

NOTICE AND CALL OF REGULAR MEETING
OF THE COASTAL ANIMAL SERVICES AUTHORITY
JPA BOARD OF DIRECTORS

TO MEMBERS OF THE COASTAL ANIMAL SERVICES AUTHORITY:

NOTICE IS HEREBY GIVEN that a Regular Meeting of the Coastal Animal Services Authority is hereby called to be held on Monday, April 1, 2024 at 7:30 a.m. at the City of San Clemente City Hall, 910 Calle Negocio, San Clemente, CA 92672.

Said Regular Meeting shall be held to consider the following agenda items:

1. See attached list.

Jamey Federico
Chairperson

**Agenda for Coastal Animal Services Authority
Regular Board Meeting
April 1, 2024
7:30 a.m.**

Location:
City of San Clemente, City Hall, Community Conference Room
910 Calle Negocio
San Clemente, CA 92672

AGENDA ITEMS

1. CALL TO ORDER

- Pledge of Allegiance

2. APPROVAL OF MINUTES

- February 5, 2024

3. BUDGET

- Consideration of approving the Payroll Warrants and Registers for the time periods of 1/22/24 – 2/23/24

4. ITEMS FROM THE STAFF

- Shelter Statistics Reports
- License Report
- Animal Control Report
- Shelter Operations Update

5. ITEMS FROM THE BOARD

6. ITEMS FROM THE CITY

- CalPers Update

7. ITEMS FROM PPF

- Update from PPF Chairperson

8. ORAL COMMUNICATIONS

- Members of the audience who wish to address the JPA Board on matters within the jurisdiction of the Coastal Animal Services Authority, but not separately listed on the agenda, may do so during the Oral Communications portion of the meeting.

9. ADJOURNMENT

Next Regular JPA Meeting at the San Clemente City Hall, 910 Calle Negocio, Community Conference Room, San Clemente, CA, June 3, 2024 at 7:30 a.m..

Jamey Federico, Chairperson, CASA Board

COASTAL ANIMAL SERVICES AUTHORITY (CASA)

Regular Meeting Minutes

February 5, 2024

These minutes reflect the order in which items appeared on the meeting agenda and do not necessarily reflect the order in which items were actually considered.

A Regular Meeting of the Coastal Animal Services Authority was called to order by Chair Federico on February 5, 2024 at 7:33 a.m. at San Clemente City Hall, located at 910 Calle Negocio, San Clemente, in Conference Room A.

PRESENT

Chair Jamey Federico
Board Member Mark Enmeier
Jeff Rosaler, City Of Dana Point
Jennifer Stinett, CASA
Jake Rahn, City of San Clemente
Stephanie Cocumelli, Pet Project Foundation

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PLEDGE OF ALLEGIANCE

1. **CALL TO ORDER**

The CASA Meeting was called to order at 7:33 a.m. with all members present.

2. **APPROVAL OF MINUTES**

MOTION BY Federico SECOND by Enmeier CARRIED 2-0, to approve the minutes of the CASA Board Meeting of December 4, 2023

3. **BUDGET**

MOTION BY Federico SECOND by Enmeier CARRIED 2-0, to approve the Payroll Warrants and Registers for 10/30/23 - 1/26/24.

4. **ITEMS FROM THE STAFF**

Shelter Statistics

Staff prepared shelter statistics for December and January. Animal intakes were up, and adoption numbers maintained high. License numbers were up in December, which is typically a slow month. January license numbers were not yet available. Some calls for service have gone down, but that is typical for the winter season.

Jamey stated that the license revenue compared to last year is up significantly, assuming due to the new fee schedule, but our licenses sold are down.

Jen said over the first six months of this fiscal year licenses sold are down 4%. We have been on a downward trend the past few years. However, starting in December staff started to take over the rabies reporting. PetData was supposed to be doing it, where they would get rabies certificates from the vets, and then notify residents. They would send postcards, that look like trash to me. Staff has been sending a form letter to residents, and we have started to see quite a bit of response to that. Anyone that does not respond within 30 days gets a follow-up and a violation notice to get their licensing done. It is something that PetData fell short on. Once they sent three notices, PetData would not follow-up further.

Jamey requested that the Board continue to get stats on the comparisons. Licensing has always been a challenge and this year we can dig into best practices and have a strategic plan just on licensing, what we're going to do, how to approach this.

Jen said we have had a couple meetings with the Mission Viejo Licensing team, and although it has taken them time to get where they're at, they almost have it down to a science.

Jamey asked if we know what their compliance rate is?

Jen stated she has not asked.

Jamey said he would like to know where they/other Shelters are at as far as compliance. This is in direct relation to an upcoming item on the Agenda. The funds to hire another Officer relate to licensing. Mark would you support that this calendar year we focus on licensing?

Mark agreed.

Jamey asked if the increased intakes are impacting our ability to take care for the animals?

Jen confirmed it is not.

Jamey asked if we are comfortable with our intake and relinquishment policies?

Jen said we are. Our relinquishment policy is first and foremost adoptable animals, with age and health a consideration. PPF is open to work with us if there are some medical issues that would need to be addressed. Public issues, such as the housing crisis in 2008-10 and now Covid, seem to hit the bigger shelters before us. We are seeing post-Covid effects this year. Such as, people that got pets during Covid but didn't get them spayed/neutered, resulting in a 15% jump in kitten intakes for us. That coupled with people that are now back at work and realized a pet no longer fits with that lifestyle. We get a lot of calls, and it isn't just from our residents, we get calls from all over Southern California. We do what we can, at the pace that we can. As a result we have been doing ARM runs, but smaller and less frequent, because we have been getting more animals relinquished.

