8,389,336.42	\$9,430,799.90	\$11,025,502.00	\$1,594,702.10	17.0%
Services and Supplies	\$706,316.77	\$861,855.73	\$1,003,821.82	\$1,140,032.00	\$136,210.18	13.6%
Other Charges	\$163,668.18	\$315,174.95	\$315,207.97	\$167,200.00	(148,007.97)	-47.0%
Transfer Out	\$500,000.00	\$ -	\$275,000.00	\$750,000.00	\$475,000.00	173.0%
Fixed Asset Structures	\$ -	\$ -	\$ -	\$1,500,000.00	\$1,500,000.00	NA
<i>SUB TOTAL</i>	<i>\$9,444,378.41</i>	<i>\$9,566,367.10</i>	<i>\$11,024,829.69</i>	<i>\$14,582,734.00</i>	<i>\$3,557,904.31</i>	<i>32.27%</i>
Expenses By Category Capital Outlay / Zone A Fund						
Service and Supplies	\$51,307.23	\$268,678.34	\$383,260.02	\$780,500.00	\$397,239.98	104%
Other Charges	\$ -	\$ -	\$ -	\$ -	\$ -	- %
Fixed Assets	\$895,196.53	\$90,544.99	\$1,032,293.56	\$386,000.00	(\$646,293.56)	-62.6%
Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	
<i>SUB TOTAL</i>	<i>\$946,503.76</i>	<i>\$359,223.33</i>	<i>\$1,445,026.58</i>	<i>\$1,166,500.00</i>	<i>(\$278,526.58)</i>	<i>-19.3%</i>
Expenses By Category Branciforte Service Zone Fund						
Services and Supplies	\$ -	\$5,883.00	\$ -	\$ -	\$ -	- %
Other	\$ -	\$ -	\$ -	\$ -	\$ -	- %
<i>SUB TOTAL</i>	<i>\$ -</i>	<i>\$5,883.00</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>- %</i>
Expenses By Category Measure T Fund						
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	- %

Other	\$ -	\$ -	\$ -	\$ -	\$ -	- %
<i>SUB TOTAL</i>	\$ -	\$ -	\$ -	\$ -	\$ -	- %
TOTAL	\$ -	\$9,931,473.43	\$ -	\$ -	\$ -	- %

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5. STAFFING

The District staffs two of its three fire stations 24 hours a day, 365 days a year.

- **Station 1 (Erba Lane)** is staffed with one Battalion Chief, one Captain, and a minimum of two Firefighters or Engineers (EMT or Paramedic).
- **Station 2 (Glenwood)** is staffed with one Captain and two Firefighters or Engineers (EMT or Paramedic).

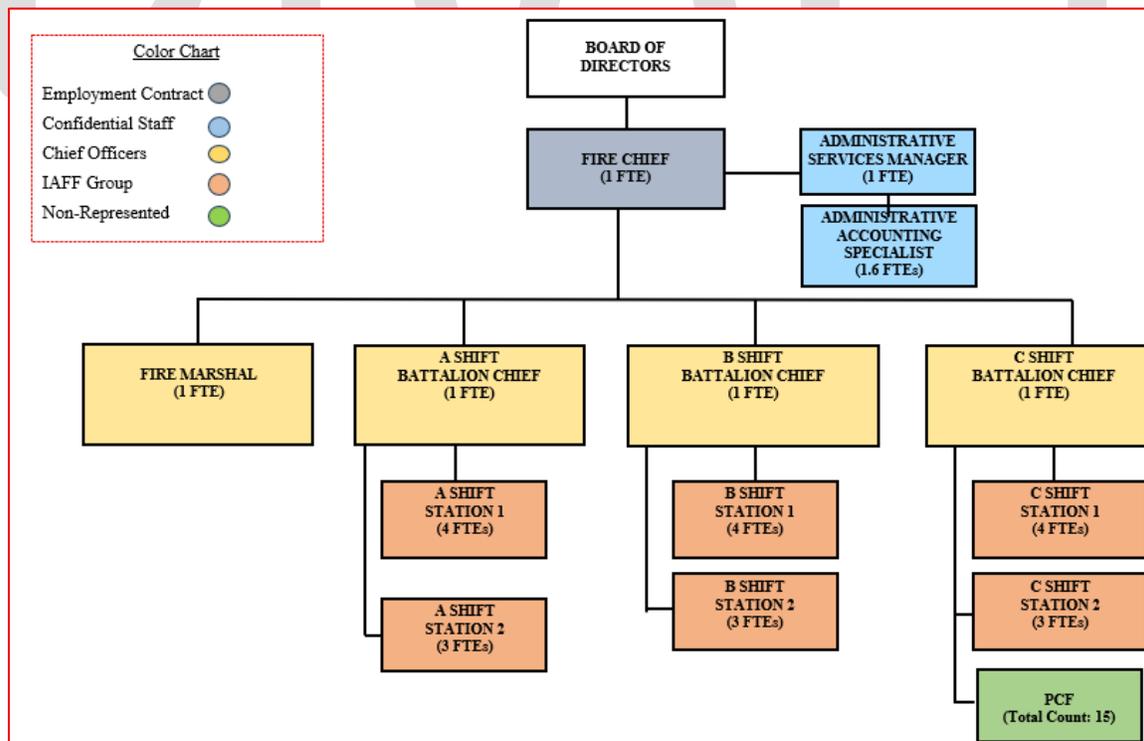
Minimum staffing for all fire apparatus is three personnel, including at least a Captain and an Engineer.

Beyond their operational duties, Battalion Chiefs each oversee one of three divisional areas: EMS/IT, Training & Safety, or Operations/Fleet/Facilities.

Within Administration, the District employs an Administrative Services Manager and both a full-time and part-time Administrative Accounting Specialist, totaling 1.6 FTEs. The District also staffs a Fire Marshal, who leads the Community Risk Reduction Program, and a Fire Chief, who serves as the District's General Manager.

The District's management structure is shown in the Organizational Chart.

Organizational Chart



Budgeted Positions

Position Classification Title	Group	FY23/24 Approved FTE	FY24/25 Approved FTE	FY25/26 Approved FTE	Change in FTE Count
<i>District Funded</i>					
Fire Chief	Fire Chief	1.00	1.00	1.00	-
Battalion Chief	Chief Officers	3.00	3.00	3.00	-
Fire Marshal	Chief Officers	-	-	1.00	1.00
Administrative Services Manager	Confidential	1.00	1.00	1.00	-
Administrative Accounting Specialist	Confidential	1.50	1.60	1.60	-
Deputy Fire Marshal	IAFF Union	1.00	1.00	-	(1.00)
Captain – Administrative	IAFF Union	-	-	-	-
Captain	IAFF Union	6.00	6.00	6.00	-
Engineer/Firefighter	IAFF Union	15.00	18.00	15.00	(3.00)
Paid Call Firefighter (PCF)	Unrepresented	1.00 *	1.00 *	1.00 *	-
Hydrant Maintenance Worker (Seasonal)	Unrepresented	-	-	-	-
Defensible Space Inspector (Seasonal)	Unrepresented	-	-	-	-
<i>Total District Funded</i>		<i>29.5</i>	<i>32.6</i>	<i>29.6</i>	<i>(3.00)</i>
<i>Grant Funded</i>					
No grant funded positions		-	-	-	0.00
<i>Total Grant Funded</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>0.00</i>
TOTAL DISTRICT FTE		29.5	32.6	29.6	(3.00)

* Total authorized staffing count of PCF is 15 – the 1.00 FTE is used for budgeting purposes.

6. HISTORICAL REVENUE, EXPENDITURES, & FUND BALANCES

Analyzing an organization’s historical revenues and expenditures is a valuable tool for future planning. Known as trend analysis, this review of past financial performance supports forecasting, strategic planning, and assessing overall financial health. It also assists policymakers in making informed decisions that shape future budgets.

The following table presents beginning fund balances, revenues, expenses, and ending fund balances. For the purpose of this chart, the Branciforte Service Zone has been consolidated with the General Fund, and Measure T has been consolidated with the Capital Outlay / Zone A Fund.

<i>TABLE 6.1 Revenues, Expenditures, and Fund Balances</i>	FY21/22 Actual	FY22/23 Amended Actual	FY23/24 Amended Actual	FY24/25 Amended Actual	FY23/24 vs FY24/25	Change in %
General Fund						
Beginning Fund Balance	\$2,403,094.00	\$3,227,901.00	\$3,680,415.34	\$5,226,196.31*	\$1,545,780.97	42.0%
Revenue **	\$9,672,310.67	\$9,896,916.75	\$10,650,151.05	\$12,354,582.58	\$1,704,431.53	16.0%
Expenditures ***	\$8,847,504.03	\$9,444,402.41	\$9,566,367.10	\$11,024,829.69	\$1,458,462.59	15.2%
Ending Fund Balance	\$3,227,901.00	\$3,680,415.34	\$4,764,198.95	\$6,555,949.20	\$1,791,750.25	37.6%
Capital Outlay/Zone A						
Beginning Fund Balance	\$1,139,363.00	\$1,657,464.77	\$1,379,540.02	\$2,121,918.54*	\$742,378.52	53.8%
Revenue *	\$548,276.67	\$668,578.78	\$245,065.40	\$542,793.47	\$297,728.07	121.5%
Expenditures **	\$30,175.33	\$946,503.76	\$359,223.33	\$1,445,026.58	(\$1,804,249.91)	-502.3%
Ending Fund Balance	\$1,657,464.77	\$1,379,540.02	\$1,265,381.07	\$1,219,685.43	(\$45,695.64)	-3.6%
Total (GF+COZA)						
Beginning Fund Balance	\$3,542,457.00	\$4,885,365.77	\$5,059,955.36	\$7,348,114.85*	\$2,288,159.49	45.2%
Revenue *	\$10,220,587.34	\$10,565,495.53	\$10,895,216.45	\$12,897,376.05	\$2,002,159.60	18.4%
Expenditures **	\$8,877,679.36	\$10,390,906.17	\$9,925,590.43	\$12,469,856.27	(\$345,787.32)	-3.5%
Ending Fund Balance	\$4,885,365.77	\$5,059,955.36	\$6,029,580.02	\$7,775,634.63	\$1,746,054.61	28.96%

* Includes Transfer of Branciforte FPD fund balances at beginning of FY.

*** Includes any “transfer-in” from other District Funds*

**** Includes any “transfer-out” from other District Funds*

Another key measure of an organization’s financial health is the percentage of revenue allocated to salaries and benefits. From FY2021/22 through FY2024/25, the District has averaged a 73.4% revenue-to-salaries-and-benefits ratio, with a high of 80.2% and a low of 66.1%.

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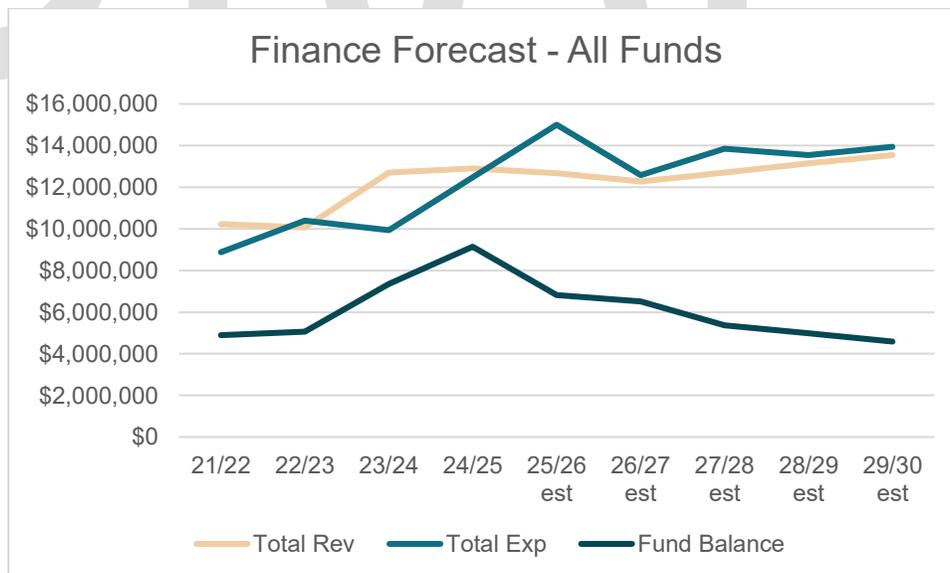
7. FINANCIAL FORECAST

Financial forecasting is an essential tool for responsible planning and ensuring long-term sustainability. By projecting future financial resources, the District can proactively prepare for upcoming needs, prioritize initiatives thoughtfully, and identify the best opportunities to advance projects. Forecasting also provides flexibility, allowing the District to adjust spending as circumstances evolve.

It is important to recognize that a forecast is not a guarantee of future funding; rather, it is a forward-looking depiction based on historical revenues and expenditures. This perspective enables the District to anticipate potential challenges and make timely adjustments to safeguard its financial health.

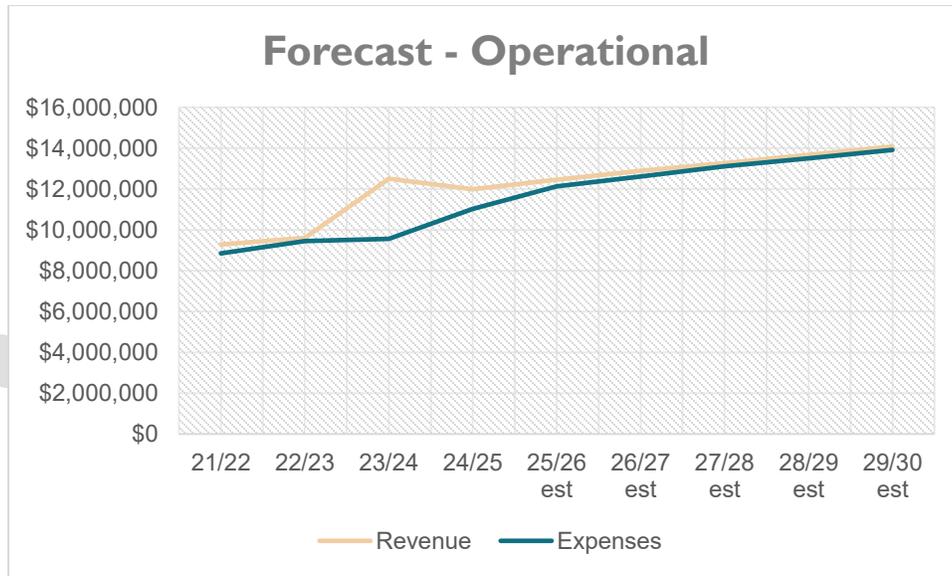
The 2023 reorganization of the Branciforte Fire District resulted in a one-time increase in revenue due to the transfer of fund balances and assets. While this temporarily boosted revenues, it does not reflect the district's ongoing financial position. For this reason, the upcoming chart relies on projected expenditures and conservatively budgeted revenues for FY2025/26 in both the General Fund and Capital Fund.

This cautious approach ensures that financial planning remains grounded in realistic expectations, avoids overstating available resources, and underscores the District's commitment to long-term stability and fiscal responsibility.



The ebbs and flows of the capital expenses, like the purchase of a \$947,000 fire apparatus, can cause spikes in the expenses making it more difficult to predict future expense. For a

more reasonable view, staff has put together the following chart that displays revenue off the last “actual year,” with a 3.8% increase for FY2025/26, 3.5% in 2026/27, and 3% for the remaining years. The expense side is increased based on the negotiated memorandums of under standings with the different employee groups. As you can see in the chart, the revenue remains above the District’s expenses:



Appendix A – Approved Budget Sheets

Scotts Valley Fire Protection District General Fund (685010) 2025/2026 Final Budget

Revenue Summary

Account #	Revenue Description	Revenue Amount
40100	Prop Tax-Current Secured	\$ 10,341,945
40106	Residual Distribution	\$ 400,000
40110	Prop Tax-Current Unsecured	\$ 220,733
40150	Supplemental Prop Tax-Current Secured	\$ 99,000
40151	Supplemental Prop Tax-Current Unsecured	\$ 2,000
40160	Supplemental Prop Tax-Prior Sec, Supplemental	\$ 3,000
40330	Licenses and Permits	\$ 40,000
40430	Interest	\$ 25,000
40440	Rents and Leases	\$ 5,500
40830	St-Homeowners' Property Tax Relief	\$ 46,322
40894	ST-Aid Others	\$ 500,000
42022	Cost Recovery, Other	\$ -
42010	SCHMIT Administrative Services Reimbursement	\$ 9,000
42055	SCHMIT Reimbursement	\$ 56,000
42384	Other Revenue	\$ 2,500
42462	Transfer In	\$ -
Total Revenue		\$ 11,751,000
Estimated Beginning Fund Balance		\$ 6,555,949
Total General Fund Budget		\$ 18,306,949

Expenditure Summary

Account #	Expense Category	Expense Amount
50000	Salaries & Benefits	\$ 11,025,502
60000	Services & Supplies	\$ 1,140,032
75000	Other Charges	\$ 167,200
80000	Fixed Assets	\$ 1,500,000
Total Expenditures		\$ 13,832,734
Operating Transfer Out		\$ 750,000
Contingencies		\$ 250,000
Reserves - Undesignated		\$ 3,474,215
Total General Fund Budget		\$ 18,306,949

Notes:

Schedule of Revenue: 50% in December, 45% in April and 5% in June

Account 40100, 40110, and 40830 reflects a 3.8% increase as per Santa Cruz County Auditor's Office.

Account 40106 reflects residual distribution, will roll to secured property tax in future

Other Charges - Contributions to Trust accounts and LAFCO charges.

Account 40330 - Revenue from Permits, Plan Checks and Inspections

Account 40440 - Revenue from the Lease of the Marywood and La Madrona Properties

Account 40894 - Revenue from Statewide Strike Teams, Overhead Assignments, out of County Response

Account 42010 - Revenue of \$9,000 for SCHMIT Administration

Account 42055 - Reimbursement for Personnel - Haz Mat Stipends and Training

Account 42384 - Revenue from CPR Classes, Donations, and Misc. Revenue

Estimated Fund Balance as of July 31, 2025

Reserves = Balance complies with Policy 1608 - Reserve Guidelines.

Scotts Valley Fire Protection District
 General Fund (685010)
 2025/2026 Final Budget

Expenditure Accounts

Account #	Category	Expenditure Amount
Salaries and Benefits		
51000	Regular Pay, Perm.	\$ 4,735,740
51005	Overtime Pay	\$ 1,012,041
51010	Regular Pay, Extra help	\$ 64,100
51035	Holiday Pay	\$ 353,232
51040	Differential Pay	\$ 400,080
52010	Medicare Tax	\$ 101,660
52015	PERS	\$ 2,541,294
53010	Employee Group Insurance	\$ 1,095,135
53015	Unemployment Insurance	\$ 7,803
54010	Workers' Compensation Ins	\$ 500,000
55020	Sick Leave Reserve	\$ 67,942
55021	Other Benefits Miscellaneous: Vacation Payoff	\$ 146,475
Total Salaries and Benefits		\$ 11,025,502
Services and Supplies		
61110	Clothing and Personal Supplies	\$ 32,700
61125	Uniforms	\$ 20,950
61217	Radio	\$ 97,800
61221	Telephone and Telegraph	\$ 20,700
61310	Food	\$ 4,900
61425	Household Expense	\$ 7,500
61535	Insurance	\$ 88,500
61720	Maintenance Mobile Equipment	\$ 139,500
61725	Maintenance Office Equipment	\$ 29,217
61730	Maintenance Other Equipment	\$ 27,950
61848	Maintenance Structure & Grounds	\$ 14,050
61920	Medical Supplies	\$ 15,100
62020	Memberships	\$ 15,186
62111	Miscellaneous Expense	\$ 1,500
62219	Computer Software	\$ 29,300
62223	Office Expense	\$ 8,600
62301	Accounting & Auditing Fees	\$ 95,200
62327	Directors Fees	\$ 13,300
62358	Laundry Service	\$ 1,000
62367	Medical Services	\$ 47,000
62381	Professional/Special Services	\$ 155,500
62420	Publications and Legal Notices	\$ 2,500
62500	Rents and Leases, Equipment	\$ 1,000
62715	Small Tools and Instruments	\$ 36,584
62826	Education Reimbursement	\$ 44,500
62888	Special District Expense	\$ 21,500
62890	Subscriptions	\$ 8,245
62914	Education & Training	\$ 25,100
62920	Gas, Oil and Fuel	\$ 53,880
62930	Conference Tuition - Registrations	\$ 33,100
63074	Utilities	\$ 48,200
Total Services & Supplies		\$ 1,140,032
Other Charges		
75233	Contributions to Trust/Agency Fund	\$ 155,000
75231	Contributions to Other Government Agencies	\$ 12,200
Total Other Charges		\$ 167,200
Operating Transfers Out		
90000	Transfer To Capital Outlay/Zone A (685030)	750,000
Total Operating Transfer Out		750,000
Fixed Assets		
86110	Structure and Improvements	\$ 1,500,000
Total Fixed Assets		\$ 1,500,000
Appropriation for Contingencies		
98700	Contingencies	\$ 250,000
Total Contingencies		\$ 250,000
General Reserves		
98995	Undesignated Fund Balance	\$ 3,474,215
Total Reserves		\$ 3,474,215
TOTAL EXPENDITURES		\$ 18,306,949

Scotts Valley Fire Protection District

General Fund (685010)

2025/2026 Final Budget

Schedule of Fixed Assets

Account #	Description	Amount
86110	Structures and Improvements	
	La Madrona Fire Station	\$ 1,500,000
	Subtotal Structures and Improvements	\$ 1,500,000
	Total Fixed Assets	\$ 1,500,000

Signed:



Board Secretary

UKAFI

Scotts Valley Fire Protection District

Capital Outlay - Zone A (685030)

2025/2026 Final Budget

Revenue Summary

Account #	Revenue Description	Revenue Amount
40100	Prop Tax-Current Secured	\$ 160,121
40110	Prop Tax-Current Unsecured	\$ 3,420
40150	Supplemental Prop Tax-Current Secured	\$ 1,500
40151	Supplemental Prop Tax-Current Unsecured	\$ -
40430	Interest	\$ 5,000
40830	St-Homeowners' Property Tax Relief	\$ 688
42462	Transfer In From General Fund	\$ 750,000
Total Revenue		\$ 920,729
Fund Balance		\$ 1,219,685
Total Capital Outlay/Zone A Budget		\$ 2,140,414

Expenditure Summary

Account #	Expense Category	Expense Amount
60000	Services and Supplies	\$ 780,500
86000	Fixed Assets	\$ 386,000
Total Expenditures		\$ 1,166,500
Operating Transfer Out		\$ -
Contingencies		\$ 200,000
General Reserves		\$ 773,914
Total Capital Outlay/Zone A Budget		\$ 2,140,414

Scotts Valley Fire Protection District

Capital Outlay - Zone A (685030)

2025/2026 Final Budget

Expenditure Accounts

Account #	Category	Expenditure Amount
Services and Supplies		
61845	Maintenance Structure & Grounds	\$ 55,000
61110	PPE	\$ 37,200
62111	Miscellaneous	\$ 3,000
62223	Office Supplies	\$ 4,000
62301	Accounting & Auditing Fees	\$ 1,100
62381	Professional Services	\$ 592,000
62710	Equipment	\$ 44,000
62715	Small Tool	\$ 7,000
Total Services and Supplies		\$ 780,500
Fixed Assets		
86110	Structures and Improvements	\$ 380,000
86204	Equipment	\$ -
86209	Mobile Equipment	\$ -
86222	Furniture	\$ 6,000
86210	Office Equipment	\$ -
Total Fixed Assets		\$ 386,000
Operating Transfer Out		
90000	Transfer To General Fund (685010)	\$ -
Total Operating Transfer Out		\$ -
General Reserves		
98695	Fund Balance - Undesignated	\$ 773,914
Total General Reserves		\$ 773,914
Appropriation for Contingencies		
98700	Contingencies	\$ 200,000
Total Contingencies		\$ 200,000
Total Expenditures		\$ 2,140,414

Scotts Valley Fire Protection District

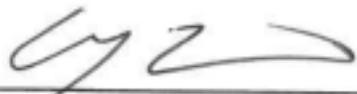
Capital Outlay - Zone A (685030)

2025/2026 Final Budget

Schedule of Fixed Assets

Account #	Description	Amount
86110	Structures and Improvements	
	Branciforte Community Room	\$ 230,000
	Erba Lane Temp Upgrades	\$ 150,000
	Subtotal Structures and Improvements	\$ 380,000
86222	Furniture	
	Station 1 and 2 Chair Replacement	\$ 6,000
	Subtotal Furnishings	\$ 6,000
	Total Fixed Assets	\$ 386,000

Signed:


Board Secretary

Scotts Valley Fire Protection District

SCHMIT (685040)

2025/2026 Final Budget

Revenue Summary

Account #	Revenue Description	Revenue Amount
40430	Interest	\$ 400
40894	Grant Funding	\$ -
Subtotal Other Revenue		\$ 400
41150	<u>Haz Mat Contract Contributions:</u>	
	<u>Percentage</u>	
	Santa Cruz County	49.16%
	City of Santa Cruz	23.24%
	City of Watsonville	19.42%
	City of Scotts Valley	4.51%
	City of Capitola	3.67%
	UCSC	Fixed
	State Parks	Fixed
		\$ 142,849
		\$ 67,531
		\$ 56,431
		\$ 13,105
		\$ 10,664
		\$ 12,536
		\$ 10,441
Total Contribution From Other Agencies		\$ 313,557
Total Revenue		\$ 313,957
Fund Balance		\$ 416,239
Total SCHMIT Budget		\$ 730,196

Expenditure Summary

Account #	Expense Category	Expense Amount
60000	Services and Supplies	\$ 93,024
75000	Personnel Costs	\$ 290,000
86204	Fixed Assets	\$ -
Total Expenditures		\$ 383,024
Contingencies		\$ 25,000
General Reserves		\$ 322,172
Total SCHMIT Budget		\$ 730,196

Scotts Valley Fire Protection District

SCHMIT (685040)

2025/2026 Final Budget

Expenditure Accounts

Account #	Category	Expenditure Amount	
Services and Supplies			
61110	Protective Clothing	\$	10,600
61221	Telephone and Telegraph	\$	960
61535	Insurance	\$	2,555
61720	Maintenance, Mobile Equipment	\$	16,700
61725	Maintenance, Office Equipment	\$	380
61730	Maintenance, Other Equipment	\$	10,200
61920	Medical Supplies	\$	1,000
62219	Computer Software	\$	3,500
62301	Accounting and Auditing	\$	1,200
62365	Management Services	\$	9,000
62715	Small Tools and Instruments	\$	14,429
62888	Special District Expense	\$	1,250
62914	Training	\$	20,600
62920	Fuel	\$	650
Total Services and Supplies		\$	93,024
Contributions to Agencies			
75268	Reimbursement of Costs to Agencies	\$	270,000
75276	Emergency Response Reimbursement	\$	20,000
Total Contributions to Agencies		\$	290,000
Fixed Assets			
86204	Equipment	\$	-
Total Fixed Assets		\$	-
General Reserves			
98965	Unassigned Fund Balance	\$	322,172
Total Reserves		\$	322,172
Appropriation for Contingencies			
98700	Contingencies	\$	25,000
Total Appropriation for Contingencies		\$	25,000
Total Expenditures		\$	730,196

Scotts Valley Fire Protection District
SCHMIT (685040)
2025/2026 Final Budget

Schedule of Fixed Assets

Budget	Description		
685040	SCHMIT		
Account	Description of Item		Amount
86204		\$	-
		\$	-
		Subtotal Equipment	\$ -
		Total Fixed Assets	\$ -

Signed: 
Board Secretary

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Scotts Valley Fire Protection District	
POLICY: 1602	SUBJECT: Investment Policy
DATE APPROVED: XX/XX/2025	
BOARD PRESIDENT: _____	FIRE CHIEF: _____

Policy Statement

The Scotts Valley Fire Protection District (hereinafter referred to as the “District”) has a fiduciary responsibility to invest its funds in a manner that provides the highest investment return with the maximum safety of principal, while complying with all applicable laws and regulations. This policy establishes guidelines for the prudent investment of public funds under the District’s control and provides a system for the investment of funds that reflects both safety and liquidity while achieving an appropriate return on investments.

Purpose

The purpose of this policy is to:

1. Safeguard the District’s assets by ensuring investments are made with caution and prudence;
2. Establish investment guidelines that comply with Article 1 (commencing with Section 53600) of Title 5, Division 2, Part 1, Chapter 4 of the California Government Code and other applicable laws;
3. Outline specific investment objectives and allowable investment types; and
4. Maximize the return on the District’s investment portfolio within the bounds of acceptable risk.

Scope

This policy applies to all financial assets of the District, including but not limited to:

- General Fund reserves;
- Capital Outlay / Zone A funds;
- Debt service funds; and
- Other funds designated for investment by the District

Legal Authority

This policy is governed by the California Government Code Section 53600 *et seq.*, which allows local agencies to invest funds in various securities and obligations in a manner that is prudent and safe. The District shall adhere to the restrictions set forth in these sections as well as any other applicable federal or state regulations. Section 53601 provides authority for the District to invest surplus funds in specified securities, provided such securities are delivered to the District, either physically or through book entry, and such investments have a maturity date of five years or less unless otherwise authorized by statute.

Investment Objectives

The District’s investment objectives are as follows, in order of priority:

Scotts Valley Fire Protection District		
POLICY: 1602	SUBJECT: Investment Policy	

1. **Safety of Principal:** Investments shall be made in a manner that safeguards and preserves the capital and protects it from loss, including both principal and interest.
2. **Liquidity:** Investments shall be sufficiently liquid to allow the District to meet its operating and capital expenditure requirements.
3. **Return on Investments:** The District shall seek to earn a reasonable return on its investments while maintaining the safety and liquidity of the portfolio.

Authorized Investments

To the fullest extent authorized by Section 53600 *et seq.*, the following investments are authorized for the District’s funds, inclusive of financial futures or financial option contracts in such enumerated categories:

1. **Local Agency Bonds:** Bonds issued by the local agency, including those payable solely from revenues of a revenue-producing property owned, controlled, or operated by the local agency or its departments, boards, agencies, or authorities.
2. **U.S. Treasury Securities:** Treasury notes, bonds, bills, or certificates of indebtedness, or those backed by the full faith and credit of the United States.
3. **State Securities:** Registered state warrants, treasury notes, or bonds of California, including those payable solely from revenues of a revenue-producing property owned, controlled, or operated by the state or its departments, boards, agencies, or authorities.
4. **Other State Securities:** Registered treasury notes or bonds of any of the other 49 states, including those payable solely from revenues of a revenue-producing property owned, controlled, or operated by the state or its departments, boards, agencies, or authorities.
5. **Local Agency Securities within California:** Bonds, notes, warrants, or other evidences of indebtedness of a local agency within California, including those payable solely from revenues of a revenue-producing property owned, controlled, or operated by the local agency or its departments, boards, agencies, or authorities.
6. **Federal Agency and Government-Sponsored Enterprise Securities:** Obligations, participations, or other instruments issued by or fully guaranteed as to principal and interest by federal agencies or U.S. government-sponsored enterprises.
7. **Bankers' Acceptances:** Bills of exchange or time drafts drawn on and accepted by a commercial bank, with a maturity not exceeding 180 days and limited to 40% of the agency's investable funds, with no more than 30% in any one bank.
8. **Prime Commercial Paper:** Commercial paper of the highest quality, rated by a nationally recognized statistical rating organization (NRSRO), with specific criteria for issuing entities and a maximum maturity of 270 days. Investment limits vary based on the size of the local agency's investment assets.
9. **Negotiable Certificates of Deposit:** Issued by nationally or state-chartered banks, savings associations, federal associations, state or federal credit unions, or federally or state-licensed branches of foreign banks, limited to 30% of the agency's investable funds.
10. **Repurchase and Reverse Repurchase Agreements:** Agreements involving securities authorized by this section, with specific conditions and limits on terms and collateral requirements.

Scotts Valley Fire Protection District		
POLICY: 1602	SUBJECT: Investment Policy	

11. **Medium-Term Notes:** Corporate and depository institution debt securities with a maximum maturity of five years, rated "A" or better by an NRSRO, limited to 30% of the agency's investable funds.
12. **Shares of Beneficial Interest:** Issued by diversified management companies investing in authorized securities and obligations, including money market funds registered with the SEC, with specific criteria for investment advisers and rating requirements.
13. **Trustee or Fiscal Agent Investments:** Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, invested according to statutory provisions or the local agency's governing documents.
14. **Secured Notes and Bonds:** Notes, bonds, or other obligations secured by a valid first priority security interest in eligible securities, with collateral placed in the custody of a trust company or bank trust department, and perfected according to the Uniform Commercial Code or federal regulations.
15. **Mortgage-Backed Securities:** Mortgage passthrough securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable passthrough certificates, or consumer receivable-backed bonds, rated "AA" or better by an NRSRO, with a maximum maturity of five years and limited to 20% of the agency's surplus moneys.
16. **Joint Powers Authority Shares:** Shares of beneficial interest issued by a joint powers authority investing in authorized securities and obligations, with an investment adviser registered with the SEC, having at least five years of experience and managing assets over \$500 million.
17. **International Bank Obligations:** U.S. dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, rated "AA" or better by an NRSRO, with a maximum maturity of five years and limited to 30% of the agency's investable funds.
18. **Public Bank Securities:** Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

Investment Restrictions

The following restrictions shall apply to the District's investment portfolio:

1. The purchase by the District of any investment authorized by this Policy, not purchased directly from the issuer, shall be from an institution licensed by the State as a broker-dealer, as defined by Corporations Code section 25004, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association (as defined by Section 5102 of the Financial Code) or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.
2. No more than 50% of the portfolio may be invested in securities that are not backed by the full faith and credit of the U.S. government or its agencies.
3. The average maturity of the portfolio shall not exceed 5 years.

Scotts Valley Fire Protection District		
POLICY: 1602	SUBJECT: Investment Policy	

4. Investments in securities that have a rating lower than “A” or equivalent by a nationally recognized rating agency shall not be permitted.
5. No investments in derivatives or speculative securities are allowed.
6. No investments in securities that are non-liquid or restricted for sale to the public are allowed without prior approval from the Board.

Delegation of Authority

The Board of Directors of the District delegates authority for the day-to-day management of the District’s investment portfolio to the Fire Chief ~~or the designated financial officer~~. However, the Fire Chief ~~or financial officer~~ shall ensure that all investments comply with the guidelines set forth in this policy and shall report to the Board ~~on no less than on a~~ quarterly basis.

Although the Board of Directors delegates the investment authority to the Fire Chief, investments shall be restricted to the following options:

- Santa Cruz County Investment Pool
- California Cooperative Liquid Assets Security System (CLASS)

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Reporting and Oversight

1. **Annual Reports:** The Fire Chief ~~or designated financial officer~~, or District Auditor shall prepare an annual report to the Board on the status of the District’s investment portfolio, and in compliance with Policy 1605 Fiscal Accountability.
2. **Annual Review:** The District’s investment policy shall be reviewed annually by the ~~Board~~ Fire Chief ~~or designee~~ to ensure its continued relevance and compliance with applicable laws.

Ethics and Conflicts of Interest

The ~~investment officers~~ Fire Chief and Staff directly involved with financial accountability shall refrain from personal business activity that could conflict with proper execution of the investment program or that could impair their ability to make impartial decisions. Additionally, the Fire Chief ~~or financial officer~~ shall disclose to the Board any potential conflicts of interest.

Policy Amendments

The Board of Directors reserves the right to amend this policy at any time. Any changes shall be approved by the Board ~~and shall be incorporated into the policy as an official amendment~~.

Compliance with State Law

This policy shall at all times be in compliance with the California Government Code and any other applicable state or federal laws and regulations. Any changes to state law or other applicable legal provisions will be reflected in subsequent policy revisions.



SCOTTS VALLEY
CALIFORNIA

Infrastructure Financing District Analysis Summary

September 2025

**Prepared by:
Kosmont Companies**

Background and Summary

- The City of Scotts Valley is evaluating the use of a special purpose financing district called an [Enhanced Infrastructure Financing Districts \(EIFD\)](#) to capture value from potential new development within the City to fund critical infrastructure and community investment priorities and catalyze private sector investment
- EIFD tax increment financing (TIF) capacity is estimated in the range of **\$40-50M**, depending on the number of participating taxing entities (e.g., City, County, Fire District) and each agency's level of financial participation
- While a City-only financing district strategy would likely achieve favorable "return on investment" for the City, a broader partnership including the County of Santa Cruz and/or the Fire District would further improve financial feasibility and benefit all agencies
- In addition to the direct EIFD funding capacity, the EIFD would elevate the community's ability to attract other public funding, particularly state and federal grants

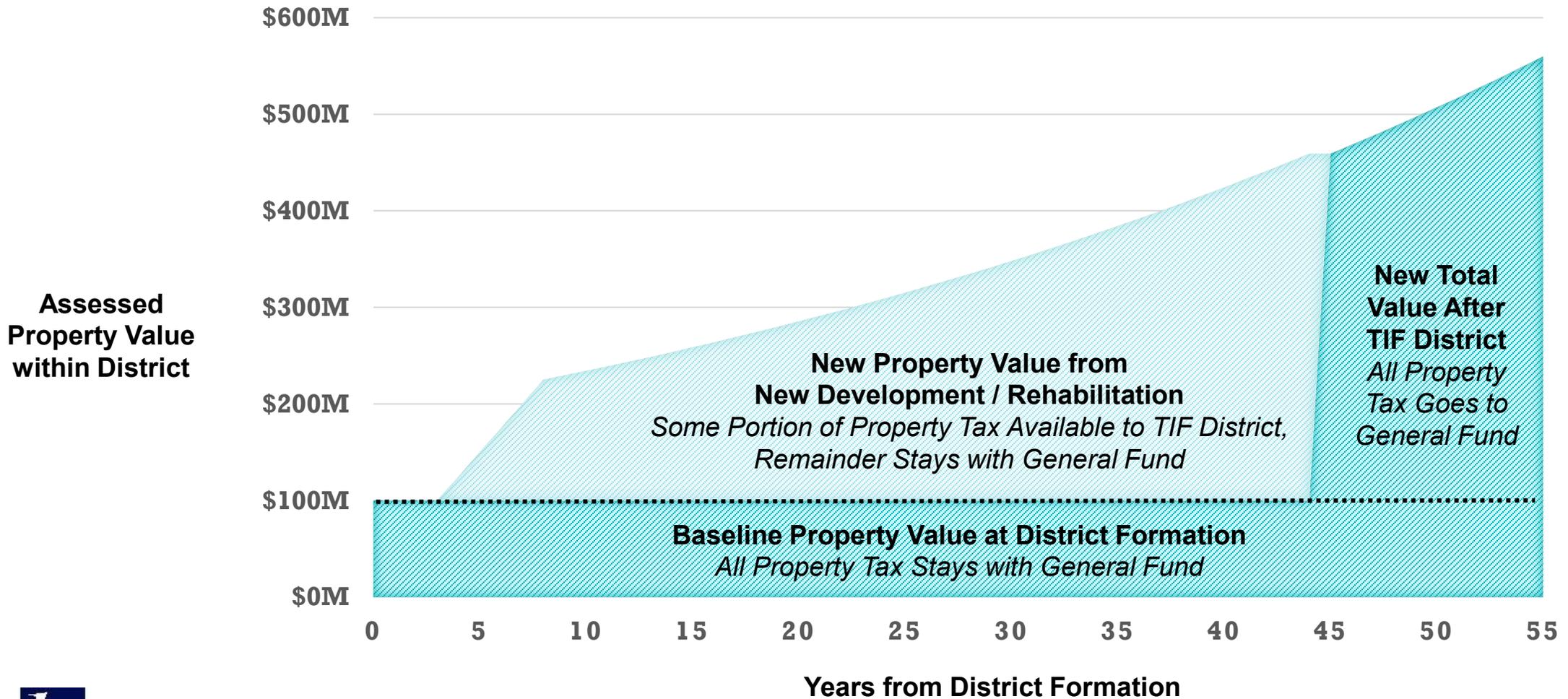
Background and Summary (Continued)

- Current analysis is focused on determining the appropriate amount of each participating agency's financial participation (i.e., tax increment allocation), such that each agency would achieve a positive "return on investment" or general fund fiscal impact from EIFD participation
- Draft fiscal impact analysis supports the following potential levels of tax increment allocation:
 - City: **50%** of its share of property tax increment (equivalent to approx. **5.3 cents** per property tax dollar)
 - County: **25%** of its share, equivalent to approx. **3.5 cents** per dollar
 - Fire District: **30%** of its share, equivalent to approx. **4.4 cents** per dollar
 - Library District can additionally allocate up to **100%** of its share, equivalent to approx. **1.9 cents** per dollar
- Subject to feedback from each potential participating agency, immediate next steps could include consideration of a non-binding **Resolution of Intention** by each participating agency's governing body

Presentation Outline

1. Overview of Tax Increment Financing (TIF) and EIFD
2. District Boundary Considerations for Scotts Valley
3. Funding and Financing Analysis
4. Potential Next Steps and Timing

What is Tax Increment Financing (TIF) – Not a New Tax



EIFD Fundamentals

Long Term Districts	45 years from first bond issuance
Governance	Public Financing Authority (PFA) implements Infrastructure Financing Plan (IFP)
Approvals	Mandatory public hearings for formation with protest opportunity; no public vote
Eligible Projects	Eligible facilities with useful life of 15+ years & of communitywide significance; purchase, construction, expansion, improvement, seismic retrofit, rehabilitation, and <u>maintenance</u>

Types of Projects EIFD Can Fund

Partial List



Storm / Flood / Public Facilities



Roadway / Parking / Transit



Parks / Open Space / Recreation



Libraries & Childcare Facilities



Brownfield Remediation



Affordable Housing



Broadband



**Wildfire Prevention / Other
Climate Change Response**



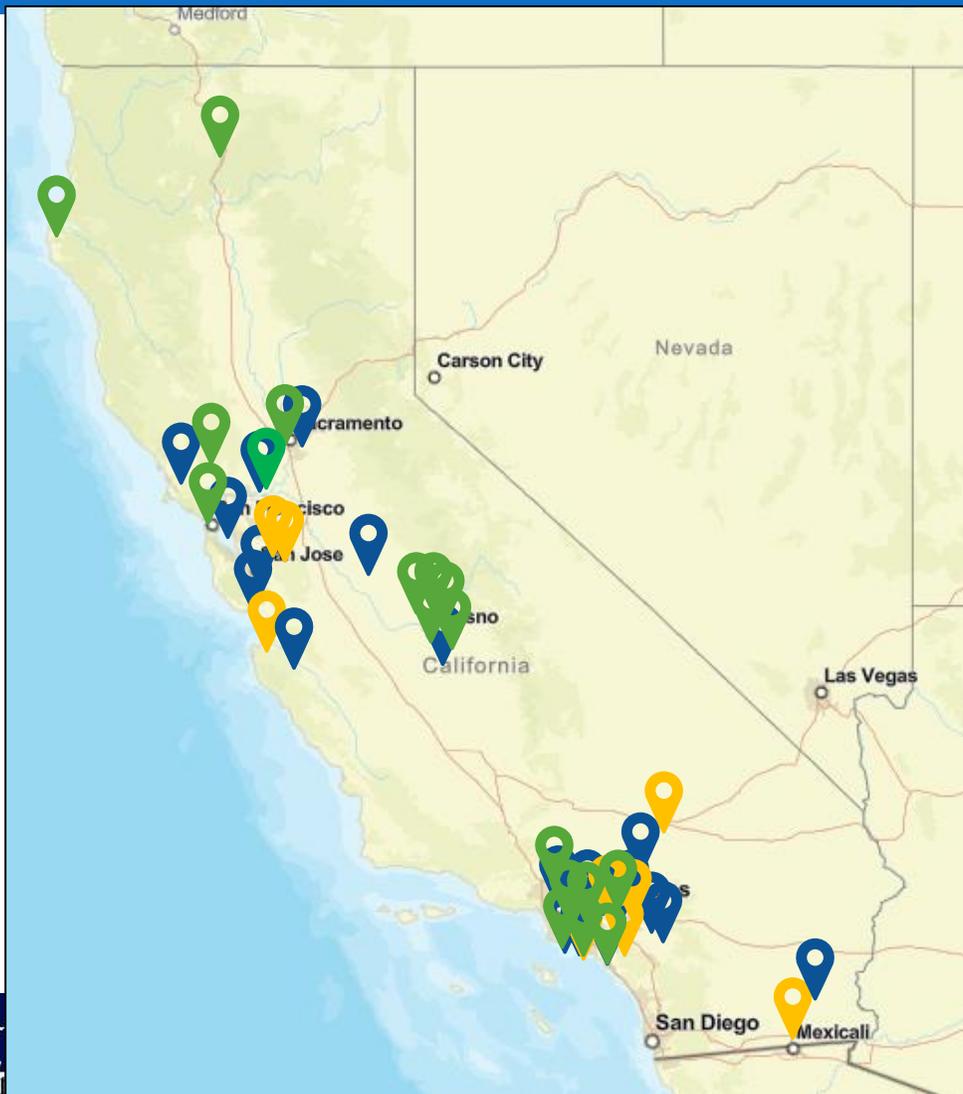
**Small Business /
Nonprofit Facilities**

Why are Public Agencies Authorizing Financing Districts?

1. Return on Investment: Private sector investment induced by district commitment accelerates growth of **net fiscal revenues**, **job creation**, **housing production**, **essential infrastructure improvements**
2. Ability to attract additional funds / other public money (“OPM”) – tax increment from other entities (county, special districts), federal / state grants / loans (e.g., for transit-oriented development, water, housing, parks, remediation)

Districts in Progress Statewide

(Partial List of EIFDs/CRDs/CRIAs)



Jurisdiction	Purpose
Apple Valley	Industrial and housing supportive infrastructure
Banning (CRIA)	Downtown revitalization, industrial infrastructure
Barstow	Industrial and housing supportive infrastructure
Brentwood	Housing, employment, and transit-supportive infrastructure
Buena Park	Mall reimagination, tourism-supportive infrastructure
Calipatria (CRD)	Economic and climate resilience infrastructure
Carson + L.A. County	Remediation, affordable housing, recreation
Citrus Heights	Mall reimagination
Covina	Downtown housing and blended use supportive infrastructure
Fairfield	Downtown, housing, and transit-supportive infrastructure
Fresno	Downtown, housing and transit-supportive infrastructure
Fresno County	Industrial and commercial supportive infrastructure
Humboldt County	Coastal mixed-use and energy supportive infrastructure
Inglewood (CRD)	Transportation and affordable housing
Imperial County	Renewable energy, housing and infrastructure
La Verne + L.A. County	Housing and transit-supportive infrastructure
Lakewood + L.A. County	Mall reimagination, smart streets, affordable housing
Long Beach	Economic empowerment and affordable housing
Los Angeles (Downtown, San Pedro, other)	Affordable housing and transit-supportive infrastructure
Los Angeles County West Carson	Housing / bio-science / tech infrastructure
Madera County (3 Districts)	Water, sewer, roads and other housing infrastructure
Modesto + Stanislaus County	Downtown, housing, and recreation infrastructure
Mount Shasta	Rural brownfield mixed-use infrastructure
Napa	Downtown, housing, tourism supportive infrastructure
Norwalk + L.A. County	Affordable housing and infrastructure
Ontario	Airport-related, blended use, infrastructure
Palmdale + L.A. County	Housing, blended use, transit infrastructure
Pittsburg	Housing, commercial, and tech park infrastructure
Placentia + Orange County	Housing and TOD infrastructure
Rancho Cucamonga	Blended use and connectivity infrastructure
Redlands	Education related blended use, mall reimagination
Redondo Beach + L.A. County	Parks / open space, recreation infrastructure
Riverside County Thousand Palms	Housing, hospitality, medical supportive infrastructure
Sacramento County (Unincorporated)	Industrial / commercial supportive infrastructure
Salinas	Water, sewer, and other housing supportive infrastructure
Sanger	Commercial, hospitality, supportive infrastructure
Santa Cruz (EIFD + CRD)	Downtown, blended use, and climate resilience infrastructure
Santa Fe Springs	Housing and transit-oriented development infrastructure
Santa Rosa + County of Sonoma	Downtown investment, affordable housing, aging infrastructure
Vacaville	Housing and business park infrastructure
Yucaipa	Housing and commercial infrastructure

Fully Formed	In Formation Process	Under Evaluation
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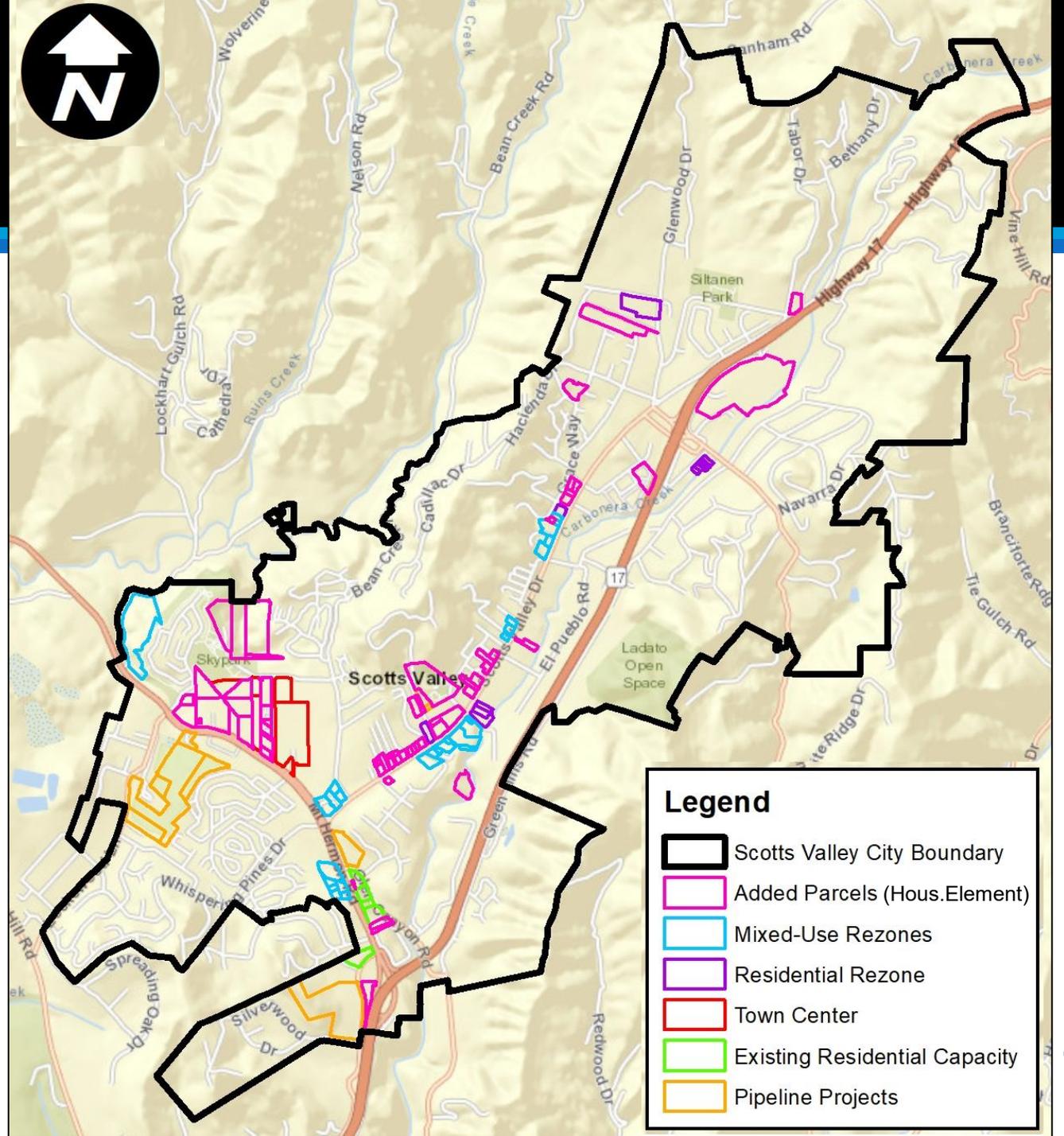
Report Card on City / County / Fire District EIFD Partnerships

1. Placentia + Orange County
2. La Verne + Los Angeles County
3. Palmdale + Los Angeles County
4. Carson + Los Angeles County
5. Rancho Cucamonga + Rancho Cucamonga Fire Protection District
6. Lakewood + Los Angeles County
7. Stockton + Lathrop + Manteca + San Joaquin County
8. Gonzales + Monterey County
9. Santa Rosa + Sonoma County

Potential EIFD Boundary

Town Center + Other Opportunity Sites

- Town Center and other economic development opportunity sites identified in the Housing Element and Development Pipeline
- Approx. 236 acres (~8% of City)
- Approx. \$145M in existing assessed value (~4% of City)



Example Potential Investments to Receive EIFD Funding

- a) Town Center blended-use supportive infrastructure (e.g., new traffic signals)
- b) Water and sewer improvements (e.g., sewer line along Mount Hermon Road)
- c) Mount Herson and Granite Creek roadway interchanges
- d) Fire facilities
- e) Affordable housing gap financing
- f) Community facilities (e.g., senior center / community center / emergency shelter)
- g) Wildfire prevention (e.g., fire breaks, prescribed burning, structure hardening, vegetation control)

Development Assumptions with EIFD Study Area

Absorption Assumed over ~20 Years

Area	# SF or Units	Estimated AV Factor	Estimated Total AV at Buildout
Residential – Market Rate For-Sale	431 units	\$950K per unit	\$409 million
Residential – Market Rate Rental	850 units	\$450K per unit	\$383 million
Residential – Affordable	1,064 units	<i>property tax exempt</i>	\$0
Hotel	300 rooms	\$300K per unit	\$90 million
Commercial	70,000 SF	\$350 PSF	\$25 million
Industrial / Flex	693,400 SF	\$200 PSF	\$18 million
Total New Development Assumed within EIFD Study Area			\$924 million



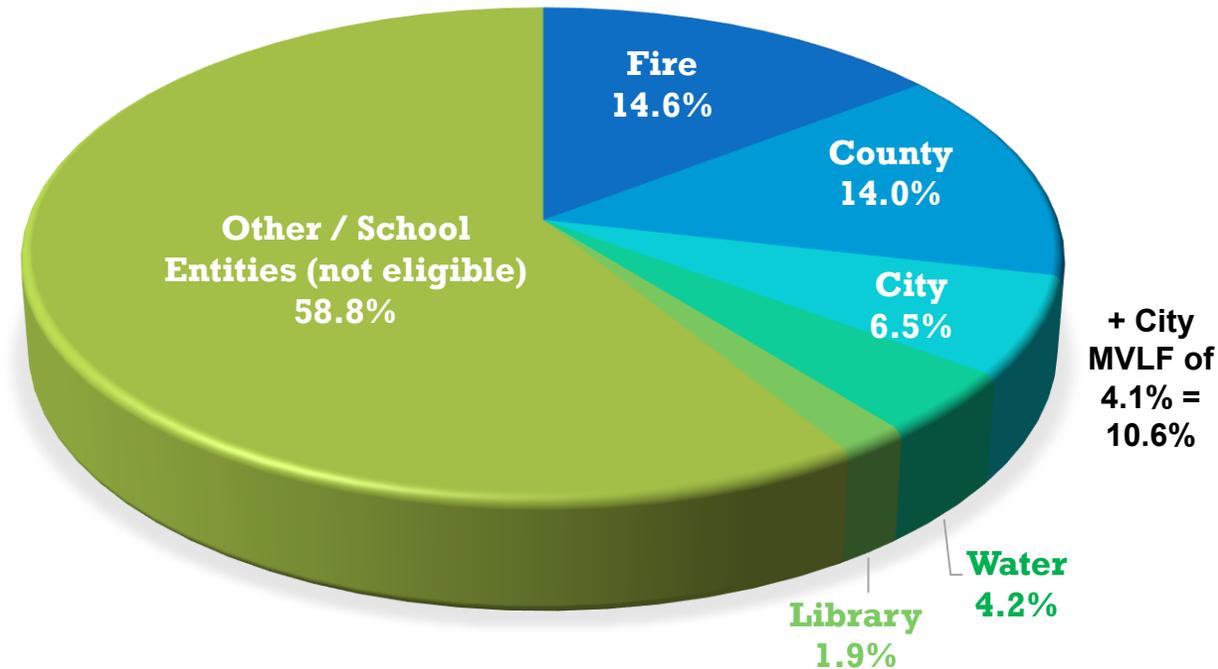
Note: AV at buildout values in current 2025 dollars

Sources: Scotts Valley General Plan and Housing Element, City Development Pipeline; CoStar (2025)

Property Tax Revenues Available to EIFD

- Primary non-school recipients and potential contributors of property tax are **City, County, and Fire District**
- City share varies by area and averages ~**6.5% each** of every \$1 collected in property taxes, including the City's Tax Equity Allocation (TEA)
 - City additionally receives equivalent of ~**4.1%** of property tax in lieu of motor vehicle license fees (MVLFF), also available to EIFD
- County General Fund share averages ~**14.0%**
 - County additionally receives property tax in lieu of MVLFF, also available to EIFD, but not incorporated into this analysis to be conservative
- Fire District averages ~**14.6%**
- Water District averages ~**4.2%** and Library averages ~**1.9%**
- School-related entities cannot participate

Property Tax Distribution



As counties tend to rely more heavily on property tax revenue sources generated by new development within incorporated jurisdictions, it is Kosmont's experience that it is not reasonable to assume allocation of property tax in lieu of MVLFF by the County. As cities benefit from additional non-property tax revenue sources (e.g., sales tax, transient occupancy tax) from new development, it is Kosmont's experience that it is reasonable for cities to consider contributing property tax in lieu of MVLFF. Tax Rate Area (TRA) weighted average distributions for EIFD Study Area shown. Post-ERAF (Education Revenue Augmentation Fund) distribution. Parcels within former Redevelopment Agency Project Areas are subject to RPTTF revenue flow until expiration of ROPS obligations. Source: Santa Cruz County Auditor Controller (2025)

EIFD Revenue and Bonding Capacity Scenarios

Town Center + Other Opportunity Sites

EIFD Revenue Allocation Scenario	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present-Value @ 3% Discount Rate	50-Year Nominal Total
A) City 50%	\$1,888,000	\$6,103,000	\$17,791,000	\$42,675,000
B) County 25%	\$1,029,000	\$3,823,000	\$11,794,000	\$28,290,000
C) Fire District 30%	\$1,454,000	\$4,950,000	\$14,759,000	\$35,403,000
D) City 50% + County 25%	\$3,579,000	\$10,588,000	\$29,585,000	\$70,965,000
E) City 50%+ Fire 30%	\$4,004,000	\$11,716,000	\$32,550,000	\$78,078,000
F) City 50% + County 25% + Fire 30%	\$5,695,000	\$16,201,000	\$44,344,000	\$106,369,000
G) Reference: Library 100%	\$251,000	\$1,760,000	\$6,369,900	\$15,277,000

City allocation includes allocation from both AB8 + MVLFF in-lieu. County allocation does not include MVLFF in-lieu.

** Bonding capacity assumes Year 5 is first bond issuance for EIFD. "Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes \$25,000 admin charge, 150% debt service coverage. 6.0% interest rate; 30-year term. Proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at \$350,000. Source: Kosmont Financial Services (KFS), registered municipal advisor.*

EIFD Allocation vs. General Fund Allocation

Property Tax Only

Taxing Entity	50-Year Nominal Total Allocation of Future Property Tax to <u>EIFD</u>	50-Year Nominal Total New Property Tax to <u>General Fund</u>
A) City @ 50% Allocation to EIFD	\$42,675,000	\$42,675,000
B) County @ 25% Allocation to EIFD	\$28,290,000	\$84,870,800
C) Fire District @ 30% Allocation to EIFD	\$35,403,000	\$82,607,600

Estimated Net Fiscal Impacts by Agency

Property Tax + Other Revenues - EIFD Allocation - Expenditures = Net Impact

	Annual Stabilized	Year 0-50 Nominal Total	Year 0-50 Present Value @ 3.0%
City of Scotts Valley			
Estimated Fiscal Revenues (Net of 50% EIFD Allocation)	\$5,518,227	\$602,836,800	\$233,002,300
Estimated Fiscal Expenditures	(\$4,487,800)	(\$589,068,600)	(\$224,456,000)
Estimated Net Fiscal Impact to City	\$1,030,427	\$13,768,200	\$8,546,300
County of Santa Cruz			
Estimated Fiscal Revenues (Net of 25% EIFD Allocation)	\$1,902,800	\$197,533,800	\$76,731,300
Estimated Fiscal Expenditures	(\$1,295,100)	(\$170,522,600)	(\$64,959,300)
Estimated Net Fiscal Impact to County	\$607,700	\$27,011,200	\$11,772,000
Scotts Valley Fire Protection District			
Estimated Fiscal Revenues (Net of 30% EIFD Allocation)	\$1,051,300	\$107,392,600	\$41,778,400
Estimated Fiscal Expenditures	(\$684,700)	(\$89,859,700)	(\$34,239,700)
Estimated Net Fiscal Impact to Fire District	\$366,600	\$17,532,900	\$7,538,700
County Measure D Sales Tax - Transportation	\$207,300	\$28,323,600	\$10,760,700
Sales Tax - Metropolitan Transit District	\$207,300	\$28,323,600	\$10,760,700
Sales Tax - Santa Cruz Public Libraries	\$103,600	\$14,161,600	\$5,380,200

Note: Assumes 20-year absorption and 50-year financing district duration. Assumes installation of necessary public infrastructure.

Case Study Example

Town Center Project within EIFD

General Fund Fiscal Impacts over 50 Years

	No New Development on Town Center Site	New Town Center Development Catalyzed by Infrastructure Investment via EIFD
City of Scotts Valley		
Estimated New Fiscal Revenues	\$0	\$39,930,100
50% Allocation of Property Tax Increment to EIFD	(\$0)	(\$4,257,500)
Estimated Fiscal Expenditures	(\$0)	(\$33,203,600)
Estimated Net Fiscal Impact to City	\$0	\$2,469,000
County of Santa Cruz		
Estimated New Fiscal Revenues	\$0	\$18,481,800
25% Allocation of Property Tax Increment to EIFD	(\$0)	(\$2,829,900)
Estimated Fiscal Expenditures	(\$0)	(\$9,562,500)
Estimated Net Fiscal Impact to County	\$0	\$6,089,400
Scotts Valley Fire Protection District		
Estimated New Fiscal Revenues	\$0	\$11,806,500
30% Allocation of Property Tax Increment to EIFD	(\$0)	(\$3,542,200)
Estimated Fiscal Expenditures	(\$0)	(\$5,063,500)
Estimated Net Fiscal Impact to Fire District	\$0	\$3,200,800

Public Agency and Community Return on Investment

- Housing: **2,300+ units**, including **1,000+ affordable units**
- Economic revitalization, climate resilience, addressing critical infrastructure needs
- Job creation, wages:
 - **15,100+ temporary construction-related jobs*** in City and County, ~**\$1.1B** related new wage income
 - **600+ permanent jobs** in the City and County, related ~**\$32M** in new annual wage income
- Acceleration of development and related fiscal revenues for taxing entities:
 - **\$9 million** in present value **fiscal benefit** for **CITY** general fund over 50 years, net of tax increment contribution to TIF district and net of estimated fiscal expenditures (50% City TIF allocation scenario)
 - **\$12 million** in present value **fiscal benefit** for **COUNTY** general fund over 50 years, net of tax increment contribution to TIF district and net of estimated fiscal expenditures (25% County TIF allocation scenario)
 - **\$8 million** in present value **fiscal benefit** for **FIRE DISTRICT** general fund over 50 years, net of tax increment contribution to TIF district and net of estimated fiscal expenditures (30% Fire District TIF allocation scenario)
 - **\$11 million** in present value new sales tax funding for **COUNTY** transportation services (separate from County general fund)
 - **\$11 million** in present value new sales tax funding for Metropolitan Transit District
 - **\$5 million** in present value new sales tax funding for Santa Cruz Public Libraries
- Attract other funding not otherwise available for projects within the community

* Construction job-years, where one job-year is defined as one year of employment for one individual

Financing Districts work better with a Multi-Agency Partnership & Attract Other Funding

- Ideal strategy includes City / County / Fire District partnership
- Districts which involve a multi-agency joint effort are more likely to win state grant funding sources
- Districts explicitly increase scoring for CA state housing grants (e.g., IIG, AHSC, TCC)

Other Public Sources

- *Cap-and-Trade / HCD grant & loan programs (AHSC, IIG, TCC, CERF)*
- *Prop 68 parks & open space grants*
- *Prop 1 water/sewer funds*
- *Caltrans ATP / HSIP grants*
- *Federal EDA / DOT / EPA funding*
- *Federal ARPA, Invest Act, IJ Act*



Other Private Sources

- *Development Agreement / impact fees*
- *Benefit assessments (e.g., contribution from CFD)*
- *Private investment*

Illustrative EIFD Formation Schedule

Target Date	Task
Q1-Q3 2025	a) Conduct outreach/discussion among City staff and Council, County staff and Board of Supervisors, Fire District staff and Board, other relevant stakeholders b) Final determination of EIFD boundaries, targeted projects, governing Public Financing Authority (PFA) Board composition
Oct / Nov 2025	c) Participating taxing agencies consider non-binding Resolution(s) of Intention and formally establish PFA
December 2025	d) PFA directs the drafting of the Infrastructure Financing Plan (IFP)
January 2026	e) Distribute draft IFP to property owners, affected taxing entities
February 2026	f) PFA holds an initial public meeting to present the draft IFP to the public and property owners
March 2026	g) Legislative bodies of participating taxing entities consider resolution(s) approving IFP
April 2026	h) PFA holds first public hearing to hear additional comments and take action to modify or reject IFP
May 2026	i) PFA holds second public hearing to consider oral and written protests and take action to terminate proceedings or adopt IFP and form the district by resolution

- Tax increment allocation begins fiscal year following district formation
- Debt issuance, if desired, would occur after a stabilized level of tax increment has been established (may be 3-5 years)

Potential Next Steps

- Address questions, receive and incorporate feedback from public agency staff
- Subject to feedback from each potential participating agency, immediate next steps could include consideration of a non-binding Resolution of Intention by each participating agency's governing body (City required to lead)

THANK YOU

Questions?