Jamey confirmed that we don't see a need for a policy change?

Jen confirmed, not at this time.

Animal Control Report

Field License Sales

The Officers have made attempts at selling dog licenses while out on patrols. The Officers reported back to us that the barriers involved have been issues with verifying rabies. Whether it is outside of vet hospital hours, or the dog is not current on its vaccine anyway. They are having some success when they go out to homes for barking or quarantine calls.

Emergency Call

Officer Keppler responded to an emergency call at our local boarding facility Camp Bow Wow. They had flooding overnight when the fire sprinkler system sprung a leak, resulting in 4-12" of water throughout the facility. OCFA requested Keppler go in, because they were concerned that some animals would be caught underwater. Luckily no animals were found dead or injured. Camp Bow Wow were able to manage moving animals within the facility, so we did not have to assist with evacuations.

Doheny Sea Birds

Over December and January we responded to multiple calls regarding dead sea birds at Doheny Beach. Wetlands and Wildlife and State Parks requested our assistance with setting up a quarantine area and removing dead/sick birds. We transported three ill birds to Wetlands and Wildlife, which subsequently died. Initial lab tests found them to be positive for Highly Pathogenic Avian Influenza. A lab in Wisconsin is conducting further testing.

Mark asked if it is happening up and down the coast?

Jen said Wetlands and Wildlife oversees as far North as Santa Barbara. They do not know why it is affecting the population, which is why they are conducting further testing.

Mark asked if there is a threat to transfer to humans?

Jen said there is no indication of that at this time.

Permits

Melanie is working on getting our final kennel permits up to date. She has one remaining in San Clemente and two in Dana Point to resolve. These permits have generated just over \$5000 in revenue this year.

Public Education

Melanie did a continued education opportunity at the Shelter. Providing guidance on k9 body language, use of tools such as catch poles, and dog bite avoidance. The Shelter staff and about 15 dog walkers attended. We have received requests from two local schools for the program. Melanie put together a power point geared toward kids, and she, another Officer and PPF volunteer Nancy presented that at Our Lady of Fatima last week for 120 kids.

Mark asked if that is going to be expanded to other elementary schools?

Jen said it is certainly open to all schools, and kids of all ages.

McCall Vicious Dog Case

Jen provided an update on a Vicious Dog case we have been working on. Melanie is in court this morning, along with the San Clemente attorney city. We are hopeful to have that resolved today. Attorneys fees thus far are approximately \$4600.

SC Municipal Code

Our attorney has been provided with a draft of the San Clemente Municipal Code. Some of the areas that we are recommending a revision to are the Potentially Dangerous/Dangerous/Extremely Dangerous Animal and Barking Dog definitions, so they coincide with the Dana Point Codes.

Jamey asked if there is an anticipated completion date?

Jen said we were not given a date. We like the draft as written, it just depends on if the attorney is amenable to the changes.

Jamey asked if Mark could follow up with the attorney?

Mark agreed.

Jen said once the San Clemente Code is done, we would propose an update to the Dana Point Code to add an administrative hearing process, especially to the Dangerous Dog code. That is why we got involved with the Superior Court process in regards to Zero, because we did not have the administrative process in place.

Jeff said it is on the municipal code update calendar for Dana Point.

800mhz Radios

We have met with IT in regards to the 800mhz radios. There is another department in the City that has requested them as well. IT said the next step would be training and radios to try on a trial basis, to see how the system works for us before spending the money on purchasing our own equipment. Staff has drafted a use policy, so when details are finalized we can bring that before the Board.

Jamey asked if Mark has any input on the use of the radios?

Mark said he doesn't have anymore questions at this time.

Patrols

December 1 through January 31 our Officers recorded 495 patrols, resulting in 198 citations for off leash and license violations. Officers focused patrols on problematic areas and in response to public complaints. The Officers provided us with their problem areas which are Verde Park, Beaches (mostly North Beach), and Mira Costa Park in San Clemente and in Dana Point it is Heritage Park, Sea Canyon and Dana Woods Parks.

In December Verde Park was a huge issue. Both the complaining parties and the dog owners were upset. The dog owners don't see the off-leash dogs as being a problem and are upset that people would complain.

Mark asked our thoughts on expanding dog access on the beaches in San Clemente. Mark said it has gone before Council and will now be reviewed by the Coastal Commission. What are the potential issues for CASA?

Jen said we saw the report that Beaches, Parks and Rec put together for Council. My only notes for them were the 'residents only' stipulation. That is not realistic as

far as enforcement. We don't have an issue with it, and it may help the rest of our beaches. If we catch people further down south, we have a place to direct them where they can have their dogs on the beach.

Mark said the City is also looking at adding more dog parks.

Jen said you can't have too many dog parks. Our two that we have now are not enough, and is pretty far out of the way for most residents. The more places that we can send them to for off leash access, the better. It won't end the off-leash problem, as parks that are easy access in neighborhoods will always draw issues. Patrols at Heritage Park and Dana Woods Park is tough because they are big areas. The Officers will often patrol those areas in pairs, starting at either side of the park. The ATV has also helped with beach patrols.

Animal Control Staffing

We have historically had four Officers, two full-time and two part-time, which staffs the field 120-140 hours per week. In July 2023 we added our Animal Control Officer Supervisor.

In January 2024 we lost both of our part-time ACO's, both leaving for full-time jobs. We currently have our Supervisor, a full-time ACO and another that is a temporary full-time ACO. With Officer Friedman retiring last week, we will be filling his position permanently. Our two part-time positions are open, with potentially two people ready to fill those, and we are working with HR on that.