Kosmont Companies

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Disclaimer

The high-level analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis.

Discussions or descriptions of potential financial tools that may be available to the Client and public agencies are included for informational purposes only and are not intended to be to be “advice” within the context of this Analysis.

Municipal Advisory activities are conducted through Kosmont Companies’ affiliate, Kosmont Financial Services, which is Registered as a Municipal Advisor with the SEC and MSRB.

Overview of Fiscal Impacts

	Annual @ Year 10	Year 0-50 Nominal Total	Year 0-50 Present Value @ 3.0%
City of Scotts Valley			
Estimated Fiscal Revenues (Net of EIFD Allocation)	\$5,518,227	\$602,836,800	\$233,002,300
Estimated Fiscal Expenditures	(\$4,487,800)	(\$589,068,600)	(\$224,456,000)
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Sales Tax - Santa Cruz Public Libraries	\$103,600	\$14,161,600	\$5,380,200

Key Land Use Assumptions (Buildout)

Project Component	
Residential - Market Rate Rental	850 DU
Residential - Market Rate For-Sale	431 DU
Residential - Affordable Housing	1,064 DU
Hotel	300 rooms
Industrial / Flex	87,592 SF
Commercial / Retail	70,000 SF

Notes:

Assumes installation of necessary public infrastructure
 Assumes 10-20 year absorption and 50-year financing district duration
 Actual absorption will depend on market conditions and other factors
 Values in 2025 dollars



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Summary of Estimated Fiscal Impacts to City

Stabilized

	Year 5	Year 10	Year 20	Year 30	Year 40	Year 50	Year 55	Stabilized Escalation Rate	Year 0-50 Nominal Total	Year 0-50 Present Value @ 3.0%
	2031	2036	2046	2056	2066	2076	2081			
City of Scotts Valley General Fund Revenues										
Property / Possessory Interest Tax	\$285,700	\$668,700	\$1,139,000	\$1,530,721	\$2,057,161	\$2,764,652	\$3,204,989	3.0%	\$68,304,400	\$26,572,000
Property Tax Allocation to EIFD	(\$142,900)	(\$334,300)	(\$569,500)	(\$765,360)	(\$1,028,580)	(\$1,382,326)	\$0	3.0%	(\$34,152,400)	(\$13,286,200)
Property Tax In-Lieu of MVLF	\$175,100	\$409,400	\$699,400	\$939,935	\$1,263,194	\$1,697,627	\$1,968,015	3.0%	\$41,930,200	\$16,307,800
Property Tax In-Lieu of MVLF Allocation to EIFD	(\$87,550)	(\$204,700)	(\$349,700)	(\$469,968)	(\$631,597)	(\$848,814)	\$0	3.0%	(\$20,965,100)	(\$8,153,900)
Property Transfer Tax	\$5,300	\$12,600	\$27,000	\$36,286	\$48,765	\$65,536	\$75,974	3.0%	\$1,586,900	\$606,700
Sales and Use Tax - Direct / On-Site	\$113,800	\$263,900	\$709,300	\$953,240	\$1,281,075	\$1,721,657	\$1,995,873	3.0%	\$40,994,800	\$15,441,900
Measure Z Sales Tax - Direct / On-Site	\$76,100	\$176,400	\$474,100	\$637,151	\$856,277	\$1,150,765	\$1,334,052	3.0%	\$27,401,200	\$10,321,400
Sales and Use Tax - Indirect / Off-Site	\$218,900	\$511,200	\$1,106,100	\$1,486,506	\$1,997,740	\$2,684,795	\$3,112,413	3.0%	\$64,935,900	\$24,803,300
Measure Z Sales Tax - Indirect / Off-Site	\$146,300	\$341,700	\$739,400	\$993,692	\$1,335,439	\$1,794,718	\$2,080,570	3.0%	\$43,407,500	\$16,580,000
Transient Occupancy Tax	\$782,000	\$2,266,200	\$3,045,600	\$4,093,032	\$5,500,692	\$7,392,471	\$8,569,899	3.0%	\$187,233,400	\$74,327,500
Utility Users Tax	\$175,900	\$406,700	\$911,800	\$1,225,383	\$1,646,812	\$2,213,178	\$2,565,680	3.0%	\$53,380,800	\$20,340,000
Business License Tax	\$22,600	\$49,900	\$86,700	\$116,518	\$156,590	\$210,444	\$243,962	3.0%	\$5,195,600	\$2,020,400
Charges for Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	3.0%	\$0	\$0
Fines & Forfeitures	\$3,800	\$8,700	\$19,600	\$26,341	\$35,400	\$47,574	\$55,152	3.0%	\$1,147,300	\$437,000
Franchise Fees	\$175,200	\$405,200	\$908,400	\$1,220,814	\$1,640,671	\$2,204,925	\$2,556,113	3.0%	\$53,181,500	\$20,264,000
Intergovernmental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	3.0%	\$0	\$0
Investment Earnings	\$21,465	\$54,327	\$99,716	\$134,010	\$180,098	\$242,037	\$280,587	3.0%	\$5,935,000	\$2,293,900
Rents & Concessions	\$5,600	\$12,900	\$29,200	\$39,242	\$52,738	\$70,876	\$82,165	3.0%	\$1,708,300	\$650,500
Interfund Transfer in	\$81,800	\$189,100	\$424,000	\$569,821	\$765,791	\$1,029,159	\$1,193,078	3.0%	\$24,822,500	\$9,458,200
Other Revenues	\$121,200	\$280,300	\$628,400	\$844,517	\$1,134,960	\$1,525,292	\$1,768,231	3.0%	\$36,789,000	\$14,017,800
Estimated Total Revenues	\$2,180,315	\$5,518,227	\$10,128,516	\$13,611,879	\$18,293,227	\$24,584,567	\$31,086,753		\$602,836,800	\$233,002,300
City of Scotts Valley General Fund Expenditures										
Legislative	\$9,100	\$21,100	\$47,300	\$63,567	\$85,429	\$114,810	\$133,096	3.0%	\$2,769,300	\$1,055,300
Legal	\$22,200	\$51,300	\$115,000	\$154,550	\$207,703	\$279,135	\$323,594	3.0%	\$6,732,600	\$2,565,300
City Manager's Office	\$81,300	\$188,000	\$421,400	\$566,326	\$761,095	\$1,022,848	\$1,185,762	3.0%	\$24,670,800	\$9,400,500
Administrative Services	\$343,900	\$795,200	\$1,782,900	\$2,396,069	\$3,220,116	\$4,327,566	\$5,016,835	3.0%	\$104,378,600	\$39,771,800
Police	\$977,800	\$2,261,000	\$5,069,300	\$6,812,715	\$9,155,720	\$12,304,522	\$14,264,313	3.0%	\$296,779,400	\$113,083,400
Community Development	\$123,500	\$285,600	\$640,400	\$860,644	\$1,156,634	\$1,554,419	\$1,801,998	3.0%	\$37,491,900	\$14,285,800
Public Works	\$383,000	\$885,600	\$1,985,600	\$2,668,480	\$3,586,214	\$4,819,572	\$5,587,205	3.0%	\$116,246,000	\$44,293,900
Estimated Total Expenditures	\$1,940,800	\$4,487,800	\$10,061,900	\$13,522,352	\$18,172,911	\$24,422,872	\$28,312,803		\$589,068,600	\$224,456,000
Estimated Annual Net Fiscal Impact	\$239,515	\$1,030,427	\$66,616	\$89,526	\$120,316	\$161,695	\$2,773,951		\$13,768,200	\$8,546,300
<i>Revenue / Cost Ratio</i>	1.12	1.23	1.01	1.01	1.01	1.01	1.10		1.02	1.04

Notes:
 Assumes installation of necessary public infrastructure
 Values in 2025 dollars
 Select years shown for illustration



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Summary of Estimated Fiscal Impacts to County

Stabilized

	Year 5	Year 10	Year 20	Year 30	Year 40	Year 50	Year 55	Stabilized Escalation Rate	Year 0-50 Nominal Total	Year 0-50 Present Value @ 3.0%
	2031	2036	2046	2056	2066	2076	2081			
County of Santa Cruz Revenues										
Property Tax	\$615,400	\$1,440,200	\$2,453,100	\$3,296,761	\$4,430,571	\$5,954,318	\$6,902,686	3.0%	\$147,110,700	\$57,229,900
Property Tax - County Allocation to EIFD	(\$153,800)	(\$360,000)	(\$613,300)	(\$824,224)	(\$1,107,688)	(\$1,488,640)	\$0	3.0%	(\$36,778,900)	(\$14,307,900)
Property Tax in Lieu of MVLF	\$313,100	\$732,300	\$1,250,900	\$1,681,105	\$2,259,265	\$3,036,263	\$3,519,861	3.0%	\$74,993,900	\$29,167,400
Property Tax in Lieu of MVLF - County Allocation to EIFD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	3.0%	\$0	\$0
Property Transfer Tax	\$5,300	\$12,600	\$27,000	\$36,286	\$48,765	\$65,536	\$75,974	3.0%	\$1,586,900	\$606,700
Sales Tax - Direct / On-Site	\$11,400	\$26,475	\$71,100	\$95,552	\$128,415	\$172,578	\$200,066	3.0%	\$4,109,400	\$1,548,000
Sales Tax - Indirect / Off-Site	\$21,975	\$51,225	\$110,925	\$149,074	\$200,343	\$269,244	\$312,128	3.0%	\$6,511,800	\$2,487,200
Estimated County Revenues	\$813,375	\$1,902,800	\$3,299,725	\$4,434,554	\$5,959,670	\$8,009,299	\$11,010,714		\$197,533,800	\$76,731,300
County of Santa Cruz Expenditures										
Public Protection - Incorporated Jurisdiction Estimate	\$254,000	\$587,400	\$1,317,000	\$1,769,938	\$2,378,648	\$3,196,705	\$3,705,857	3.0%	\$77,103,000	\$29,379,000
General Government	\$98,200	\$227,100	\$509,200	\$684,322	\$919,672	\$1,235,962	\$1,432,819	3.0%	\$29,810,400	\$11,358,600
Public Assistance	\$112,200	\$260,100	\$590,700	\$793,851	\$1,066,870	\$1,433,784	\$1,662,149	3.0%	\$34,546,700	\$13,151,500
Health and Sanitation	\$56,700	\$131,200	\$294,200	\$395,380	\$531,358	\$714,101	\$827,838	3.0%	\$17,223,700	\$6,562,800
Recreation and Cultural Services	\$29,300	\$67,900	\$154,100	\$207,098	\$278,322	\$374,041	\$433,616	3.0%	\$9,012,500	\$3,431,000
Public Ways and Facilities	\$4,400	\$10,100	\$22,600	\$30,373	\$40,818	\$54,856	\$63,593	3.0%	\$1,323,400	\$504,300
Education	\$4,900	\$11,300	\$25,700	\$34,539	\$46,417	\$62,381	\$72,316	3.0%	\$1,502,900	\$572,100
Estimated County Expenditures	\$559,700	\$1,295,100	\$2,913,500	\$3,915,500	\$5,262,105	\$7,071,829	\$8,198,188		\$170,522,600	\$64,959,300
Estimated County Net Fiscal Impact	\$253,675	\$607,700	\$386,225	\$519,054	\$697,565	\$937,469	\$2,812,526		\$27,011,200	\$11,772,000
County Measure D Sales Tax - Transportation	\$88,900	\$207,300	\$485,400	\$652,337	\$876,686	\$1,178,193	\$1,365,849	3.0%	\$28,323,600	\$10,760,700
Sales Tax - Metropolitan Transit District	\$88,900	\$207,300	\$485,400	\$652,337	\$876,686	\$1,178,193	\$1,365,849	3.0%	\$28,323,600	\$10,760,700
Sales Tax - Santa Cruz Public Libraries	\$44,500	\$103,600	\$242,700	\$326,169	\$438,343	\$589,097	\$682,924	3.0%	\$14,161,600	\$5,380,200
Revenue / Expenditure Ratio	1.45	1.47	1.13	1.13	1.13	1.13	1.34		1.16	1.18

Notes:
 Assumes installation of necessary public infrastructure
 Values in 2025 dollars
 Select years shown for illustration



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Summary of Estimated Fiscal Impacts to Fire District

Stabilized

	Year 5	Year 10	Year 20	Year 30	Year 40	Year 50	Year 55	Stabilized Escalation Rate	Year 0-50 Nominal Total	Year 0-50 Present Value @ 3.0%
	2031	2036	2046	2056	2066	2076	2081			
Fire District Revenues										
Property Tax	\$641,700	\$1,501,900	\$2,558,300	\$3,438,141	\$4,620,574	\$6,209,666	\$7,198,704	3.0%	\$153,418,800	\$59,683,700
Property Tax - Fire Allocation to EIFD	(\$192,500)	(\$450,600)	(\$767,500)	(\$1,031,456)	(\$1,386,190)	(\$1,862,924)	\$0	3.0%	(\$46,026,200)	(\$17,905,300)
Estimated Fire Revenues	\$449,200	\$1,051,300	\$1,790,800	\$2,406,685	\$3,234,384	\$4,346,742	\$7,198,704		\$107,392,600	\$41,778,400
Fire District Expenditures										
Salaries & Benefits	\$186,800	\$432,100	\$968,700	\$1,301,852	\$1,749,580	\$2,351,289	\$2,725,789	3.0%	\$56,711,900	\$21,609,200
Services & Supplies	\$61,300	\$141,800	\$318,000	\$427,365	\$574,343	\$771,869	\$894,808	3.0%	\$18,616,700	\$7,093,500
Other Charges	\$11,500	\$26,600	\$59,500	\$79,963	\$107,464	\$144,422	\$167,425	3.0%	\$3,483,800	\$1,327,600
Fixed Assets	\$36,400	\$84,200	\$188,700	\$253,597	\$340,813	\$458,024	\$530,976	3.0%	\$11,047,300	\$4,209,400
Estimated Fire Expenditures	\$296,000	\$684,700	\$1,534,900	\$2,062,777	\$2,772,200	\$3,725,605	\$4,318,997		\$89,859,700	\$34,239,700
Estimated Fire Net Fiscal Impact	\$153,200	\$366,600	\$255,900	\$343,908	\$462,184	\$621,136	\$2,879,707		\$17,532,900	\$7,538,700
Revenue / Expenditure Ratio	1.52	1.54	1.17	1.17	1.17	1.17	1.67		1.20	1.22

Notes:
 Assumes installation of necessary public infrastructure
 Values in 2025 dollars
 Select years shown for illustration



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Project Description

Project Component	Year 5		Year 10		Year 20	
	2031		2036		2046	
Residential - Market Rate Rental	213 DU		425 DU		850 DU	
Residential - Market Rate For-Sale	216 DU		431 DU		431 DU	
Residential - Affordable Housing	266 DU		532 DU		1,064 DU	
Hotel	120 rooms		300 rooms		300 rooms	
Industrial / Flex	87,592 SF		87,592 SF		87,592 SF	
Commercial / Retail	17,500 SF		35,000 SF		70,000 SF	
<i>Annual Escalation Factor</i>		3.0%		1.16		1.34
Estimated A/V - Residential - Market Rental		\$450K Per Unit	\$110,855,583		\$257,024,008	
Estimated A/V - Residential - Market For Sale		\$950K Per Unit	\$237,332,385		\$550,266,562	
Estimated A/V - Affordable Housing		\$0K Per Unit	\$0		\$0	
Estimated A/V - Hotel		\$400K Per Room	\$55,645,156		\$161,269,966	
Estimated A/V - Industrial / Flex		\$200 PSF	\$20,308,627		\$23,543,265	
Estimated A/V - Commercial / Retail		\$350 PSF	\$7,100,554		\$16,462,976	
Total Estimated Assessed Value			\$431,242,304		\$1,008,566,775	
						\$1,722,973,045

Notes:

Adjusted for value appreciation assuming 2% annual escalation rate (statutory maximum).
 Conservatively assuming no mark-to-market valuations above 2% growth to account for property transfers
 Select years shown for illustration
 Values in 2025 dollars



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Project Employment and Occupants

Project Component		Year 5	Year 10	Year 20
		2031	2036	2046
Residential - Market Rate Rental		213 DU	425 DU	850 DU
Residential - Market Rate For-Sale		216 DU	431 DU	431 DU
Residential - Affordable Housing		266 DU	532 DU	1,064 DU
Hotel		120 Rooms	300 Rooms	300 Rooms
Industrial / Flex		87,592 SF	87,592 SF	87,592 SF
Commercial / Retail		17,500 SF	35,000 SF	70,000 SF
Estimated # Employees (FTE)				
Residential - Market Rate Rental	50 DU / emp	4	9	17
Residential - Market Rate For-Sale	0 DU / emp	0	0	0
Residential - Affordable Housing	50 DU / emp	5	11	21
Hotel	1.5 room / emp	80	200	200
Industrial / Flex	1,500 SF / emp	58	58	58
Commercial / Retail	400 SF / emp	44	88	175
Total Estimated # Employees (FTE)		192	365	472
Occupied Dwelling Units	93%	645 DU	1,291 DU	2,181 DU
Residents	2.51 per DU	1,620	3,240	5,474
Employees Weighted at 50%	50%	96	183	236
Total Service Population (Residents + Empl.)		1,716	3,423	5,710
Occupied Hotel Rooms	70%	84 rooms	210 rooms	210 rooms
Hotel Guests	1.5 per room	126	315	315

Notes:

Average household size reflects City average household size
 Select years shown for illustration
 Values in 2025 dollars



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Property Tax

		Year 5 2031	Year 10 2036	Year 20 2046
Estimated Assessed Value - Residential		\$348,187,968	\$807,290,569	\$1,430,349,792
Estimated Assessed Value - Non-Residential		\$83,054,336	\$201,276,206	\$292,623,252
Total Estimated Assessed Value		\$431,242,304	\$1,008,566,775	\$1,722,973,045
Total Secured Property Tax General Levy	1.00%	\$4,312,423	\$10,085,668	\$17,229,730
Estimated Unsecured Property Tax as % of Secured Non-Residential Value	10.00%	\$83,054	\$201,276	\$292,623
Total Estimated Secured + Unsecured Property Tax		\$4,395,477	\$10,286,944	\$17,522,354
Distributions to Taxing Entities				
City of Scotts Valley		6.50%	\$285,700	\$668,700
City Allocation to EIFD	50%	(3.25%)	(\$142,900)	(\$334,300)
Net Property Tax to City		3.25%	\$142,800	\$334,400
Santa Cruz County General		14.00%	\$615,400	\$1,440,200
County Allocation to EIFD	25%	(3.50%)	(\$153,800)	(\$360,000)
Net Property Tax to County		10.50%	\$461,600	\$1,080,200
Santa Cruz Fire Protection District		14.60%	\$641,700	\$1,501,900
Fire Allocation to EIFD	30%	(4.38%)	(\$192,500)	(\$450,600)
Net Property Tax to Fire District		10.22%	\$449,200	\$1,051,300

Notes:

General levy distributions represent tax rate area (TRA) average within boundary

Does not include property tax overrides above 1% general levy or allocations to fire districts, County Library, or other entity distributions

Select years shown for illustration

Values in 2025 dollars

Source: Santa Cruz County Auditor-Controller (2025)



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Property Tax In-Lieu of Motor Vehicle License Fees (MVLf)