As we approach the timeframe to complete the Fiscal Year budget and a potential move to CalPers, it is staff's recommendation to move to three full-time Field Officers and one Reserve part-time effective in July. We reviewed the last 11 years of part-time employment history, and people do not stay for long in those positions. We are training people for six to twelve months, and then they are looking for full-time work. We have had a number of employees leave for full-time positions, or the rest have been terminated for performance issues. It is a matter of maturity and professionalism that they bring to the job. Having a full-time employee would be more beneficial than part-time.

Mark said it does make sense. If we are losing two part-time, how many full-time do want?

Jen said we have two full-time currently and we are asking for one more.

Jamey said we are not considering the Animal Control Supervisor as an Animal Control Officer. We have three full-time positions currently, which is a net increase over what we had a year ago. I'm OK with combining the two part-time into a full-time position. When we hired the Supervisor position I envisioned that she would fill in and do patrolling. She has been doing a ton of admin to get that program fixed, but sooner than later she should be filling in.

Mark asked if that is in her job description?

Jen confirmed that it is.

Jamey stated he is in onboard with combining the two part-time into one full-time. Jen said she will talk to Melanie about the schedule. By July when this would become effective, she should have some of the administrative side in order. But, her first six months has been focused on cleaning up a lot.

Jeff asked if she is carrying a case load?

Jen said she is doing all of the vicious dog cases. As far as going out in the truck, she is going out as a second officer to certain calls.

Jamey said there will be additional costs overall for the benefits, but it saves us in the long run for turnover in those part-time positions. Also, we have Reserve Officer positions, that are limited hours per week, to staff for busy times like Summer or vacations when the schedule calls for it.

Jeff asked if Dana would be interested in that?

Jen stated that he is not able to conduct field work, but we do have someone coming back from medical leave that is in a current part-time position, that is retired military. It might be something he is interested in.

Jamey said Dana might be valuable as well, on a part-time basis to do office/case load work.

Jen said Dana is very interested in being involved in anyway possible, and something we would like to consider for him.

Mark asked which option we are moving forward with?

Jen said there is an option for three full-time field and a possibility for a Reserve at 5-10 hours per week.

Jamey said this discussion is for budgeting purposes, and we will be able to look at everything further and make adjustments when we see the budget.

Shelter Operations Update

Vaccine Clinic

Our next vaccination clinic will be at the Dana Point Community Center on Sunday, February 25 between 2-4pm. This is our first one in quite awhile at the Dana Point location, so we are looking forward to bringing it to that part of the community, as we only see about a 10% of our clinic-goers from Dana Point.

Jamey asked if we are comfortable with the advertising for that?

Jeff said he is happy to put it out on all our Socials.

Stephanie confirmed that it is in the PPF newsletter and will be up on Social media in the coming week as well.

Licensing

Staff is processing all of our incoming mail and web transactions in-house, within about 48 hours of receiving it. Myself and Melissa met with the Mission Viejo licensing staff in January to see what their renewal processes and reports are, and to see what we can utilize.

Volunteers are helping with processing those mail-in payments as well. They are also doing follow-up calls to gather email addresses for those clients, so we are able to do future renewal notices electronically.

In December we reached out to our local vet hospitals to get their compliance with reporting their rabies certificates.

Jamey asked what the legal basis is for the rabies reporting mandate?

Jen said it is required by state and local municipal codes.

Jamey requested Jen send him a list of Dana Point vet hospitals that are not in compliance.

Front Office Staff/Volunteers

Front office customer service position is occupied by an interim employee. She has been instrumental in moving the licensing program along, as she came in with a lot of prior experience both having previously worked at CASA and at Mission Viejo in their licensing department. We did do a recruitment for that position, and did so based on that position working weekends. We had no suitable candidates willing to work the weekends, including the interim person. She has been working Tuesday-Friday and we have started to monitor our transactions in the office weekdays vs. weekends. We trend toward more foot traffic for licensing during the week. We only do two to three per day on the weekends vs. much more during the week, plus processing all of the mail during the week. We'll continue to watch that and see what that means for that position going forward, but in the interim Melissa is happy to remain in the position for now.

Jamey asked what the plan going forward is, would Melissa take the position permanently?

Jen said she is interested in staying permanently if it is during the week. I have talked to HR about running another recruitment because we have changed the parameters of what we recruited for previously.

Jamey said it would be nice to keep her considering the turnover we have had in that position.

Jen said it would be great to keep her, but we are considering what that means for the weekends, and a big focus for myself and Stephanie is increasing the number of volunteers on the weekends to help in the office. Most of the weekend shifts in the office are only staffed with one volunteer, which I have voiced displeasure with. The reasoning behind that is the volunteers said they weren't busy enough to have two volunteers per shift. My issue with that is that staff says they are busy and they need more help, and if you have someone call out it becomes an emergency to try and fill that shift.

Jamey asked if we can accept paperwork on the weekends and process it during the week?

Jen said, yes we are doing that with licensing. They are doing over-the-counter transactions and taking money, but the mail is processed during the week, as is the data entry of all over-the-counter licensing.

Stephanie asked if it is the same for adoptions?

Jen said we do a few more adoptions on the weekends, because people are more interested in picking up on those days since they are home. As far as interactions though, there isn't a big difference.

Jeff said there are many youth clubs he can push volunteer info out to.

Jamey asked if PPF are interested in volunteers under 18 years old?

Stephanie said the group is, and they have two Open House events planned, one was two weeks ago and we had 67 people attend. It was promoted for people 17 years and up. A couple people interested in the front office in that group, but overall we received 14 new volunteer applicants. We need more volunteers in all areas, but dog walkers are our biggest need. We could double our number of walkers. Our next Open House will be on a Saturday.