Total AV within CITY	\$3,416,274,402			
Current Property Tax In-Lieu of MVLf	\$1,386,772			
Prop Tax In-Lieu of MVLf per \$1M of AV	\$406			
		<i>Year 1</i>	<i>Year 5</i>	<i>Year 10</i>
		2027	2031	2036
				<i>Year 20</i>
				2046
Estimated Project Assessed Value	\$63,133,850	\$431,242,304	\$1,008,566,775	\$1,722,973,045
Incremental Property Tax In-Lieu of MVLf to City	\$25,600	\$175,100	\$409,400	\$699,400
City Allocation to EIFD	(\$12,800)	(\$87,550)	(\$204,700)	(\$349,700)
Net Incremental Property Tax In-Lieu of MVLf to City	\$12,800	\$87,550	\$204,700	\$349,700
Total AV within COUNTY	\$58,522,924,161			
Current Property Tax In-Lieu of MVLf	\$42,490,000			
Prop Tax In-Lieu of MVLf per \$1M of AV	\$726			
		<i>Year 1</i>	<i>Year 5</i>	<i>Year 10</i>
		2027	2031	2036
				<i>Year 20</i>
				2046
Estimated Project Assessed Value	\$63,133,850	\$431,242,304	\$1,008,566,775	\$1,722,973,045
Incremental Property Tax In-Lieu of MVLf to County	\$45,800	\$313,100	\$732,300	\$1,250,900
County Allocation to EIFD	\$0	\$0	\$0	\$0
Incremental Property Tax In-Lieu of MVLf to County	\$45,800	\$313,100	\$732,300	\$1,250,900

Notes:

Select years shown for illustration

Values in 2025 dollars

Source: Santa Cruz County Auditor-Controller (2025)



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Property Transfer Tax

	Year 5 2031	Year 10 2036	Year 20 2046
Estimated Assessed Value - For-Sale Residential	\$237,332,385	\$550,266,562	\$739,512,245
Estimated Property Turnover Rate	15.0%	15.0%	15.0%
Estimated Value of Property Transferred	\$35,599,858	\$82,539,984	\$110,926,837
Estimated Assessed Value - Other Land Uses	\$193,909,920	\$458,300,213	\$983,460,800
Estimated Property Turnover Rate	5.0%	5.0%	5.0%
Estimated Value of Property Transferred	\$9,695,496	\$22,915,011	\$49,173,040
Estimated Total Value of Property Transferred	\$45,295,354	\$105,454,995	\$160,099,877
Total Transfer Tax	\$1.10 per \$1,000 \$10,700	\$25,200	\$54,100
Transfer Tax to City	\$0.55 per \$1,000 \$5,300	\$12,600	\$27,000
Transfer Tax to County	\$0.55 per \$1,000 \$5,300	\$12,600	\$27,000

Notes:

Select years shown for illustration

Values in 2025 dollars

Source: Santa Cruz County Auditor-Controller (2025)



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Sales Tax - Direct / On-Site

Project Component		Year 5	Year 10	Year 20
		2031	2036	2046
Retail SF		17,500 SF	35,000 SF	70,000 SF
Portion of Industrial Buildings Generating Local Taxable Sales	75.0%	0 SF	0 SF	0 SF
Total Sales-Generating SF		17,500 SF	35,000 SF	70,000 SF
Estimated Taxable Sales	\$300 PSF	\$6,086,189	\$14,111,122	\$37,928,336
Sales Tax to City (incl. Measure L/S)	1.75%	\$106,508	\$246,945	\$663,746
Use Tax as % of 1% Bradley Burns Sales Tax	12.00%	\$7,303	\$16,933	\$45,514
Sales and Use Tax to City - Direct		\$113,800	\$263,900	\$709,300
Measure Z Sales Tax to City - Direct	1.25%	\$76,100	\$176,400	\$474,100
Sales Tax to County	0.25%	\$15,200	\$35,300	\$94,800
Net of Sales Transfer within County	(25%)	(\$3,800)	(\$8,825)	(\$23,700)
Sales Tax to County		\$11,400	\$26,475	\$71,100
<i>Additional Restricted Sales Tax Allocations:</i>				
County Measure D Sales Tax - Transportation	0.50%	\$30,400	\$70,600	\$189,600
Sales Tax - Metropolitan Transit District	0.50%	\$30,400	\$70,600	\$189,600
Sales Tax - Santa Cruz Public Libraries	0.25%	\$15,200	\$35,300	\$94,800

Notes:

County General Fund sales tax for Revenue and Taxation Code Section 7203.1
 Taxable sales PSF factor escalated 3% annually
 Select years shown for illustration.
 Values in 2025 dollars.



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Sales Tax - Indirect / Off-Site

		Year 5 2031	Year 10 2036	Year 20 2046
Estimated # Employees		192	365	472
Estimated Annual Taxable Retail Spending / Empl. Near Work		\$6,956	\$8,063	\$10,837
Estimated Employee Taxable Retail Spending Within City		\$1,333,499	\$2,943,456	\$5,111,381
Estimated # Occupied Dwelling Units		645 DU	1,291 DU	2,181 DU
Estimated Annual Taxable Retail Spending / HH		\$48,931	\$56,724	\$76,233
Estimated Resident Taxable Retail Spending		\$31,580,977	\$73,222,015	\$166,252,164
Estimated Capture within City	35.0%	\$11,053,342	\$25,627,705	\$58,188,257
Estimated # Occupied Hotel Rooms		84 rooms	210 rooms	210 rooms
Estimated Annual Taxable Retail Spending / Room		\$21,157	\$24,526	\$32,962
Estimated Resident Taxable Retail Spending		\$1,777,167	\$5,150,560	\$6,921,921
Estimated Capture within City	35.0%	\$622,009	\$1,802,696	\$2,422,672
Total Estimated Indirect Taxable Sales		\$13,008,849	\$30,373,858	\$65,722,311
Less Estimated Capture Within District Retail	(10%)	(\$1,300,885)	(\$3,037,386)	(\$6,572,231)
Net Indirect Taxable Sales		\$11,707,965	\$27,336,472	\$59,150,080
Sales Tax to City (incl. Measure L/S)	1.75%	\$204,889	\$478,388	\$1,035,126
Use Tax as % of 1% Bradley Burns Sales Tax	12.00%	\$14,050	\$32,804	\$70,980
Sales and Use Tax to City - Indirect		\$218,900	\$511,200	\$1,106,100
Measure Z Sales Tax to City - Indirect	1.25%	\$146,300	\$341,700	\$739,400
Sales Tax to County	0.25%	\$29,300	\$68,300	\$147,900
Net of Sales Transfer within County	(25%)	(\$7,325)	(\$17,075)	(\$36,975)
Sales Tax to County		\$21,975	\$51,225	\$110,925
<i>Additional Restricted Sales Tax Allocations:</i>				
County Measure D Sales Tax - Transportation	0.50%	\$58,500	\$136,700	\$295,800
Sales Tax - Metropolitan Transit District	0.50%	\$58,500	\$136,700	\$295,800
Sales Tax - Santa Cruz Public Libraries	0.25%	\$29,300	\$68,300	\$147,900

Notes:

County General Fund sales tax for Revenue and Taxation Code Section 7203.1
 Employee spending estimates based on "Office Worker Retail Spending Patterns: A Downtown and Suburban Area Study," ICSC.
 Household spending based on average household income within City.
 Hotel guest spending estimated based on American Hotel and Lodging Association (AHLA) data.
 Adjusted for inflation assuming 3% annual inflation rate.
 Select years shown for illustration.
 Values in 2025 dollars.



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Transient Occupancy Tax ("TOT")

	<i>Year 5</i> 2031	<i>Year 10</i> 2036	<i>Year 20</i> 2046
Estimated # Hotel Rooms	120 rooms	300 rooms	300 rooms
Average Daily Room Rate (ADR)	\$232	\$269	\$361
Average Occupancy Rate	70%	70%	70%
Annual Hotel Room Receipts	\$7,108,669	\$20,602,238	\$27,687,685
TOT to City	11.0%	\$782,000	\$2,266,200

Notes:
 Adjusted for inflation assuming 3% annual inflation rate.
 Select years shown for illustration.
 Values in 2025 dollars.



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City Service Population

Approximate City Population	11,831
Approximate City Employment Population	6,876
Employee Weighting for Service Population	0.5
Weighted # Employees	3,438
Total City Service Population	15,269

Source: CA Department of Finance, U.S. Census Bureau Center for Economic Studies



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City Multiplier Revenue and Expenditure Factors

Budget Category	Adopted City Budget	Allocation Basis	Relevant City		Per Capita Factor	Annual Escalation	Year 5	Year 10	Year 20
			Population	Percent Fixed			2031	2036	2046
General Fund Revenues									
Property Taxes (incl. Tax Equity Allocation)	\$2,146,976	<i>Estimated Separately via Case Study Method</i>							
Property Taxes in lieu of MVLFF	\$1,600,000	<i>Estimated Separately via Case Study Method</i>							
Sales & Use Taxes	\$2,775,000	<i>Estimated Separately via Case Study Method</i>							
Sales Tax - Measure Z	\$4,300,000	<i>Estimated Separately via Case Study Method</i>							
Transient Occupancy Tax	\$2,250,000	<i>Estimated Separately via Case Study Method</i>							
Real Property Transfer Tax	\$100,000	<i>Estimated Separately via Case Study Method</i>							
Utility Users Tax	\$1,350,000	Service Population	15,269	0%	\$88.41	3.0%	\$102.50	\$118.82	\$159.69
Business License Tax	\$700,000	Employment Base	6,876	0%	\$101.80	3.0%	\$118.02	\$136.82	\$183.87
Charges for Services	\$1,156,000	<i>N/A - Non-Recurring Revenue</i>							
Fines & Forfeitures	\$29,000	Service Population	15,269	0%	\$1.90	3.0%	\$2.20	\$2.55	\$3.43
Franchise Fees	\$1,345,000	Service Population	15,269	0%	\$88.09	3.0%	\$102.12	\$118.38	\$159.09
Intergovernmental	\$424,500	<i>N/A - Non-Recurring Revenue</i>							
Investment Earnings	\$200,000	As % of other revenues	20,114,726	N/A	0.99%	3.0%	0.99%	0.99%	0.99%
Rents & Concessions	\$70,000	Residents	11,831	50%	\$2.96	3.0%	\$3.43	\$3.98	\$5.34
Interfund Transfer in	\$627,750	Service Population	15,269	0%	\$41.11	3.0%	\$47.66	\$55.25	\$74.25
Other Revenues	\$1,240,500	Service Population	15,269	25%	\$60.93	3.0%	\$70.64	\$81.89	\$110.05
Total General Fund Revenues	\$20,314,726								
General Fund Expenditures									
Legislative	\$140,165	Service Population	15,269	50%	\$4.59	3.0%	\$5.32	\$6.17	\$8.29
Legal	\$340,500	Service Population	15,269	50%	\$11.15	3.0%	\$12.93	\$14.98	\$20.14
City Manager's Office	\$1,247,950	Service Population	15,269	50%	\$40.87	3.0%	\$47.37	\$54.92	\$73.81
Administrative Services	\$5,279,560	Service Population	15,269	50%	\$172.88	3.0%	\$200.42	\$232.34	\$312.25
Police	\$8,339,791	Service Population	15,269	10%	\$491.57	3.0%	\$569.87	\$660.63	\$887.83
Community Development	\$1,896,434	Service Population	15,269	50%	\$62.10	3.0%	\$71.99	\$83.46	\$112.16
Public Works	\$3,919,968	Service Population	15,269	25%	\$192.55	3.0%	\$223.21	\$258.76	\$347.76
Total General Fund Expenditures	\$21,164,368								

Notes:
 Adjusted for inflation assuming 3% annual inflation rate.
 Select years shown for illustration.
 Values in 2025 dollars.

Source: City of Scotts Valley 2025-2026 Adopted Budget



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City Multiplier Revenues and Expenditures

	Year 5 2031	Year 10 2036	Year 20 2046
Estimated # Residents	1,620	3,240	5,474
Estimated # Employees	192	365	472
Total Project Service Population	1,716	3,423	5,710
Budget Category	2031	2036	2046
<i>General Fund Revenues</i>			
Utility Users Tax	\$175,900	\$406,700	\$911,800
Business License Tax	\$22,600	\$49,900	\$86,700
Charges for Services	\$0	\$0	\$0
Fines & Forfeitures	\$3,800	\$8,700	\$19,600
Franchise Fees	\$175,200	\$405,200	\$908,400
Intergovernmental	\$0	\$0	\$0
Investment Earnings	\$21,465	\$54,327	\$99,716
Rents & Concessions	\$5,600	\$12,900	\$29,200
Interfund Transfer in	\$81,800	\$189,100	\$424,000
Other Revenues	\$121,200	\$280,300	\$628,400
Total Multiplier Revenues	\$607,565	\$1,407,127	\$3,107,816
<i>General Fund Expenditures</i>			
Legislative	\$9,100	\$21,100	\$47,300
Legal	\$22,200	\$51,300	\$115,000
City Manager's Office	\$81,300	\$188,000	\$421,400
Administrative Services	\$343,900	\$795,200	\$1,782,900
Police	\$977,800	\$2,261,000	\$5,069,300
Community Development	\$123,500	\$285,600	\$640,400
Public Works	\$383,000	\$885,600	\$1,985,600
Total Multiplier Expenditures	\$1,940,800	\$4,487,800	\$10,061,900

Notes:

Major case study revenues not shown include property tax, sales tax, transient occupancy tax

Adjusted for inflation assuming 3% annual inflation rate.

Select years shown for illustration.

Values in 2025 dollars.

Source: City of Scotts Valley 2025-2026 Adopted Budget



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County Service Population

Approximate County Population	263,710
Approximate County Employment Population	96,917
Employee Weighting for Service Population	0.5
Weighted # Employees	48,459
Total County Service Population	312,169

Source: CA Department of Finance, CA Employment Development Department



The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis.

County Multiplier Expenditure Factors

Budget Category	Adopted County Budget	Allocation Basis	Relevant County Population	Percent Fixed Costs	Per Capita Factor	Annual Escalation	Year 5	Year 10	Year 20
							2031	2036	2046
<i>Primary Expenditures - Net County Cost</i>									
Public Protection - Incorporated Jurisdiction Estimate	\$79,734,000	Service Population	312,169	50%	\$127.71	3.0%	\$148.05	\$171.63	\$230.66
Public Protection - Unincorporated Jurisdiction Estimate	\$53,156,000	N/A - Unincorporated							
General Government	\$61,650,000	Service Population	312,169	75%	\$49.37	3.0%	\$57.24	\$66.35	\$89.17
Public Assistance	\$31,510,000	Resident Population	263,710	50%	\$59.74	3.0%	\$69.26	\$80.29	\$107.90
Health and Sanitation	\$17,810,000	Service Population	312,169	50%	\$28.53	3.0%	\$33.07	\$38.34	\$51.52
Recreation and Cultural Services	\$8,220,000	Resident Population	263,710	50%	\$15.59	3.0%	\$18.07	\$20.95	\$28.15
Debt Service	\$8,220,000	N/A							
Reserves	\$10,960,000	N/A							
Public Ways and Facilities	\$1,370,000	Service Population	312,169	50%	\$2.19	3.0%	\$2.54	\$2.95	\$3.96
Education	\$1,370,000	Resident Population	263,710	50%	\$2.60	3.0%	\$3.01	\$3.49	\$4.69
Total Net County Cost	\$274,000,000								

Notes:

Public Protection services in incorporated jurisdictions estimated at 60% of total County Public Protection services expenditures
 Adjusted for inflation assuming 3% annual inflation rate.
 Select years shown for illustration.
 Values in 2025 dollars.

Source: County of Santa Cruz 2024-2025 Adopted Budget



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County Multiplier Expenditures

	Year 5 2031	Year 10 2036	Year 20 2046
Estimated # Residents	1,620	3,240	5,474
Estimated # Employees	192	365	472
Total Project Service Population	1,716	3,423	5,710
Budget Category	2031	2036	2046
<i>Primary Expenditures - Net County Cost</i>			
Public Protection - Incorporated Jurisdiction Esti	\$254,000	\$587,400	\$1,317,000
General Government	\$98,200	\$227,100	\$509,200
Public Assistance	\$112,200	\$260,100	\$590,700
Health and Sanitation	\$56,700	\$131,200	\$294,200
Recreation and Cultural Services	\$29,300	\$67,900	\$154,100
Public Ways and Facilities	\$4,400	\$10,100	\$22,600
Education	\$4,900	\$11,300	\$25,700
Total Primary Expenditures	\$559,700	\$1,295,100	\$2,913,500

Notes:

Adjusted for inflation assuming 3% annual inflation rate.
 Select years shown for illustration.
 Values in 2025 dollars.

Source: County of Santa Cruz 2024-2025 Adopted Budget



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Fire Protection District Service Population

Approximate Fire District Population	22,000
Approximate Fire District Employment Population	10,652
Employee Weighting for Service Population	0.5
Weighted # Employees	5,326
Total Fire District Service Population	27,326

Source: CA Department of Finance, CA Employment Development Department



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Fire Protection District Multiplier Expenditure Factors

Budget Category	Adopted County Budget	Allocation Basis	Relevant County Population	Percent Fixed Costs	Per Capita Factor	Annual Escalation	Year 5	Year 10	Year 20
							2031	2036	2046
<i>Primary Operating Expenditures</i>									
Salaries & Benefits	\$10,267,226	Service Population	27,326	75%	\$93.93	3.0%	\$108.89	\$126.24	\$169.65
Services & Supplies	\$1,123,387	Service Population	27,326	25%	\$30.83	3.0%	\$35.74	\$41.44	\$55.69
Other Charges	\$315,500	Service Population	27,326	50%	\$5.77	3.0%	\$6.69	\$7.76	\$10.43
Fixed Assets	\$1,000,000	Service Population	27,326	50%	\$18.30	3.0%	\$21.21	\$24.59	\$33.05
Total Primary Operating Expenditures	\$12,706,113								

Notes:

Adjusted for inflation assuming 3% annual inflation rate.
 Select years shown for illustration.
 Values in 2025 dollars.

Source: Fire Protection District 2024-2025 Amended Budget



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Fire Protection District Multiplier Expenditures

	Year 5 2031	Year 10 2036	Year 20 2046
Estimated # Residents	1,620	3,240	5,474
Estimated # Employees	192	365	472
Total Project Service Population	1,716	3,423	5,710
Budget Category	2031	2036	2046
<i>Primary Operating Expenditures</i>			
Salaries & Benefits	\$186,800	\$432,100	\$968,700
Services & Supplies	\$61,300	\$141,800	\$318,000
Other Charges	\$11,500	\$26,600	\$59,500
Fixed Assets	\$36,400	\$84,200	\$188,700
Total Primary Operating Expenditures	\$296,000	\$684,700	\$1,534,900

Notes:

Adjusted for inflation assuming 3% annual inflation rate.
 Select years shown for illustration.
 Values in 2025 dollars.

Source: Fire Protection District 2024-2025 Amended Budget



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IMPLAN Inputs

Construction Inputs	
Industry NAICS Category	Approximate Inputs (Industry Spending)
58 - Construction of new multifamily residential structures	\$1,209,332,500
55 - Construction of new commercial structures, including farm structures	\$144,500,000
51 - Construction of new manufacturing structures	\$17,518,400
Ongoing Operation Inputs	
Industry NAICS Category	Approximate Inputs (Employment Change)
507 - Hotels and motels, including casino hotels	200 Jobs
412 - Retail - Miscellaneous store retailers	175 Jobs
422 - Warehousing and storage	58 Jobs
476 - Services to buildings	38 Jobs

Summary of IMPLAN Economic Benefits

Economic Benefits from Construction (One-Time / Temporary)

	Employment	Labor Income	Economic Output
Direct (On-Site)	11,611	\$869,352,685	\$1,371,350,900
Indirect	885	\$63,509,131	\$200,950,356
Induced	2,641	\$161,730,040	\$485,714,553
Total Countywide	15,136	\$1,094,591,856	\$2,058,015,809
Estimated City Capture	11,787	\$880,614,643	\$1,405,684,145

Economic Benefits from Ongoing Operation (Annual)

	Employment	Labor Income	Economic Output
Direct (On-Site)	472	\$22,471,954	\$51,442,665
Indirect	67	\$4,858,333	\$12,547,043
Induced	73	\$4,497,007	\$13,503,387
Total Countywide	612	\$31,827,294	\$77,493,094
Estimated City Capture	479	\$22,939,721	\$52,745,187

Notes

- 100% of direct benefits estimated to be captured on-site within the City.
- 5% of indirect and induced benefits estimated to be captured off-site within the City.
- Estimated ongoing benefits upon build-out and stabilization.



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**California Public Employees' Retirement System
Actuarial Office**

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

July 2025

**All Rate Plans of the Scotts Valley Fire Protection District in the Safety Risk Pool (CalPERS ID: 4027652040)
Annual Valuation Report as of June 30, 2024**

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2024, actuarial valuation report for the plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2026-27.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

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

- Section 1 contains specific information for the following rate plan(s) including the development of the current and projected employer contributions.
 - 904, Safety Fire Plan
 - 25848, PEPRA Safety Fire Plan
- Section 2 contains the Safety Risk Pool information as of June 30, 2024.

[Section 2](#) can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to “Forms & Publications” and select “View All”. In the search box, enter “Risk Pool” and from the results list download the Safety Risk Pool Actuarial Valuation Report for June 30, 2024.

Required Contributions

The table below shows the minimum required employer contributions and member contribution rates for FY 2026-27 along with an estimate of the required employer UAL contribution for FY 2027-28. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Rate Plan	Employer Normal Cost Rate	Member Contribution Rate	Fiscal Year	Employer Amortization of Unfunded Accrued Liability
2026-27	904	24.43%	9.00%	2026-27	\$1,637,958
	25848	13.91%	13.75%		
					<i>Projected (Estimated)</i>
				2027-28	\$1,705,000

The actual investment return for FY 2024-25 was not known at the time this report was prepared. The projected UAL payment above assumes the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2024-25 differs from 6.8%, the actual UAL contribution requirement for FY 2027-28 will differ from that shown above. For additional information on future contribution requirements, please refer to [Projected Employer Contributions](#). This section also contains projected required contributions through FY 2031-32.

PEPRA Member Contribution Rate

The employee contribution rate for PEPRA members can change based on the results of the actuarial valuation. See [Member Contribution Rates](#) for more information.

Report Navigation Features

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

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

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

Report Enhancements

Effective with the June 30, 2024, actuarial valuation, separate amortization schedules for each tier of benefits are no longer necessary. Multiple amortization schedules, and thus multiple Section 1 reports, have been combined. We believe this gives the employer a clearer picture of the pension plan's financial health and long-term costs.

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

Questions

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

Sincerely,



Matthew Biggart, ASA, MAAA
Actuary, CalPERS



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



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

California Public Employees' Retirement System

Actuarial Valuation for the
Rate Plans of the Scotts Valley Fire
Protection District in the
Safety Risk Pool
as of June 30, 2024

(CalPERS ID: 4027652040)
(Rate Plan IDs: 904, 25848)

Required Contributions for Fiscal Year

July 1, 2026 — June 30, 2027

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Section 2 – Safety Risk Pool Actuarial Information

Section 1

California Public Employees' Retirement System

**Employer Specific Information
for the
Rate Plans of the
Scotts Valley Fire Protection District
in the Safety Risk Pool**

**(CalPERS ID: 4027652040)
(Rate Plan IDs: 904, 25848)**

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Actuarial Certification

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

Actuarial Methods and Assumptions

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



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



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

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the rate plans of the Scotts Valley Fire Protection District in the Safety Risk Pool and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2024, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Scotts Valley Fire Protection District, while Section 2 is based on the corresponding information for all agencies participating in the Safety Risk Pool to which the plan belongs.



Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

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- **Purpose of Section 1** 3
- **Summary of Key Valuation Results** 4
- **Changes Since the Prior Year's Valuation** 5
- **Subsequent Events** 5

Introduction

This report presents the results of the June 30, 2024, actuarial valuation of the rate plans of the Scotts Valley Fire Protection District in the Safety Risk Pool of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2026-27.

Purpose of Section 1

This Section 1 report for the rate plans of the Scotts Valley Fire Protection District in the Safety Risk Pool of CalPERS was prepared by the Actuarial Office using data as of June 30, 2024. This report contains actuarial information for the following rate plan(s).

- 904, Safety Fire Plan
- 25848, PEPRA Safety Fire Plan

The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of these rate plans as of June 30, 2024;
- Determine the minimum required employer contributions for these rate plans for FY July 1, 2026, through June 30, 2027;
- Determine the required member contribution rate for FY July 1, 2026, through June 30, 2027, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2024, to the CalPERS Board of Administration (board) and other interested parties.

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

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

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

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of the Actuarial Standards of Practice:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.
- The funded status on a termination basis.
- A low-default-risk obligation measure (LDRM) of benefit costs accrued as of the valuation date.

Summary of Key Valuation Results

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

Required Employer Contributions — page 8

	Fiscal Year 2025-26	Fiscal Year 2026-27
Employer Normal Cost Rates		
Rate Plan 904	24.40%	24.43%
Rate Plan 25848	13.99%	13.91%
Unfunded Accrued Liability (UAL) Contribution Amount	\$1,442,801	\$1,637,958
Paid either as		
Option 1) 12 Monthly Payments of	\$120,233.42	\$136,496.50
Option 2) Annual Prepayment in July	\$1,396,114	\$1,584,956

Member Contribution Rates — page 9

	Fiscal Year 2025-26	Fiscal Year 2026-27
Rate Plan 904	9.00%	9.00%
Rate Plan 25848	13.75%	13.75%

Projected Employer Contributions — page 13

Fiscal Year	Normal Cost (% of payroll)		Annual UAL Payment
	Rate Plan 904	Rate Plan 25848	
2027-28	24.4%	13.9%	\$1,705,000
2028-29	24.4%	13.9%	\$1,872,000
2029-30	24.4%	13.9%	\$1,884,000
2030-31	24.4%	13.9%	\$1,888,000
2031-32	24.4%	13.9%	\$1,924,000

Funded Status — Funding Policy Basis — page 11

	June 30, 2023	June 30, 2024
Entry Age Accrued Liability (AL)	\$58,659,623	\$64,861,126
Market Value of Assets (MVA)	41,435,683	47,305,994
Unfunded Accrued Liability (UAL) [AL – MVA]	\$17,223,940	\$17,555,132
Funded Ratio [MVA ÷ AL]	70.6%	72.9%

Summary of Valuation Data — Page 28

	June 30, 2023	June 30, 2024
Active Member Count	29	32
Annual Covered Payroll	\$3,884,022	\$4,278,119
Transferred Member Count	10	16
Separated Member Count	4	4
Retired Members and Beneficiaries Count	39	49

Changes Since the Prior Year's Valuation

Benefits

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

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

Board Policy

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the [Future Investment Return Scenarios](#) exhibit in this report, which includes returns high enough to trigger a board discussion, does not reflect any change in the discount rate.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2024, actuarial valuation.

Report Enhancements

Effective with the June 30, 2024, Actuarial Valuation, separate amortization schedules for each tier of benefits are no longer necessary. Multiple amortization schedules, and thus multiple Section 1 reports, will be combined. We believe this gives the employer a clearer picture of the pension plan's financial health and long-term costs.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2024, as well as statutory changes, regulatory changes and board actions through January 2025.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2025 that will review the capital market assumptions and the CalPERS Total Fund Investment Policy and ascertain whether a change in the discount is warranted. In addition, the Actuarial Office will be presenting the findings of its Experience Study which reviews economic assumptions other than the discount rate as well as all demographic assumptions and makes recommendations to modify actuarial assumptions where appropriate. Any changes in actuarial assumptions will be reflected in the June 30, 2025, actuarial valuations.

The 2024 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2025 limits, determined in October 2024, are not reflected.

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

Liabilities and Contributions

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Determination of Required Contributions

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

Contribution Components

Two components comprise required contributions:

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

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

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

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

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees. For employee contribution rates, see [Member Contribution Rates](#).

Required Employer Contributions	Fiscal Year 2026-27
Employer Normal Cost Rate	
Classic Rate Plan 904	24.43%
PEPRA Rate Plan 25848	13.91%
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[†]	\$1,637,958
<i>Paid either as</i>	
1) Monthly Payment	\$136,496.50
<i>Or</i>	
2) Annual Prepayment Option[‡]	\$1,584,956
<p>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly(1) or prepaid annually(2) in dollars).</p> <p>[†]The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2025.</p> <p>[‡]Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</p>	

Development of Normal Cost as a Percentage of Payroll

	Fiscal Year 2025-26	Fiscal Year 2026-27
Classic Rate Plan 904		
Base Total Normal Cost for Formula	32.05%	32.08%
Surcharge for Class 1 Benefits ¹	1.34%	1.34%
Plan's Total Normal Cost	33.39%	33.42%
Offset Due to Employee Contributions ²	(8.99%)	(8.99%)
Employer Normal Cost for Rate Plan 904	24.40%	24.43%
PEPRA Rate Plan 25848		
Base Total Normal Cost for Formula	27.74%	27.66%
Surcharge for Class 1 Benefits ¹	0.00%	0.00%
Plan's Total Normal Cost	27.74%	27.66%
Offset Due to Employee Contributions ²	(13.75%)	(13.75%)
Employer Normal Cost for Rate Plan 25848	13.99%	13.91%

¹ See [Surcharge for Class 1 Benefits](#) in the supplementary information section of this report.

² This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see [Member Contribution Rates](#).

Member Contribution Rates

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

Classic Members

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

<u>Benefit Formula</u>	<u>Percent Contributed above the Breakpoint</u>
Safety, Half Pay at age 55	Varies by entry age
Safety, 2% at age 55	7%
Safety, 2% at age 50	9%
Safety, 3% at age 55	9%
Safety, 3% at age 50	9%

PEPRA Members

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

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2026, based on 50% of the total normal cost rate as of the June 30, 2024, valuation.

Rate Plan Identifier	Benefit Group Name	<u>Basis for Current Rate</u>		<u>Rates Effective July 1, 2026</u>			
		Total Normal Cost	Member Rate	Total Normal Cost	Change in Normal Cost	Adj. Needed	Member Rate
25848	PEPRA Safety Fire Plan	27.29%	13.75%	27.66%	0.37%	No	13.75%

Breakdown of Entry Age Accrued Liability

Active Members	\$17,438,013
Transferred Members	3,302,351
Separated Members	324,397
Members and Beneficiaries Receiving Payments	<u>43,796,365</u>
Total	\$64,861,126

Allocation of Plan's Share of Pool's Experience

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

1. Plan's Accrued Liability	\$64,861,126
2. Projected UAL Balance at 6/30/2024	18,036,455
3. Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4. Adjusted UAL Balance at 6/30/2024 for Asset Share	18,036,455
5. Pool's Accrued Liability ¹	31,999,219,171
6. Sum of Pool's Individual Plan UAL Balances at 6/30/2024 ¹	8,324,583,789
7. Pool's 2023-24 Investment (Gain)/Loss ¹	(601,304,168)
8. Pool's 2023-24 Non-Investment (Gain)/Loss ¹	349,272,193
9. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (4)] \div [(5) - (6)] \times (7)$	(1,189,284)
10. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (5) \times (8)$	707,961
11. Plan's New (Gain)/Loss as of 6/30/2024: $(9) + (10)$	(481,323)
12. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	0
13. Plan's Share of Pool's Change in Assumptions: $(1) \div (5) \times (12)$	0
14. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	0
15. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (5) \times (14)$	0
16. Offset due to Funding Risk Mitigation	0
17. Plan's Investment (Gain)/Loss: $(9) - (16)$	(1,189,284)

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

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

18. Plan's UAL: $(2) + (3) + (11) + (13) + (15)$	\$17,555,132
19. Plan's Share of Pool's Market Value of Assets (MVA): $(1) - (18)$	\$47,305,994

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

Funded Status – Funding Policy Basis

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

	June 30, 2023	June 30, 2024
1. Present Value of Benefits	\$69,446,655	\$76,758,358
2. Entry Age Accrued Liability	58,659,623	64,861,126
3. Market Value of Assets (MVA)	41,435,683	47,305,994
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	\$17,223,940	\$17,555,132
5. Funded Ratio [(3) ÷ (2)]	70.6%	72.9%

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

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

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	\$73,396,652	\$64,861,126	\$57,802,536
2. Market Value of Assets (MVA)	47,305,994	47,305,994	47,305,994
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	\$26,090,658	\$17,555,132	\$10,496,542
4. Funded Ratio [(2) ÷ (1)]	64.5%	72.9%	81.8%

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

Additional Employer Contributions

The CalPERS amortization policy provides a systematic methodology for paying down a plan’s unfunded accrued liability (UAL) over a reasonable period of years. The projected schedule of required payments for this plan under the amortization policy is provided in [Amortization Schedule and Alternatives](#). Certain aspects of the policy such as 1) layered amortization bases (positive and negative) with different remaining payoff periods, and 2) the phase-in of required payments toward investment gains and losses, can result in volatility in year-to-year projected UAL payments. Provided below is information on how an Additional Discretionary Payment (ADP), together with your required UAL payment of \$1,637,958 for FY 2026-27, may better accomplish your agency’s specific objectives with regard to either smoothing out projected future payments or achieving a greater reduction in UAL than would otherwise occur when making only the minimum required payment. Such additional payments are allowed at any time and can also result in significant long-term savings.

Fiscal Year 2026-27 Employer Contribution Versus Agency Funding Objectives

The interest-to-payment ratio for the FY 2026-27 minimum required UAL payment is 68%, which means the required payment of \$1,637,958 includes \$1,107,004 of interest cost and results in a \$530,954 reduction in the UAL, as can be seen in [Amortization Schedule and Alternatives](#) (see columns labelled Current Amortization Schedule). If the interest-to-payment ratio is close to 100%, and the reduction in the UAL is small, it may indicate that required contributions will be increasing in the coming years, which would be shown in [Projected Employer Contributions](#). Another measure that can be used to evaluate how well the FY 2026-27 required UAL payment meets the agency’s specific funding objectives is the number of years required to pay off the existing UAL if the annual payment were held constant in future years. With an annual payment of \$1,637,958 it would take 17.6 years to pay off the current UAL. A result that is longer than the agency’s target funding period suggests that the option of supplementing the minimum payment with an ADP should be weighed against the agency’s budget constraints.

Provided below are select ADP options for consideration. Making such an ADP during FY 2026-27 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see [Amortization Schedule and Alternatives](#). Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2026-27 Employer Contributions — Illustrative Scenarios

If the Annual UAL Payment Each Year Were...	The Current UAL Would be Paid Off in...	This Would Require an ADP ¹ in FY 2026-27 of...	Plus the Estimated Normal Cost of...	Estimated Total Contribution
\$1,637,958	17.6 years	\$0	\$849,856	\$2,487,814
1,792,276	15 years	154,318	849,856	2,642,132
2,332,089	10 years	694,131	849,856	3,181,945
4,010,464	5 years	2,372,506	849,856	4,860,320

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

The calculations above are based on the projected UAL as of June 30, 2026, as determined in the June 30, 2024, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan through April 30, 2025.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	\$0	2022-23	\$0
2020-21	40,907	2023-24	0
2021-22	0	2024-25	0

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2024-25 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

The normal cost rates for each rate plan are assumed to remain constant. However, the employer contribution amounts will vary due to changes in payroll. The actuarial valuation does not include payroll beyond the valuation date. For the most realistic projections, the employer should apply projected payroll amounts to the rates below based on the most recent information available, such as current payroll as well as any plans to fill vacancies or add or remove positions.

Rate Plan Identifier	Covered Payroll June 30, 2024	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)				
		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost Rates (Percentage of Payroll)							
904	\$2,084,581	24.43%	24.4%	24.4%	24.4%	24.4%	24.4%
25848	2,193,538	13.91%	13.9%	13.9%	13.9%	13.9%	13.9%
UAL Payment		\$1,637,958	\$1,705,000	\$1,872,000	\$1,884,000	\$1,888,000	\$1,924,000

Unlike the normal cost rates, the required UAL payments are expected to vary significantly from the projections above due to experience, particularly investment experience. For projected contributions under alternate investment return scenarios, please see the [Future Investment Return Scenarios](#) exhibit. Our online pension plan projection tool, [Pension Outlook](#), is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

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

Schedule of Amortization Bases

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

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2024.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2026-27.

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

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2024-25 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2025, if necessary, and the expected payment for FY 2025-26 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2026-27	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Minimum Required Payment 2026-27
Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	19	4,329,173	325,300	4,287,378	334,408	4,233,329	343,772
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	19	(263,082)	(19,768)	(260,543)	(20,322)	(257,258)	(20,891)
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.80%	11	2,681,743	265,343	2,589,885	272,773	2,484,102	280,410
Assumption Change	6/30/14	100%	Up/Dn	2.80%	10	1,705,664	208,707	1,605,963	214,551	1,493,443	220,559
Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	20	(3,123,327)	(226,698)	(3,101,434)	(233,046)	(3,071,492)	(239,571)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	20	37,980	2,757	37,713	2,834	37,349	2,913
Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	21	1,928,381	135,524	1,919,455	139,318	1,906,001	143,219
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	21	(6,953)	(489)	(6,920)	(502)	(6,872)	(516)
Assumption Change	6/30/16	100%	Up/Dn	2.80%	12	706,860	74,635	677,796	76,725	644,595	78,874
Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	22	2,556,637	174,350	2,550,308	179,232	2,538,503	184,250
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	22	(411,017)	(28,029)	(410,000)	(28,814)	(408,102)	(29,621)
Assumption Change	6/30/17	100%	Up/Dn	2.80%	13	962,596	95,460	929,400	98,133	891,185	100,880
Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	23	(1,305,474)	(86,557)	(1,304,795)	(88,981)	(1,301,564)	(91,472)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	23	32,499	2,155	32,482	2,215	32,402	2,277
Assumption Change	6/30/18	100%	Up/Dn	2.80%	14	1,531,189	143,454	1,487,059	147,470	1,435,777	151,600
Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	24	(422,092)	(27,258)	(422,625)	(28,021)	(422,405)	(28,806)
Method Change	6/30/18	100%	Up/Dn	2.80%	14	345,176	32,339	335,228	33,244	323,668	34,175
Non-Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	24	197,142	12,731	197,391	13,088	197,288	13,454
Investment (Gain)/Loss	6/30/19	100%	Up Only	0.00%	15	203,735	16,238	200,808	20,297	193,487	20,297
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	15	202,563	19,799	195,876	19,799	188,734	19,799

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2026-27	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Minimum Required Payment 2026-27
Investment (Gain)/Loss	6/30/20	100%	Up Only	0.00%	16	989,224	59,479	995,023	79,305	980,728	99,131
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	16	153,028	14,509	148,440	14,509	143,540	14,509
Assumption Change	6/30/21	No Ramp		0.00%	17	340,988	31,447	331,677	31,447	321,732	31,447
Net Investment (Gain)	6/30/21	80%	Up Only	0.00%	17	(4,847,886)	(199,283)	(4,971,595)	(298,925)	(5,000,742)	(398,566)
Non-Investment (Gain)/Loss	6/30/21	No Ramp		0.00%	17	(212,345)	(19,583)	(206,547)	(19,583)	(200,354)	(19,583)
Fresh Start	6/30/22	No Ramp		0.00%	18	287,695	25,871	280,522	25,871	272,861	25,870
Investment (Gain)/Loss	6/30/22	60%	Up Only	0.00%	18	7,269,939	156,265	7,602,804	312,531	7,796,812	468,795
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	18	965,550	86,825	941,479	86,825	915,771	86,826
Fresh Start	6/30/23	No Ramp		0.00%	4	8,502	1,726	7,296	1,713	6,022	1,713
Investment (Gain)/Loss	6/30/23	40%	Up Only	0.00%	19	314,347	0	335,723	7,215	351,096	14,433
Non-Investment (Gain)/Loss	6/30/23	No Ramp		0.00%	19	878,020	0	937,725	84,323	914,347	84,324
Investment (Gain)/Loss	6/30/24	20%	Up Only	0.00%	20	(1,189,284)	0	(1,270,155)	0	(1,356,526)	(29,158)
Non-Investment (Gain)/Loss	6/30/24	No Ramp		0.00%	20	707,961	0	756,102	0	807,517	72,615
Total						17,555,132	1,277,249	17,428,919	1,479,632	17,084,974	1,637,958

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

Amortization Schedule and Alternatives

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

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

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

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

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

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

Amortization Schedule and Alternatives (continued)

Date	Current Amortization Schedule		Alternative Schedules			
	Balance	Payment	15 Year Amortization		10 Year Amortization	
	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2026	17,084,974	1,637,958	17,084,974	1,792,276	17,084,974	2,332,089
6/30/2027	16,554,020	1,704,714	16,394,541	1,792,276	15,836,676	2,332,089
6/30/2028	15,917,974	1,872,008	15,657,159	1,792,277	14,503,494	2,332,089
6/30/2029	15,065,786	1,883,964	14,869,634	1,792,277	13,079,656	2,332,089
6/30/2030	14,143,294	1,887,933	14,028,557	1,792,277	11,558,997	2,332,089
6/30/2031	13,153,973	1,923,754	13,130,287	1,792,277	9,934,933	2,332,089
6/30/2032	12,060,358	1,908,521	12,170,934	1,792,276	8,200,432	2,332,089
6/30/2033	10,908,115	1,891,396	11,146,346	1,792,276	6,347,985	2,332,089
6/30/2034	9,695,220	1,852,621	10,052,086	1,792,277	4,369,572	2,332,090
6/30/2035	8,439,923	1,784,800	8,883,416	1,792,277	2,256,626	2,332,090
6/30/2036	7,169,352	1,663,231	7,635,276	1,792,276		
6/30/2037	5,938,016	1,213,764	6,302,264	1,792,277		
6/30/2038	5,087,448	1,128,878	4,878,606	1,792,277		
6/30/2039	4,266,765	1,061,356	3,358,139	1,792,277		
6/30/2040	3,460,055	1,019,339	1,734,280	1,792,276		
6/30/2041	2,641,914	893,025				
6/30/2042	1,898,674	761,648				
6/30/2043	1,240,666	1,183,364				
6/30/2044	102,095	105,509				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		27,377,783		26,884,149		23,320,892
Interest Paid		10,292,809		9,799,175		6,235,918
Estimated Savings				493,634		4,056,891

Employer Contribution History

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

Valuation Date	Contribution Year	Employer Normal Cost Rate		Unfunded Liability Payment
		Rate Plan 904	Rate Plan 25848	
06/30/2015	2017-18	17.875%	11.990%	\$405,353
06/30/2016	2018-19	18.677%	12.141%	528,161
06/30/2017	2019-20	20.073%	13.034%	664,196
06/30/2018	2020-21	21.746%	13.044%	779,639
06/30/2019	2021-22	21.79%	13.13%	928,737
06/30/2020	2022-23	21.84%	12.78%	1,046,865
06/30/2021	2023-24	24.15%	13.54%	1,021,417
06/30/2022	2024-25	24.33%	13.76%	1,258,107
06/30/2023	2025-26	24.40%	13.99%	1,442,801
06/30/2024	2026-27	24.43%	13.91%	1,637,958

Funding History

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

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	\$33,840,323	\$26,630,860	\$7,209,463	78.7%	\$2,710,185
06/30/2016	36,770,324	27,078,411	9,691,913	73.6%	2,832,236
06/30/2017	39,252,064	29,395,028	9,857,036	74.9%	2,903,243
06/30/2018	43,136,473	31,630,192	11,506,281	73.3%	3,062,609
06/30/2019	46,410,206	34,195,577	12,214,629	73.7%	3,085,132
06/30/2020	48,552,588	35,151,044	13,401,544	72.4%	3,237,215
06/30/2021	52,463,226	43,190,840	9,272,386	82.3%	3,346,563
06/30/2022	55,292,384	39,210,692	16,081,692	70.9%	3,860,884
06/30/2023	58,659,623	41,435,683	17,223,940	70.6%	3,884,022
06/30/2024	64,861,126	47,305,994	17,555,132	72.9%	4,278,119

Risk Analysis

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Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer UAL contributions. The CalPERS [Funding Risk Mitigation Policy](#) stipulates that when the investment return exceeds the discount rate by at least 2% the board will consider adjustments to the discount rate. The projections below use a discount rate of 6.8% for all scenarios even though an annual return of 10.8% is high enough to trigger a board discussion on the discount rate. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The employer normal cost rates are not affected by investment returns, and since no future assumption changes are being reflected, the projected employer normal cost rates for every future investment return scenario are the same as those shown earlier in this report. See [Projected Employer Contributions](#) for more information on projecting the employer normal cost.