Jamey recommended getting in contact with the youth groups through the Dana Point Community Center.

Stephanie said Board member Nancy has been doing a lot of community outreach, but a lot of the groups so far have been much younger kids.

Maintenance

Staff power washed all walkways in the courtyard. We also have a group of students from St. Margaret's that come in once per month and are helping with clean-up projects, scrubbing the kennels, and the new kennel floors.

The drain clean-out maintenance is scheduled for today.

Jamey asked if the in-floor heating is working, and if the maintenance guy still comes?

Jen said we still have his contact, but when we talked last year he said he didn't need to come down unless we have issues with it. The water heater was replaced a couple years ago.

5. ITEMS FROM THE BOARD

Mark brought up that during the Senator's visit she mentioned the idea of the County Shelter renting out our kennel space. He followed up with Katrina Foley, who sent the request to the interim Director at OC Shelter. The response was basically, 'we're good with the way it is.'

Jamey said it is probably something that the Supervisors would have to do, based upon reimbursement for the services.

Jamey reached out to Katrina Foley and told her that PPF would be in contact regarding the opportunity for a Shelter tour.

6. ITEMS FROM THE CITY

Jake provided a CalPers update. The financial aspects of the process were completed and we were ready to move to the contract component. In September we received the package to move forward and staff noticed some inconsistencies. We reached back out to them and they said the actuarial needs to be re-done because it did not show the CSERP assets being transferred.

We received a response in January to clarify the funding and which active employees were moving to CalPers.

Staff's recommendation is to authorize execution of requesting the revised actuarial. It will take about 60 days before we receive the response.

The Board approved staff's recommendation to move forward.

7. **ITEMS FROM PET PROJECT FOUNDATION (PPF)**

Stephanie provided a PPF update.

Whales, Tales and Ales is coming up. PPF's second largest fundraising event.

We have started to recruit for our new Board. Four of the existing Board members will term-off in July.

Stephanie asked about a possible relationship with San Juan getting involved with our Shelter?

Jamey said there is a lot of information we would need to evaluate on our side as far as capacity, more staff needed. Not opposed to it, but there are a lot of questions we would need to answer.

Jen said Mission Viejo may be interested in getting San Juan as well.

Jamey said he imagines a lot of San Juan's costs are likely Animal Control and they can get it cheaper from OC.

Jeff didn't get indication that switching agencies is a concern amongst San Juan staff right now.

Jen agreed and said without pressure from the residents, why would they change. The difference between us and Mission Viejo, is that you just contract with Mission Viejo, whereas with us you become part of the JPA and have a say in how the Shelter is run.

Jamey said for them to switch there would need to be public pressure, better service and/or cheaper. We would need to determine what it would cost. Can we do it with our current facilities, how much more Animal Control Officers would we need?

Jen said we looked at some intake numbers and we wouldn't have an issue with accommodating their stray numbers. But, their surrender numbers are 0, because they turn those animals away.

8. **ORAL COMMUNICATIONS**

None

9. **ADJOURNMENT**

Meeting Adjourned at 8:38 a.m.. The next Regular JPA Meeting will be held on April 1, 2024 at 7:30 a.m. at San Clemente City Hall, located at 910 Calle Negocio, San Clemente, in the Community Conference Room.

CHAIR of the COASTAL
ANIMAL SERVICES AUTHORITY

COASTAL ANIMAL SERVICES AUTHORITY

PAYROLL CERTIFICATION SHEET


DEPARTMENT PAYROLL AND ATTENDANCE RECORDS ARE
HEREBY CERTIFIED AND CHECKS DELIVERED TO:

PAYROLL OF 2/9/2024

FOR THE PERIOD OF 01/22/24 - 02/04/24

ANIMAL SERVICES ELECTRONIC

PAYROLL APPROVED:


CITY OF SAN CLEMENTE TREASURER

APPROVED & ORDERED PAID BY THE CASA BOARD

AT THE MEETING HELD ON _____

IN THE AMOUNT OF: \$ 17,517.41

CHAIRPERSON

VICE-CHAIRPERSON

01/22/2024 to 02/04/2024- Type 1 Cycle bi

Bank: cdd - BANK OF THE WEST

Check #	Date	Employee #	Name	Check Amt	Direct Deposit
507816	2/9/2024	3470	BORTHWICK, VIVIAN J	0.00	1,286.04
507817	2/9/2024	4471	DONAHOE, HAILEY	0.00	932.78
507818	2/9/2024	4424	ENDOW, RAYMOND	0.00	177.41
507819	2/9/2024	3367	FRIEDMAN, DANA	0.00	0.00
507820	2/9/2024	3592	KEPPLER, JOHN	0.00	2,580.45
507821	2/9/2024	4483	LANGILLE, KRISTINE	0.00	873.80
507822	2/9/2024	2568	MORAN, JILL	0.00	2,669.54
507823	2/9/2024	4285	PEREZ, JOHN	0.00	1,738.20
507824	2/9/2024	2711	SKIBICKI, KATHLEEN P	0.00	489.38
507825	2/9/2024	3000	STINETT, JENNIFER M	0.00	2,595.12
507826	2/9/2024	4485	UPSTONE, MELANIE	0.00	2,466.51
507827	2/9/2024	3344	WILLIAMS, MELISSA	0.00	1,708.18
Employee Check Totals				0.00	17,517.41

Bank cdd Totals (12 Forms) 0.00 17,517.41

Grand Total 0.00 17,517.41

Next Step: Account Posting (AP)

Pay Period is Open (Locked)

Totals Checks and Direct Deposit (12 Forms) 17,517.41

COASTAL ANIMAL SERVICES AUTHORITY

PAYROLL CERTIFICATION SHEET

DEPARTMENT PAYROLL AND ATTENDANCE RECORDS ARE
HEREBY CERTIFIED AND CHECKS DELIVERED TO:

PAYROLL OF 2/23/2024
FOR THE PERIOD OF 02/05/24 - 02/18/24

ANIMAL SERVICES

ELECTRONIC

PAYROLL APPROVED:


CITY OF SAN CLEMENTE TREASURER *Tan*

APPROVED & ORDERED PAID BY THE CASA BOARD

AT THE MEETING HELD ON _____

IN THE AMOUNT OF: \$ 16,659.45

CHAIRPERSON

VICE-CHAIRPERSON

02/05/2024 to 02/18/2024- Type 2 Cycle bi

Bank: cdd - BANK OF THE WEST

Check #	Date	Employee #	Name	Check Amt	Direct Deposit
507828	2/23/2024	3470	BORTHWICK, VIVIAN J	0.00	1,286.04
507829	2/23/2024	4471	DONAHOE, HAILEY	0.00	928.09
507830	2/23/2024	3592	KEPLER, JOHN	0.00	2,489.73
507831	2/23/2024	4483	LANGILLE, KRISTINE	0.00	873.79
507832	2/23/2024	2568	MORAN, JILL	0.00	2,736.76
507833	2/23/2024	4285	PEREZ, JOHN	0.00	1,738.20
507834	2/23/2024	2711	SKIBICKI, KATHLEEN P	0.00	434.11
507835	2/23/2024	3000	STINETT, JENNIFER M	0.00	2,595.12
507836	2/23/2024	4485	UPSTONE, MELANIE	0.00	2,370.27
507837	2/23/2024	3344	WILLIAMS, MELISSA	0.00	1,207.34
Employee Check Totals				0.00	16,659.45
Bank cdd Totals (10 Forms)				0.00	16,659.45
Grand Total				0.00	16,659.45

Next Step: Account Posting (AP)
Pay Period is Open (Locked)

Totals Checks and Direct Deposit (10 Forms) 16,659.45

**COASTAL ANIMAL SERVICES AUTHORITY
CERTIFICATION OF WARRANTS**

I HEREBY SUBMIT THE ATTACHED WARRANT REGISTER FOR AUDIT AND APPROVAL BY THE CASA BOARD, I HEREBY CERTIFY TO THE ACCURACY OF THE FOREGOING DEMANDS AND THAT FUNDS ARE AVAILABLE FOR PAYMENT THEREOF, PAID BY WARRANTS SIGNED BY LEGALLY DESIGNATED PERSONS IN ACCORDANCE WITH STATE OF CALIFORNIA GOVERNMENT CODE, SECTION-41003.

APPROVED AND ORDERED PAID AT THE BOARD MEETING OF THE AUTHORITY HELD ON

IN THE AMOUNT OF \$52,072.32 dated 02/09/2024

CHAIRPERSON

VICE-CHAIRPERSON



CITY OF SAN CLEMENTE TREASURER



Bank : casa1 BANK OF THE WEST

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
30012	2/9/2024	004156	CALIF, STATE OF, EMPLOYM	2/9/2024	STATE TAX - CASA: PAYMEN	769.32	769.32
30013	2/9/2024	000010	CALIF, STATE OF, EMPLOYM	2/9/2024	SDI INS - CASA: PAYMENT	209.90	209.90
30014	2/9/2024	001819	FEDERAL WITHOLDING TAX	2/9/2024	FED TAX - CASA: PAYMENT	2,526.94	2,526.94
55508	2/9/2024	025854	D & L PACKAGING SUPPLIES	1/31/2024	RABBIT PAPER	161.63	161.63
55509	2/9/2024	000642	GREAT-WEST TRUST COMPA	2/9/2024	MISC PENSION - CASA: PAY	4,195.29	4,195.29
55510	2/9/2024	022370	HANDS ON PAWS	1/31/2024	DOG TRAINER	6,000.00	6,000.00
55511	2/9/2024	007564	LOWE'S COMPANIES, INC.	1/24/2024	#0333392 SUPPLIES	51.63	51.63
55512	2/9/2024	003619	MISSION SQUARE-302452	2/9/2024	DEF COMP DEF COMP/ICMA	1,986.48	1,986.48
55513	2/9/2024	034976	MISSION SQUARE-306379	2/9/2024	DEF COMP/ICMA-CASA: PAY	668.76	668.76
55514	2/9/2024	035110	NATURE CARE	2/1/2024	CONTRACT MAINT SERVICES	779.00	779.00
55515	2/9/2024	015190	PAYFLEX SYSTEMS, USA	2/9/2024	125 MED SECTION 125 MED-	25.00	25.00
55516	2/9/2024	021715	READYREFRESH BY NESTLE	2/2/2024	ACCT #6701996031 DRINKING	10.32	10.32
55517	2/9/2024	000635	SAN CLEMENTE CITY EMPLO	2/9/2024	DUES SCCEA - CASA: PAYMI	42.00	42.00
55518	2/9/2024	003655	SAN CLEMENTE, CITY OF	2/1/2024	MONTHLY INTERFUND CHAR	27,080.00	27,080.00
55519	2/9/2024	001174	SAN DIEGO GAS & ELECTRIC	1/29/2024	0055908393705 DISTRIBUTIO	1,012.10	1,012.10
55520	2/9/2024	003204	SOUTHERN CALIF GAS CO, I	1/25/2024	09265871351 GAS SERVICES	613.37	613.37
55521	2/9/2024	032104	STILES ANIMAL REMOVAL I	2/2/2024	JAN 24 ANIMAL DISPOSAL	600.00	600.00
55522	2/9/2024	000976	TURBO DATA, INC	12/31/2023	DEC 23 CITATION PROCESSII	891.94	891.94
				11/30/2023	NOV 23 CITATION PROCESSII	744.45	744.45
55523	2/9/2024	036107	WENZEL, SETH	1/31/2024	JAN 24 CITATION PROCESSIN	487.19	487.19
55524	2/9/2024	036250	ZAPPIA, ANNA	2/1/2024	DOG TRAINING	3,200.00	3,200.00
				1/20/2024	MARKET RETURNED ITEMS	17.00	17.00
Sub total for BANK OF THE WEST:						52,072.32	52,072.32

COASTAL ANIMAL SERVICES AUTHORITY
CERTIFICATION OF WARRANTS

I HEREBY SUBMIT THE ATTACHED WARRANT REGISTER FOR AUDIT AND APPROVAL BY THE CASA BOARD, I HEREBY CERTIFY TO THE ACCURACY OF THE FOREGOING DEMANDS AND THAT FUNDS ARE AVAILABLE FOR PAYMENT THEREOF, PAID BY WARRANTS SIGNED BY LEGALLY DESIGNATED PERSONS IN ACCORDANCE WITH STATE OF CALIFORNIA GOVERNMENT CODE, SECTION-41003.

APPROVED AND ORDERED PAID AT THE BOARD MEETING OF THE AUTHORITY HELD ON

IN THE AMOUNT OF \$22,601.83 dated 02/23/2024

CHAIRPERSON

VICE-CHAIRPERSON



CITY OF SAN CLEMENTE TREASURER



Bank : casa1 BANK OF THE WEST

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
30015	2/23/2024	004156	CALIF, STATE OF, EMPLOYMEBen2540051	2/23/2024	STATE TAX - CASA: PAYMEN	750.34	750.34
30016	2/23/2024	000010	CALIF, STATE OF, EMPLOYMEBen2540053	2/23/2024	SDI INS - CASA: PAYMENT	208.31	208.31
30017	2/23/2024	001819	FEDERAL WITHOLDING TAX Ben2540049	2/23/2024	FED TAX - CASA: PAYMENT	2,425.83	2,425.83
55525	2/23/2024	009394	AVID IDENTIFICATION SYSTE10084611-IN	2/9/2024	MICROCHIPS	816.60	816.60
55526	2/23/2024	024030	BAY ALARM COMPANY 21201138	2/4/2024	3/1-3/31/24 FIRE MONITORING	153.93	
			21176314	2/1/2024	3/1-3/31/24 SECURITY MONIT	35.00	188.93
55527	2/23/2024	000642	GREAT-WEST TRUST COMPABen2540039	2/23/2024	MISC PENSION - CASA: PAYI	4,195.29	4,195.29
55528	2/23/2024	004706	HILL'S PET NUTRITION, INC 248536241	2/6/2024	DOG/CAT FOOD	159.90	159.90
55529	2/23/2024	009395	HLP, INC 240214	2/15/2024	JAN 24 MO TRANSACTION FE	14.35	14.35
55530	2/23/2024	027839	LANCE SOLL & LUNGHARD LL60737CASA	12/18/2023	AUDIT SERVICES FY 2023	380.00	380.00
55531	2/23/2024	003619	MISSION SQUARE-302452 Ben2540043	2/23/2024	DEF COMP DEF COMP/ICMA	1,986.48	1,986.48
55532	2/23/2024	034976	MISSION SQUARE-306379 Ben2540045	2/23/2024	DEF COMP/ICMA-CASA: PAYI	596.76	596.76
55533	2/23/2024	005586	MORAN, JILL 02052024	2/6/2024	TRAVEL REIMB	31.58	31.58
55534	2/23/2024	003416	NEWCO DISTRIBUTORS INC S101755886.001	2/12/2024	CAT LITTER	1,158.31	1,158.31
55535	2/23/2024	025959	OMNI ENTERPRISE INC CSC01246	2/8/2024	JANITORIAL SERVICES	1,100.00	
			CSCE01246	2/8/2024	EXTRA JANITORIAL SERVICE	175.00	1,275.00
55536	2/23/2024	015190	PAYFLEX SYSTEMS, USA Ben2540047	2/23/2024	125 MED SECTION 125 MED-	25.00	25.00
55537	2/23/2024	001977	PET PROJECT FOUNDATION 12312023A	12/31/2023	PPF - ACCT BAL AS OF 12/31/	5,083.00	
			12312023B	12/31/2023	KENNEL FEES - ACCT BAL AS	2,219.00	7,302.00
55538	2/23/2024	021715	READYREFRESH BY NESTLE 04B6701996031	2/10/2024	ACCT #6701996031 DRINKING	67.28	67.28
55539	2/23/2024	036291	RUBENSTEIN, MARILYN 121273	11/21/2023	LICENSE REIMBURSEMENT	40.00	40.00
55540	2/23/2024	000635	SAN CLEMENTE CITY EMPLOBen2540041	2/23/2024	DUES SCCEA - CASA: PAYMI	42.00	42.00
55541	2/23/2024	000768	SAN CLEMENTE CITY WATER 108478-01	2/10/2024	12/26/23-01/26/24 WATER SEF	696.62	696.62
55542	2/23/2024	002755	SOUTH COAST DISTRIBUTINC306559	2/8/2024	CASA CLEANING SUPPLIES	156.67	156.67
55543	2/23/2024	035876	UPSTONE, MELANIE 02052024	2/6/2024	TRAVEL REIMB	32.58	32.58
55544	2/23/2024	029259	VERIZON CONNECT NWF INC360000053879	2/15/2024	100000087647 MONTHLY SER	52.00	52.00