The first table shows projected UAL contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2044.

Assumed Annual Return FY 2024-25 through FY 2043-44	Projected Employer UAL Contributions				
	2027-28	2028-29	2029-30	2030-31	2031-32
3.0% (5th percentile)	\$1,748,000	\$2,004,000	\$2,150,000	\$2,334,000	\$2,598,000
10.8% (95th percentile)	\$1,659,000	\$1,729,000	\$1,589,000	\$1,380,000	\$0

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

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

The following table shows the effect of one and two standard deviation investment losses in FY 2024-25 on the FY 2027-28 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2027-28.

Assumed Annual Return for Fiscal Year 2024-25	Required Employer UAL Contributions	Projected Employer UAL Contributions
	2026-27	2027-28
(17.2%) (2 standard deviation loss)	\$1,637,958	\$1,981,000
(5.2%) (1 standard deviation loss)	\$1,637,958	\$1,843,000

- Without investment gains (returns higher than 6.8%) in FY 2025-26 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2024-25.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2027-28 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2024, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Discount Rate Due to Varying the Real Rate of Return Assumption

As of June 30, 2024	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost			
Rate Plan 904	41.73%	33.42%	27.06%
Rate Plan 25848	34.83%	27.66%	22.24%
b) Accrued Liability	\$73,396,652	\$64,861,126	\$57,802,536
c) Market Value of Assets	\$47,305,994	\$47,305,994	\$47,305,994
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$26,090,658	\$17,555,132	\$10,496,542
e) Funded Ratio	64.5%	72.9%	81.8%

Sensitivity to the Discount Rate Due to Varying the Price Inflation Assumption

As of June 30, 2024	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost			
Rate Plan 904	35.00%	33.42%	30.41%
Rate Plan 25848	29.22%	27.66%	24.99%
b) Accrued Liability	\$67,024,263	\$64,861,126	\$60,537,427
c) Market Value of Assets	\$47,305,994	\$47,305,994	\$47,305,994
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$19,718,269	\$17,555,132	\$13,231,433
e) Funded Ratio	70.6%	72.9%	78.1%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2024, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2024	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost			
Rate Plan 904	33.89%	33.42%	32.99%
Rate Plan 25848	28.02%	27.66%	27.32%
b) Accrued Liability	\$66,058,661	\$64,861,126	\$63,755,775
c) Market Value of Assets	\$47,305,994	\$47,305,994	\$47,305,994
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$18,752,667	\$17,555,132	\$16,449,781
e) Funded Ratio	71.6%	72.9%	74.2%

Maturity Measures

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

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

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2023	June 30, 2024
1. Retiree Accrued Liability	\$40,004,985	\$43,796,365
2. Total Accrued Liability	\$58,659,623	\$64,861,126
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	68%	68%

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

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

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2023, was 0.78 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2023	June 30, 2024
1. Number of Actives	29	32
2. Number of Retirees	39	49
3. Support Ratio [(1) ÷ (2)]	0.74	0.65

Maturity Measures (continued)

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

Asset Volatility Ratio

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

Liability Volatility Ratio

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

Contribution Volatility	June 30, 2023	June 30, 2024
1. Market Value of Assets	\$41,435,683	\$47,305,994
2. Payroll	\$3,884,022	\$4,278,119
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	10.7	11.1
4. Accrued Liability	\$58,659,623	\$64,861,126
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	15.1	15.2

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	50%	0.96	10.1	13.5
06/30/2018	52%	0.93	10.3	14.1
06/30/2019	62%	0.81	11.1	15.0
06/30/2020	66%	0.74	10.9	15.0
06/30/2021	67%	0.70	12.9	15.7
06/30/2022	64%	0.78	10.2	14.3
06/30/2023	68%	0.74	10.7	15.1
06/30/2024	68%	0.65	11.1	15.2

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimated range for the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2024. The accrued liability on a termination basis (termination liability) is calculated differently from the plan’s ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

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

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

<u>Valuation Date</u>	<u>20-Year Treasury Rate</u>	<u>Valuation Date</u>	<u>20-Year Treasury Rate</u>
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%
06/30/2019	2.31%	06/30/2024	4.61%

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

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

	Discount Rate: 3.61% Price Inflation: 2.45%	Discount Rate: 5.61% Price Inflation: 2.45%
1. Termination Liability ¹	\$100,696,751	\$76,057,034
2. Market Value of Assets (MVA)	47,305,994	47,305,994
3. Unfunded Termination Liability [(1) – (2)]	\$53,390,757	\$28,751,040
4. Funded Ratio [(2) ÷ (1)]	47.0%	62.2%

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

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

Funded Status – Low-Default-Risk Basis

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

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

As shown below, the discount rate used for the LDROM is 5.35%, which is the Standard FTSE Pension Liability Index¹ discount rate as of June 30, 2024.

Selected Measures on a Low-Default-Risk Basis	June 30, 2024
Discount Rate	5.35%
1. Accrued Liability – Low-Default-Risk Basis (LDROM)	
a) Active Members	\$22,004,131
b) Transferred Members	4,234,305
c) Separated Members	381,851
d) Members and Beneficiaries Receiving Payments	51,203,845
e) Total	<u>\$77,824,132</u>
2. Market Value of Assets (MVA)	<u>47,305,994</u>
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	\$30,518,138
4. Unfunded Accrued Liability – Funding Policy Basis	<u>17,555,132</u>
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	\$12,963,006

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

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

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

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

Supplementary Information

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Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group as of the valuation date, June 30, 2024. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as: changes in economic and demographic assumptions, changes in plan benefits or applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost as of June 30, 2024	Offset due to Employee Contributions as of June 30, 2024	Employer Normal Cost as of June 30, 2024	Number of Actives	Payroll on 6/30/2024
904	Safety Fire Plan	33.42%	8.99%	24.43%	13	\$2,084,581
25848	PEPRA Safety Fire Plan	<u>27.66%</u>	<u>13.75%</u>	<u>13.91%</u>	<u>19</u>	<u>2,193,538</u>
	<i>Hypothetical Plan Totals¹</i>	30.47%	11.43%	19.04%	32	\$4,278,119

¹ The hypothetical employer normal cost and contribution rates for the total plan are provided for illustrative purposes only and are based on the payroll as of the valuation date. This snapshot of the cost of providing benefits can be compared from one valuation date to the next as members retire from older tiers and are replaced by members in new tiers. The employer normal cost rate for contribution purposes varies by rate plan and applies to the covered payroll of members in each respective rate plan.

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences.

Summary of Valuation Data

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

	June 30, 2023	June 30, 2024
Active Members		
Counts	29	32
Average Attained Age	N/A	41.6
Average Entry Age to Rate Plan	N/A	31.4
Average Years of Credited Service	N/A	9.9
Average Annual Covered Pay	\$133,932	\$133,691
Annual Covered Payroll	\$3,884,022	\$4,278,119
Present Value of Future Payroll	\$39,716,979	\$43,454,952
Transferred Members		
Counts	10	16
Separated Members		
Counts	4	4
Retired Members and Beneficiaries*		
Counts	39	49
Average Annual Benefits	\$73,685	\$65,125
Total Annual Benefits	\$2,873,718	\$3,191,137

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

* Values include community property settlements.

Status of PEPRA Transition

The California Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits and placed compensation limits on new members joining CalPERS on or after January 1, 2013. One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While such changes can reduce future benefit costs in a meaningful way, the full impact on employer contributions will not occur until all active members are subject to the rules and provisions of PEPRA. The table below illustrates the status of this transition as of June 30, 2024.

	Classic	PEPRA	PEPRA as a Percent of Total
Active Members			
Count	13	19	59.4%
Average Attained Age	49.4	36.2	
Average Entry Age	31.2	31.5	
Average Years of Credited Service	17.8	4.5	
Average Annual Covered Payroll	\$160,352	\$115,449	
Annual Covered Payroll	\$2,084,581	\$2,193,538	51.3%
Present Value of Future Payroll	\$13,386,847	\$30,068,105	69.2%
Transferred Members			
Count	10	6	37.5%
Separated Members			
Count	3	1	25.0%
Retired Members and Beneficiaries Receiving Payments			
Count	48	1	2.0%
Average Annual Benefit	\$66,205	\$13,311	
Total Annual Benefits	\$3,177,827	\$13,311	0.4%
Accrued Liabilities			
Active Members	\$14,423,016	\$3,014,997	17.3%
Transferred Members	3,256,578	45,773	1.4%
Separated Members	323,884	513	0.2%
Retired Members and Beneficiaries	<u>43,581,246</u>	<u>215,119</u>	<u>0.5%</u>
Total	\$61,584,724	\$3,276,402	5.1%

Surcharge for Class 1 Benefits

This plan has the following Class 1 benefit provisions which result in the surcharges indicated:

Class 1 benefit provisions	Rate Plan 904	Rate Plan 25848
One Year Final Compensation (FAC 1)	1.34%	N/A
Surcharge for Class 1 Benefits	1.34%	0.00%

Plan's Major Benefit Options

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

Rate Plan 904	Benefit Group				
Member Category	Fire	Fire	Fire	Fire	
Demographics					
Actives	Yes	No	No	No	
Transfers/Separated	Yes	No	No	Yes	
Receiving	Yes	Yes	Yes	Yes	
Benefit Provision					
Benefit Formula	3% @ 55			3% @ 55	
Social Security Coverage	No			Yes	
Full/Modified	Full			Modified	
Employee Contribution Rate	9.00%				
Final Average Compensation Period	One Year			Three Year	
Sick Leave Credit	Yes			Yes	
Non-Industrial Disability	Standard			Standard	
Industrial Disability	Standard			Standard	
Pre-Retirement Death Benefits					
Optional Settlement 2	Yes			Yes	
1959 Survivor Benefit Level	Indexed			No	
Special	Yes			Yes	
Alternate (firefighters)	No			No	
Post-Retirement Death Benefits					
Lump Sum	\$2,000	\$2,000	\$2,000	\$2,000	
Survivor Allowance (PRSA)	No	No	No	No	
COLA	2%	2%	2%	2%	

Plan's Major Benefit Options (Continued)

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

Rate Plan 25848	Benefit Group	
	Fire	Fire
Member Category		
Demographics		
Actives	Yes	No
Transfers/Separated	Yes	Yes
Receiving	Yes	No
Benefit Provision		
Benefit Formula	2.7% @ 57	2.7% @ 57
Social Security Coverage	No	Yes
Full/Modified	Full	Full
Employee Contribution Rate	13.75%	
Final Average Compensation Period	Three Year	Three Year
Sick Leave Credit	Yes	Yes
Non-Industrial Disability	Standard	Standard
Industrial Disability	Standard	Standard
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	Yes
1959 Survivor Benefit Level	Indexed	No
Special	Yes	Yes
Alternate (firefighters)	No	No
Post-Retirement Death Benefits		
Lump Sum	\$2,000	\$2,000
Survivor Allowance (PRSA)	No	No
COLA	2%	2%

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

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



**California Public Employees' Retirement System
Actuarial Office**

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

July 2025

**All Rate Plans of the Scotts Valley Fire Protection District in the Miscellaneous Risk Pool (CalPERS ID: 4027652040)
Annual Valuation Report as of June 30, 2024**

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2024, actuarial valuation report for the plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2026-27.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

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

- Section 1 contains specific information for the following rate plan(s) including the development of the current and projected employer contributions.
 - 903, Miscellaneous Plan
 - 27417, PEPRA Miscellaneous Plan
- Section 2 contains the Miscellaneous Risk Pool information as of June 30, 2024.

[Section 2](#) can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to "Forms & Publications" and select "View All". In the search box, enter "Risk Pool" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2024.

Required Contributions

The table below shows the minimum required employer contributions and member contribution rates for FY 2026-27 along with an estimate of the required employer UAL contribution for FY 2027-28. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Rate Plan	Employer Normal Cost Rate	Member Contribution Rate	Fiscal Year	Employer Amortization of Unfunded Accrued Liability	
2026-27	903	12.56%	7.00%	2026-27	\$16,333	
	27417	7.93%	7.75%			
					<i>Projected (Estimated)</i>	
					2027-28	\$19,000

The actual investment return for FY 2024-25 was not known at the time this report was prepared. The projected UAL payment above assumes the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2024-25 differs from 6.8%, the actual UAL contribution requirement for FY 2027-28 will differ from that shown above. For additional information on future contribution requirements, please refer to [Projected Employer Contributions](#). This section also contains projected required contributions through FY 2031-32.

PEPRA Member Contribution Rate

The employee contribution rate for PEPRA members can change based on the results of the actuarial valuation. See [Member Contribution Rates](#) for more information.

Report Navigation Features

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

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

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

Report Enhancements

Effective with the June 30, 2024, actuarial valuation, separate amortization schedules for each tier of benefits are no longer necessary. Multiple amortization schedules, and thus multiple Section 1 reports, have been combined. We believe this gives the employer a clearer picture of the pension plan's financial health and long-term costs.

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

Questions

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

Sincerely,



Matthew Biggart, ASA, MAAA
Actuary, CalPERS



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



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

California Public Employees' Retirement System

Actuarial Valuation for the
Rate Plans of the Scotts Valley Fire
Protection District in the
Miscellaneous Risk Pool
as of June 30, 2024

(CalPERS ID: 4027652040)
(Rate Plan IDs: 903, 27417)

Required Contributions for Fiscal Year

July 1, 2026 — June 30, 2027

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Section 2 – Miscellaneous Risk Pool Actuarial Information

Section 1

California Public Employees' Retirement System

**Employer Specific Information
for the
Rate Plans of the
Scotts Valley Fire Protection District
in the Miscellaneous Risk Pool**

**(CalPERS ID: 4027652040)
(Rate Plan IDs: 903, 27417)**

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Actuarial Certification

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

Actuarial Methods and Assumptions

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



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



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

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the rate plans of the Scotts Valley Fire Protection District in the Miscellaneous Risk Pool and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2024, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Scotts Valley Fire Protection District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.



Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

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Introduction

This report presents the results of the June 30, 2024, actuarial valuation of the rate plans of the Scotts Valley Fire Protection District in the Miscellaneous Risk Pool of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2026-27.

Purpose of Section 1

This Section 1 report for the rate plans of the Scotts Valley Fire Protection District in the Miscellaneous Risk Pool of CalPERS was prepared by the Actuarial Office using data as of June 30, 2024. This report contains actuarial information for the following rate plan(s).

- 903, Miscellaneous Plan
- 27417, PEPRA Miscellaneous Plan

The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of these rate plans as of June 30, 2024;
- Determine the minimum required employer contributions for these rate plans for FY July 1, 2026, through June 30, 2027;
- Determine the required member contribution rate for FY July 1, 2026, through June 30, 2027, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2024, to the CalPERS Board of Administration (board) and other interested parties.

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

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

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

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of the Actuarial Standards of Practice:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.
- The funded status on a termination basis.
- A low-default-risk obligation measure (LDRM) of benefit costs accrued as of the valuation date.

Summary of Key Valuation Results

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

Required Employer Contributions — page 8

	Fiscal Year 2025-26	Fiscal Year 2026-27
Employer Normal Cost Rates		
Rate Plan 903	12.58%	12.56%
Rate Plan 27417	7.96%	7.93%
Unfunded Accrued Liability (UAL) Contribution Amount	\$11,814	\$16,333
Paid either as		
Option 1) 12 Monthly Payments of	\$984.50	\$1,361.08
Option 2) Annual Prepayment in July	\$11,432	\$15,804

Member Contribution Rates — page 9

	Fiscal Year 2025-26	Fiscal Year 2026-27
Rate Plan 903	7.00%	7.00%
Rate Plan 27417	7.75%	7.75%

Projected Employer Contributions — page 13

Fiscal Year	Normal Cost (% of payroll)		Annual UAL Payment
	Rate Plan 903	Rate Plan 27417	
2027-28	12.6%	7.9%	\$19,000
2028-29	12.6%	7.9%	\$22,000
2029-30	12.6%	7.9%	\$21,000
2030-31	12.6%	7.9%	\$19,000
2031-32	12.6%	7.9%	\$19,000

Funded Status — Funding Policy Basis — page 11

	June 30, 2023	June 30, 2024
Entry Age Accrued Liability (AL)	\$1,299,715	\$1,406,171
Market Value of Assets (MVA)	1,106,230	1,212,189
Unfunded Accrued Liability (UAL) [AL – MVA]	\$193,485	\$193,982
Funded Ratio [MVA ÷ AL]	85.1%	86.2%

Summary of Valuation Data — Page 27

	June 30, 2023	June 30, 2024
Active Member Count	3	4
Annual Covered Payroll	\$200,822	\$305,363
Transferred Member Count	1	1
Separated Member Count	1	1
Retired Members and Beneficiaries Count	1	1

Changes Since the Prior Year's Valuation

Benefits

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

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

Board Policy

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the [Future Investment Return Scenarios](#) exhibit in this report, which includes returns high enough to trigger a board discussion, does not reflect any change in the discount rate.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2024, actuarial valuation.

Report Enhancements

Effective with the June 30, 2024, Actuarial Valuation, separate amortization schedules for each tier of benefits are no longer necessary. Multiple amortization schedules, and thus multiple Section 1 reports, will be combined. We believe this gives the employer a clearer picture of the pension plan's financial health and long-term costs.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2024, as well as statutory changes, regulatory changes and board actions through January 2025.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2025 that will review the capital market assumptions and the CalPERS Total Fund Investment Policy and ascertain whether a change in the discount is warranted. In addition, the Actuarial Office will be presenting the findings of its Experience Study which reviews economic assumptions other than the discount rate as well as all demographic assumptions and makes recommendations to modify actuarial assumptions where appropriate. Any changes in actuarial assumptions will be reflected in the June 30, 2025, actuarial valuations.

The 2024 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2025 limits, determined in October 2024, are not reflected.

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

Liabilities and Contributions

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Determination of Required Contributions

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

Contribution Components

Two components comprise required contributions:

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

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

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

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

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees. For employee contribution rates, see [Member Contribution Rates](#).

Required Employer Contributions	Fiscal Year 2026-27
Employer Normal Cost Rate	
Classic Rate Plan 903	12.56%
PEPRA Rate Plan 27417	7.93%
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[†]	\$16,333
<i>Paid either as</i>	
1) Monthly Payment	\$1,361.08
<i>Or</i>	
2) Annual Prepayment Option[‡]	\$15,804
<p>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly(1) or prepaid annually(2) in dollars).</p> <p>[†]The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2025.</p> <p>[‡]Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</p>	

Development of Normal Cost as a Percentage of Payroll

	Fiscal Year 2025-26	Fiscal Year 2026-27
Classic Rate Plan 903		
Base Total Normal Cost for Formula	18.87%	18.85%
Surcharge for Class 1 Benefits ¹	0.64%	0.64%
Plan's Total Normal Cost	19.51%	19.49%
Offset Due to Employee Contributions ²	(6.93%)	(6.93%)
Employer Normal Cost for Rate Plan 903	12.58%	12.56%
PEPRA Rate Plan 27417		
Base Total Normal Cost for Formula	15.71%	15.68%
Surcharge for Class 1 Benefits ¹	0.00%	0.00%
Plan's Total Normal Cost	15.71%	15.68%
Offset Due to Employee Contributions ²	(7.75%)	(7.75%)
Employer Normal Cost for Rate Plan 27417	7.96%	7.93%

¹ See [Surcharge for Class 1 Benefits](#) in the supplementary information section of this report.

² This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see [Member Contribution Rates](#).

Member Contribution Rates

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

Classic Members

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

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

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

PEPRA Members

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

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2026, based on 50% of the total normal cost rate as of the June 30, 2024, valuation.