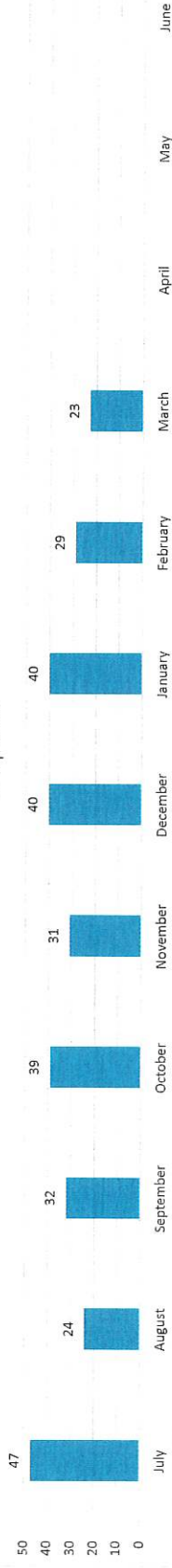
Sub total for BANK OF THE WEST:

22,601.83

Intakes Domestic



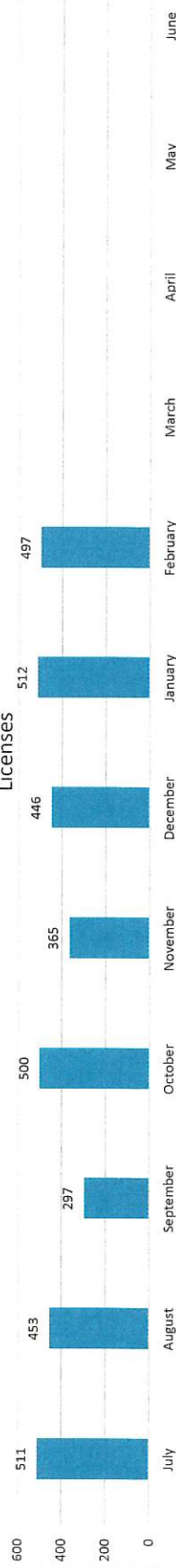
Adoptions



Return to Owner



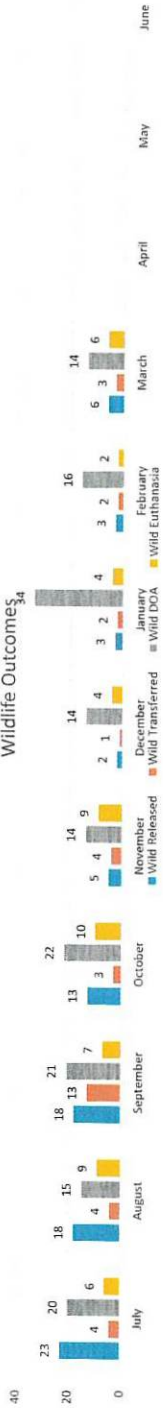
Licenses



Intakes Wild



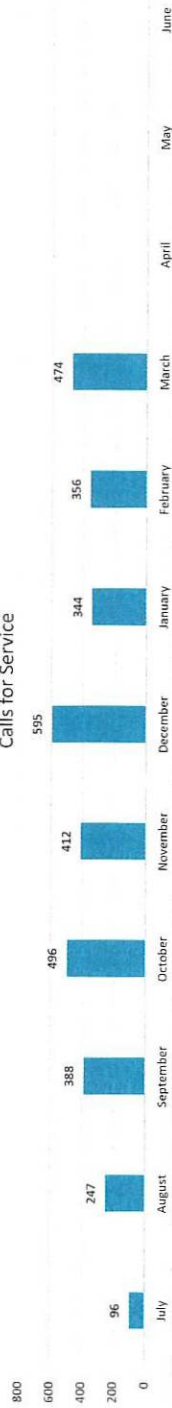
Wildlife Outcomes



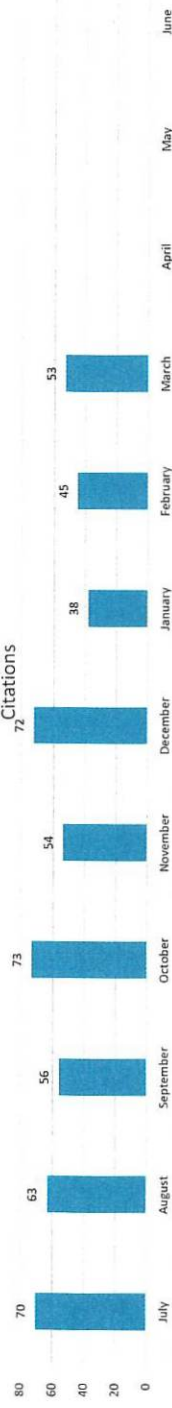
Barking Dog Calls



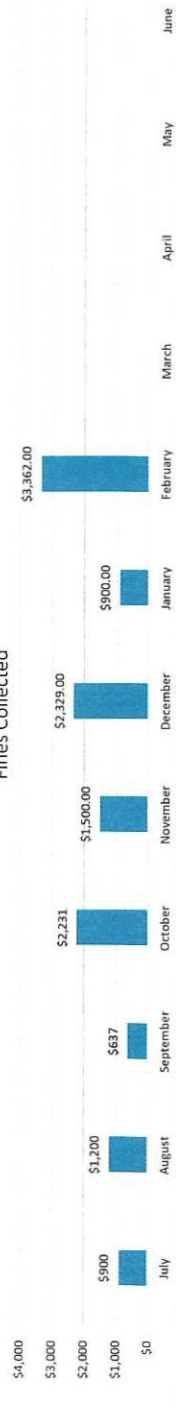
Calls for Service



Citations



Fines Collected



License Report
JPA Meeting, April 1, 2024

Through February 29, 2024 our licensing numbers for FY24 are in line with the number of licenses sold during the same period in FY23.