<u>Rate Plan Identifier</u>	<u>Benefit Group Name</u>	<u>Basis for Current Rate</u>		<u>Rates Effective July 1, 2026</u>			
		<u>Total Normal Cost</u>	<u>Member Rate</u>	<u>Total Normal Cost</u>	<u>Change in Normal Cost</u>	<u>Adj. Needed</u>	<u>Member Rate</u>
27417	PEPRA Miscellaneous Plan	15.43%	7.75%	15.68%	0.25%	No	7.75%

Breakdown of Entry Age Accrued Liability

Active Members	\$939,361
Transferred Members	14,326
Separated Members	66,002
Members and Beneficiaries Receiving Payments	<u>386,482</u>
Total	\$1,406,171

Allocation of Plan's Share of Pool's Experience

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

1. Plan's Accrued Liability	\$1,406,171
2. Projected UAL Balance at 6/30/2024	206,642
3. Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4. Adjusted UAL Balance at 6/30/2024 for Asset Share	206,642
5. Pool's Accrued Liability ¹	24,701,567,178
6. Sum of Pool's Individual Plan UAL Balances at 6/30/2024 ¹	5,686,499,631
7. Pool's 2023-24 Investment (Gain)/Loss ¹	(476,088,386)
8. Pool's 2023-24 Non-Investment (Gain)/Loss ¹	305,188,638
9. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (4)] \div [(5) - (6)] \times (7)$	(30,033)
10. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (5) \times (8)$	17,373
11. Plan's New (Gain)/Loss as of 6/30/2024: $(9) + (10)$	(12,660)
12. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	0
13. Plan's Share of Pool's Change in Assumptions: $(1) \div (5) \times (12)$	0
14. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	0
15. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (5) \times (14)$	0
16. Offset due to Funding Risk Mitigation	0
17. Plan's Investment (Gain)/Loss: $(9) - (16)$	(30,033)

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

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

18. Plan's UAL: $(2) + (3) + (11) + (13) + (15)$	\$193,982
19. Plan's Share of Pool's Market Value of Assets (MVA): $(1) - (18)$	\$1,212,189

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

Funded Status – Funding Policy Basis

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

	June 30, 2023	June 30, 2024
1. Present Value of Benefits	\$1,582,355	\$1,903,832
2. Entry Age Accrued Liability	1,299,715	1,406,171
3. Market Value of Assets (MVA)	1,106,230	1,212,189
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	\$193,485	\$193,982
5. Funded Ratio [(3) ÷ (2)]	85.1%	86.2%

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

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

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	\$1,632,990	\$1,406,171	\$1,222,910
2. Market Value of Assets (MVA)	1,212,189	1,212,189	1,212,189
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	\$420,801	\$193,982	\$10,721
4. Funded Ratio [(2) ÷ (1)]	74.2%	86.2%	99.1%

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

Additional Employer Contributions

The CalPERS amortization policy provides a systematic methodology for paying down a plan’s unfunded accrued liability (UAL) over a reasonable period of years. The projected schedule of required payments for this plan under the amortization policy is provided in [Amortization Schedule and Alternatives](#). Certain aspects of the policy such as 1) layered amortization bases (positive and negative) with different remaining payoff periods, and 2) the phase-in of required payments toward investment gains and losses, can result in volatility in year-to-year projected UAL payments. Provided below is information on how an Additional Discretionary Payment (ADP), together with your required UAL payment of \$16,333 for FY 2026-27, may better accomplish your agency’s specific objectives with regard to either smoothing out projected future payments or achieving a greater reduction in UAL than would otherwise occur when making only the minimum required payment. Such additional payments are allowed at any time and can also result in significant long-term savings.

Fiscal Year 2026-27 Employer Contribution Versus Agency Funding Objectives

The interest-to-payment ratio for the FY 2026-27 minimum required UAL payment is 81%, which means the required payment of \$16,333 includes \$13,199 of interest cost and results in a \$3,134 reduction in the UAL, as can be seen in [Amortization Schedule and Alternatives](#) (see columns labelled Current Amortization Schedule). If the interest-to-payment ratio is close to 100%, and the reduction in the UAL is small, it may indicate that required contributions will be increasing in the coming years, which would be shown in [Projected Employer Contributions](#). Another measure that can be used to evaluate how well the FY 2026-27 required UAL payment meets the agency’s specific funding objectives is the number of years required to pay off the existing UAL if the annual payment were held constant in future years. With an annual payment of \$16,333 it would take over 20 years to pay off the current UAL. A result that is longer than the agency’s target funding period suggests that the option of supplementing the minimum payment with an ADP should be weighed against the agency’s budget constraints.

Provided below are select ADP options for consideration. Making such an ADP during FY 2026-27 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see [Amortization Schedule and Alternatives](#). Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2026-27 Employer Contributions — Illustrative Scenarios

If the Annual UAL Payment Each Year Were...	The Current UAL Would be Paid Off in...	This Would Require an ADP ¹ in FY 2026-27 of...	Plus the Estimated Normal Cost of...	Estimated Total Contribution
\$16,333	Over 20 years	\$0	\$32,276	\$48,609
18,178	20 years	1,845	32,276	50,454
21,206	15 years	4,873	32,276	53,482
27,593	10 years	11,260	32,276	59,869
47,451	5 years	31,118	32,276	79,727

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

The calculations above are based on the projected UAL as of June 30, 2026, as determined in the June 30, 2024, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan through April 30, 2025.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	\$0	2022-23	\$102,841
2020-21	0	2023-24	0
2021-22	0	2024-25	0

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2024-25 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

The normal cost rates for each rate plan are assumed to remain constant. However, the employer contribution amounts will vary due to changes in payroll. The actuarial valuation does not include payroll beyond the valuation date. For the most realistic projections, the employer should apply projected payroll amounts to the rates below based on the most recent information available, such as current payroll as well as any plans to fill vacancies or add or remove positions.

Rate Plan Identifier	Covered Payroll June 30, 2024	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)				
		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost Rates (Percentage of Payroll)							
903	\$141,771	12.56%	12.6%	12.6%	12.6%	12.6%	12.6%
27417	163,592	7.93%	7.9%	7.9%	7.9%	7.9%	7.9%
UAL Payment		\$16,333	\$19,000	\$22,000	\$21,000	\$19,000	\$19,000

Unlike the normal cost rates, the required UAL payments are expected to vary significantly from the projections above due to experience, particularly investment experience. For projected contributions under alternate investment return scenarios, please see the [Future Investment Return Scenarios](#) exhibit. Our online pension plan projection tool, [Pension Outlook](#), is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

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

Schedule of Amortization Bases

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

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2024.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2026-27.

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

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2024-25 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2025, if necessary, and the expected payment for FY 2025-26 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2026-27	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Minimum Required Payment 2026-27
Investment (Gain)/Loss	6/30/22	60%	Up Only	0.00%	18	154,220	3,315	161,281	6,630	165,396	9,945
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	18	18,171	1,634	17,718	1,634	17,234	1,634
Fresh Start	6/30/23	No Ramp		0.00%	4	6,988	1,309	6,110	1,434	5,044	1,434
Investment (Gain)/Loss	6/30/23	40%	Up Only	0.00%	19	6,880	0	7,348	158	7,684	316
Non-Investment (Gain)/Loss	6/30/23	No Ramp		0.00%	19	20,383	0	21,769	1,958	21,226	1,958
Investment (Gain)/Loss	6/30/24	20%	Up Only	0.00%	20	(30,033)	0	(32,075)	0	(34,256)	(736)
Non-Investment (Gain)/Loss	6/30/24	No Ramp		0.00%	20	17,373	0	18,554	0	19,816	1,782
Total						193,982	6,258	200,705	11,814	202,144	16,333

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

Amortization Schedule and Alternatives

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

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

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

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

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

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

Amortization Schedule and Alternatives (continued)

Date	Current Amortization Schedule		Alternative Schedules			
	Balance	Payment	15 Year Amortization		10 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2026	202,144	16,333	202,144	21,206	202,144	27,593
6/30/2027	199,010	19,069	193,975	21,206	187,374	27,592
6/30/2028	192,835	21,805	185,250	21,206	171,601	27,593
6/30/2029	183,414	21,226	175,932	21,206	154,754	27,592
6/30/2030	173,950	19,056	165,980	21,205	136,763	27,593
6/30/2031	166,084	19,055	155,353	21,206	117,547	27,593
6/30/2032	157,686	19,055	144,002	21,206	97,024	27,592
6/30/2033	148,716	19,055	131,879	21,205	75,107	27,592
6/30/2034	139,137	19,057	118,933	21,206	51,700	27,593
6/30/2035	128,904	19,056	105,105	21,205	26,700	27,593
6/30/2036	117,977	19,056	90,338	21,206		
6/30/2037	106,305	19,056	74,566	21,206		
6/30/2038	93,840	19,055	57,721	21,205		
6/30/2039	80,529	19,054	39,732	21,205		
6/30/2040	66,314	19,056	20,520	21,206		
6/30/2041	51,130	19,055				
6/30/2042	34,916	19,057				
6/30/2043	17,597	18,185				
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		344,341		318,085		275,926
Interest Paid		142,197		115,941		73,782
Estimated Savings				26,256		68,415

Employer Contribution History

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

Valuation Date	Contribution Year	Employer Normal Cost Rate		Unfunded Liability Payment
		Rate Plan 903	Rate Plan 27417	
06/30/2015	2017-18	8.921%	6.533%	\$10,189
06/30/2016	2018-19	9.409%	6.842%	14,194
06/30/2017	2019-20	10.221%	6.985%	17,213
06/30/2018	2020-21	11.031%	7.732%	20,651
06/30/2019	2021-22	10.88%	7.59%	24,157
06/30/2020	2022-23	10.87%	7.47%	25,562
06/30/2021	2023-24	12.47%	7.68%	22,675
06/30/2022	2024-25	12.52%	7.87%	6,258
06/30/2023	2025-26	12.58%	7.96%	11,814
06/30/2024	2026-27	12.56%	7.93%	16,333

Funding History

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

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	\$639,316	\$502,755	\$136,561	78.6%	\$134,042
06/30/2016	682,197	501,180	181,017	73.5%	166,979
06/30/2017	740,119	562,098	178,021	75.9%	141,552
06/30/2018	847,529	640,303	207,226	75.5%	136,709
06/30/2019	896,884	680,842	216,042	75.9%	154,625
06/30/2020	958,989	724,422	234,567	75.5%	158,405
06/30/2021	1,073,148	940,960	132,188	87.7%	171,369
06/30/2022	1,180,788	903,418	277,370	76.5%	187,569
06/30/2023	1,299,715	1,106,230	193,485	85.1%	200,822
06/30/2024	1,406,171	1,212,189	193,982	86.2%	305,363

Risk Analysis

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Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer UAL contributions. The CalPERS [Funding Risk Mitigation Policy](#) stipulates that when the investment return exceeds the discount rate by at least 2% the board will consider adjustments to the discount rate. The projections below use a discount rate of 6.8% for all scenarios even though an annual return of 10.8% is high enough to trigger a board discussion on the discount rate. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The employer normal cost rates are not affected by investment returns, and since no future assumption changes are being reflected, the projected employer normal cost rates for every future investment return scenario are the same as those shown earlier in this report. See [Projected Employer Contributions](#) for more information on projecting the employer normal cost.

The first table shows projected UAL contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2044.

Assumed Annual Return FY 2024-25 through FY 2043-44	Projected Employer UAL Contributions				
	2027-28	2028-29	2029-30	2030-31	2031-32
3.0% (5th percentile)	\$20,000	\$25,000	\$28,000	\$31,000	\$37,000
10.8% (95th percentile)	\$18,000	\$18,000	\$0	\$0	\$0

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

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

The following table shows the effect of one and two standard deviation investment losses in FY 2024-25 on the FY 2027-28 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2027-28.

Assumed Annual Return for Fiscal Year 2024-25	Required Employer UAL Contributions	Projected Employer UAL Contributions
	2026-27	2027-28
(17.2%) (2 standard deviation loss)	\$16,333	\$26,000
(5.2%) (1 standard deviation loss)	\$16,333	\$23,000

- Without investment gains (returns higher than 6.8%) in FY 2025-26 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2024-25.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2027-28 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2024, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Discount Rate Due to Varying the Real Rate of Return Assumption

As of June 30, 2024	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost			
Rate Plan 903	24.53%	19.49%	15.66%
Rate Plan 27417	19.63%	15.68%	12.68%
b) Accrued Liability	\$1,632,990	\$1,406,171	\$1,222,910
c) Market Value of Assets	\$1,212,189	\$1,212,189	\$1,212,189
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$420,801	\$193,982	\$10,721
e) Funded Ratio	74.2%	86.2%	99.1%

Sensitivity to the Discount Rate Due to Varying the Price Inflation Assumption

As of June 30, 2024	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost			
Rate Plan 903	20.43%	19.49%	17.79%
Rate Plan 27417	16.54%	15.68%	14.26%
b) Accrued Liability	\$1,451,716	\$1,406,171	\$1,302,156
c) Market Value of Assets	\$1,212,189	\$1,212,189	\$1,212,189
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$239,527	\$193,982	\$89,967
e) Funded Ratio	83.5%	86.2%	93.1%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2024, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2024	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost			
Rate Plan 903	19.82%	19.49%	19.18%
Rate Plan 27417	15.95%	15.68%	15.43%
b) Accrued Liability	\$1,432,411	\$1,406,171	\$1,381,965
c) Market Value of Assets	\$1,212,189	\$1,212,189	\$1,212,189
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$220,222	\$193,982	\$169,776
e) Funded Ratio	84.6%	86.2%	87.7%

Maturity Measures

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

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

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2023	June 30, 2024
1. Retiree Accrued Liability	\$390,525	\$386,482
2. Total Accrued Liability	\$1,299,715	\$1,406,171
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	30%	27%

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

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

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2023, was 0.78 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2023	June 30, 2024
1. Number of Actives	3	4
2. Number of Retirees	1	1
3. Support Ratio [(1) ÷ (2)]	3.00	4.00

Maturity Measures (continued)

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

Asset Volatility Ratio

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

Liability Volatility Ratio

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

Contribution Volatility	June 30, 2023	June 30, 2024
1. Market Value of Assets	\$1,106,230	\$1,212,189
2. Payroll	\$200,822	\$305,363
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	5.5	4.0
4. Accrued Liability	\$1,299,715	\$1,406,171
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	6.5	4.6

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	50%	3.00	4.0	5.2
06/30/2018	45%	3.00	4.7	6.2
06/30/2019	43%	3.00	4.4	5.8
06/30/2020	40%	3.00	4.6	6.1
06/30/2021	36%	3.00	5.5	6.3
06/30/2022	33%	3.00	4.8	6.3
06/30/2023	30%	3.00	5.5	6.5
06/30/2024	27%	4.00	4.0	4.6

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimated range for the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2024. The accrued liability on a termination basis (termination liability) is calculated differently from the plan’s ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

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

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

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%
06/30/2019	2.31%	06/30/2024	4.61%

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

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

	Discount Rate: 3.61% Price Inflation: 2.45%	Discount Rate: 5.61% Price Inflation: 2.45%
1. Termination Liability ¹	\$1,924,631	\$1,397,400
2. Market Value of Assets (MVA)	1,212,189	1,212,189
3. Unfunded Termination Liability [(1) – (2)]	\$712,442	\$185,211
4. Funded Ratio [(2) ÷ (1)]	63.0%	86.7%

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

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

Funded Status – Low-Default-Risk Basis

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

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

As shown below, the discount rate used for the LDROM is 5.35%, which is the Standard FTSE Pension Liability Index¹ discount rate as of June 30, 2024.

Selected Measures on a Low-Default-Risk Basis	June 30, 2024
Discount Rate	5.35%
1. Accrued Liability – Low-Default-Risk Basis (LDROM)	
a) Active Members	\$1,232,169
b) Transferred Members	19,239
c) Separated Members	66,002
d) Members and Beneficiaries Receiving Payments	435,005
e) Total	\$1,752,415
2. Market Value of Assets (MVA)	1,212,189
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	\$540,226
4. Unfunded Accrued Liability – Funding Policy Basis	193,982
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	\$346,244

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

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

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

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

Supplementary Information

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Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group as of the valuation date, June 30, 2024. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as: changes in economic and demographic assumptions, changes in plan benefits or applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost as of June 30, 2024	Offset due to Employee Contributions as of June 30, 2024	Employer Normal Cost as of June 30, 2024	Number of Actives	Payroll on 6/30/2024
903	Miscellaneous Plan	19.49%	6.93%	12.56%	2	\$141,771
27417	PEPRA Miscellaneous Plan	<u>15.68%</u>	<u>7.75%</u>	<u>7.93%</u>	<u>2</u>	<u>163,592</u>
	<i>Hypothetical Plan Totals¹</i>	<i>17.45%</i>	<i>7.37%</i>	<i>10.08%</i>	<i>4</i>	<i>\$305,363</i>

¹ The hypothetical employer normal cost and contribution rates for the total plan are provided for illustrative purposes only and are based on the payroll as of the valuation date. This snapshot of the cost of providing benefits can be compared from one valuation date to the next as members retire from older tiers and are replaced by members in new tiers. The employer normal cost rate for contribution purposes varies by rate plan and applies to the covered payroll of members in each respective rate plan.

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences.

Summary of Valuation Data

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

	June 30, 2023	June 30, 2024
Active Members		
Counts	3	4
Average Attained Age	N/A	38.7
Average Entry Age to Rate Plan	N/A	27.2
Average Years of Credited Service	N/A	10.3
Average Annual Covered Pay	\$66,941	\$76,341
Annual Covered Payroll	\$200,822	\$305,363
Present Value of Future Payroll	\$1,978,067	\$3,362,694
Transferred Members		
Counts	1	1
Separated Members		
Counts	1	1
Retired Members and Beneficiaries*		
Counts	1	1
Average Annual Benefits	\$33,554	\$34,224
Total Annual Benefits	\$33,554	\$34,224

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

* Values include community property settlements.

Status of PEPRA Transition

The California Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits and placed compensation limits on new members joining CalPERS on or after January 1, 2013. One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While such changes can reduce future benefit costs in a meaningful way, the full impact on employer contributions will not occur until all active members are subject to the rules and provisions of PEPRA. The table below illustrates the status of this transition as of June 30, 2024.

	Classic	PEPRA	PEPRA as a Percent of Total
Active Members			
Count	2	2	50.0%
Average Attained Age	46.0	31.5	
Average Entry Age	25.7	28.7	
Average Years of Credited Service	17.8	2.9	
Average Annual Covered Payroll	\$70,886	\$81,796	
Annual Covered Payroll	\$141,771	\$163,592	53.6%
Present Value of Future Payroll	\$1,155,398	\$2,207,296	65.6%
Transferred Members			
Count	0	1	100.0%
Separated Members			
Count	1	0	0.0%
Retired Members and Beneficiaries Receiving Payments			
Count	1	0	0.0%
Average Annual Benefit	\$34,224	\$0	
Total Annual Benefits	\$34,224	\$0	0.0%
Accrued Liabilities			
Active Members	\$875,463	\$63,898	6.8%
Transferred Members	0	14,326	100.0%
Separated Members	66,002	0	0.0%
Retired Members and Beneficiaries	<u>386,482</u>	<u>0</u>	<u>0.0%</u>
Total	\$1,327,947	\$78,224	5.6%

Surcharge for Class 1 Benefits

This plan has the following Class 1 benefit provisions which result in the surcharges indicated:

Class 1 benefit provisions	Rate Plan 903	Rate Plan 27417
One Year Final Compensation (FAC 1)	<u>0.64%</u>	<u>N/A</u>
Surcharge for Class 1 Benefits	0.64%	0.00%

Plan's Major Benefit Options

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

Rate Plan 903	Benefit Group	
Member Category	Misc	
Demographics Actives Transfers/Separated Receiving	Yes Yes Yes	
Benefit Provision Benefit Formula Social Security Coverage Full/Modified Employee Contribution Rate Final Average Compensation Period Sick Leave Credit Non-Industrial Disability Industrial Disability Pre-Retirement Death Benefits Optional Settlement 2 1959 Survivor Benefit Level Special Alternate (firefighters) Post-Retirement Death Benefits Lump Sum Survivor Allowance (PRSA) COLA	2% @ 55 No Full 7.00% One Year Yes Standard No Yes Indexed No No \$2,000 No 2%	

Plan's Major Benefit Options (Continued)

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

Rate Plan 27417	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Indexed	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	\$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

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



Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$1,083,496.78	\$1,083,496.78
Contribution	0.00	0.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	53,094.73	53,094.73
Administrative Expenses	(75.21)	(75.21)
Investment Expense	(119.82)	(119.82)
Other	0.00	0.00
Ending Balance	\$1,136,396.48	\$1,136,396.48
FY End Contrib per GASB 74 Para 22	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$1,136,396.48	\$1,136,396.48

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	46,246.987	46,246.987
Unit Purchases from Contributions	0.000	0.000
Unit Sales for Withdrawals	0.000	0.000
Unit Transfer In	0.000	0.000
Unit Transfer Out	0.000	0.000
Ending Units	46,246.987	46,246.987
Period Beginning Unit Value	23.428483	23.428483
Period Ending Unit Value	24.572336	24.572336

Please note the Grand Total is your actual fund account balance at the end of the period, including all contributions per GASB 74 paragraph 22 and accrued disbursements. Please review your statement promptly. All information contained in your statement will be considered true and accurate unless you contact us within 30 days of receipt of this statement. If you have questions about the validity of this information, please contact CERBT4U@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 09/30/2025

Scotts Valley Fire Protection District

Entity #: SKB7-4027652040-001



Date	Description	Amount	Unit Value	Units	Check/Wire	Notes
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Client Contact:
CERBT4U@CalPERS.ca.gov



Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$637,768.76	\$637,768.76
Contribution	0.00	0.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	22,150.61	22,150.61
Administrative Expenses	(251.62)	(251.62)
Investment Expense	(129.86)	(129.86)
Other	0.00	0.00
Ending Balance	\$659,537.89	\$659,537.89
FY End Contribution Accrual	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$659,537.89	\$659,537.89

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	54,897.748	54,897.748
Unit Purchases from Contributions	0.000	0.000
Unit Sales for Withdrawals	0.000	0.000
Unit Transfer In	0.000	0.000
Unit Transfer Out	0.000	0.000
Ending Units	54,897.748	54,897.748
Period Beginning Unit Value	11.617392	11.617392
Period Ending Unit Value	12.013932	12.013932

Please note the Grand Total is your actual fund account balance at the end of the period, including accrued contribution and disbursements. Please review your statement promptly. All information contained in your statement will be considered true and accurate unless you contact us within 30 days of receipt of this statement. If you have questions about the validity of this information, please contact CEPPT4U@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 09/30/2025

Scotts Valley Fire Protection District

Entity #: SKHE-4027652040-501P



Date	Description	Amount	Unit Value	Units	Check/Wire	Notes
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Client Contact:
CEPPT4U@CalPERS.ca.gov