Specifically, we have sold 11% more New Licenses this year compared to last. Our Renewal Licenses are down 4% this year, through February.

Any licenses that were sold last year for two or three year terms would not be up for renewal this year, which may be a factor for the lower renewal totals.

In our neighboring communities license compliance rates for FY23 compared to CASA were:

Jurisdiction/Agency	CASA	Mission Viejo	Irvine	OC: San Juan Capo.
Population	97,400	280,420	309,031	35,196
Number of Households	42,901	105,512	110,465	12,319
Licenses Sold	5,442	40,119	7,924	3,202
Approximate Number of Dogs	25,054	61,619	64,511	7,194
% Compliance	22%	65%	12%	44%

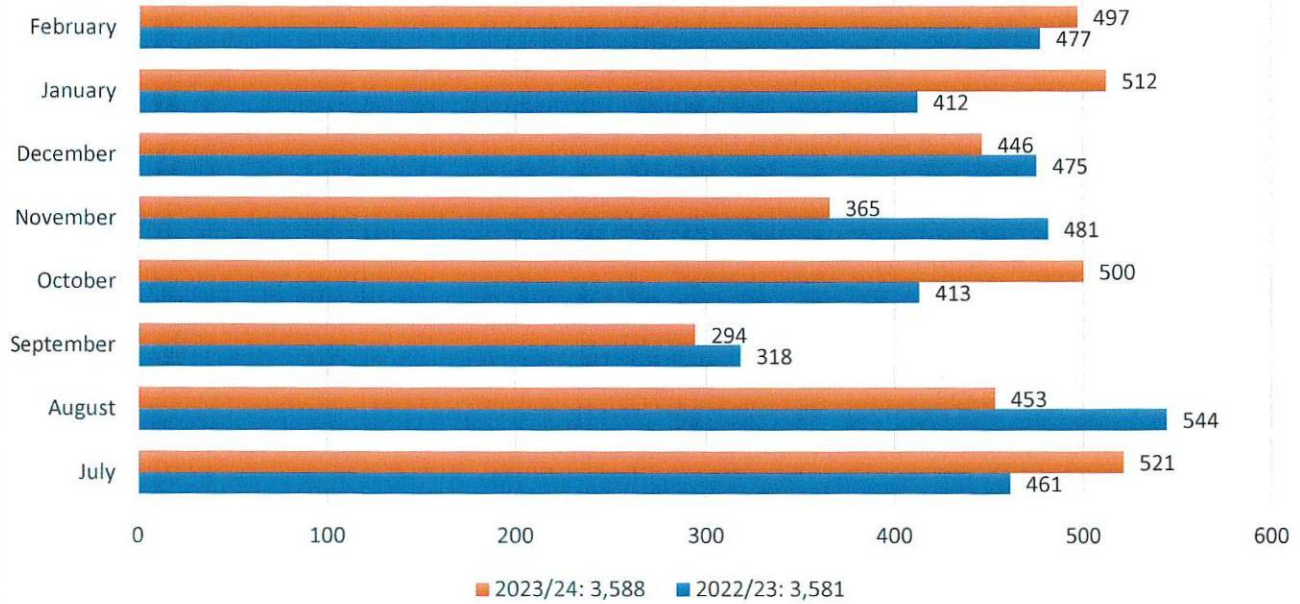
In the coming year it is CASA Staff's goal to improve upon our licensing program by:

- Implementing an auto-email renewal system via our Chameleon License Software.
- Encourage early and online renewals, which will reduce the amount of staff time spent per license account.
- Create an effective and efficient follow-up procedure for late accounts.
- Increase compliance, utilizing the local Veterinary hospital's rabies vaccine reporting.
- Get the word out about licensing requirements; via social media, City websites, attending public events.

License Revenue



Licenses Sold



Animal Control Update
JPA Meeting, April 1, 2024

F/T ACO Recruitment

The recruitment for the vacant F/T ACO position has closed. We received a total of 59 applications. The applications have been screened by Human Resources; 13 met minimum qualifications and CASA Manager and Supervisor are in the process of reviewing the qualified applications.

P/T ACO Positions

Joe Fuentes has returned from medical leave. After a brief period of retraining, he has resumed routine field duties.

The remaining vacant P/T position, will be filled by an interim employee. She is in the process of background and onboarding procedures through Human Resources. Taylor is an experienced ACO, as she is currently in a Reserve P/T role with San Diego Humane Society, while also going to school full-time.

San Clemente Municipal Code Update

Attorney Timothy Campen with Burke, Williams & Sorenson has reviewed CASA Staff's first draft, returning his notes back to CASA for another review. A meeting is scheduled for this Thursday, April 4, 2024 to discuss some pending questions.

Vicious Dog/McCall Case Update

The first Court Hearing was conducted on February 5, 2024. The Judge reviewed the case, and ultimately concluded that he was not prepared to make a determination, pending CASA's further attempts to locate and serve the dog owner.

At the second Hearing on February 16, 2024 the Court was satisfied with the attempts made to serve the dog owner. The judge was hesitant to act upon finding the dog vicious and order its euthanasia. Our attorney requested the Court determine the dog to have been abandoned to CASA, and thus allowing the agency to pursue abatement, which is what the final determination was.

Total attorney fees related to this case were \$9,000.

Staff Training

Animal Control Officers, CASA General Manager, and ACO Supervisor got together as a group on Thursday, March 28th for a group meeting and training.

At the meeting we discussed our current patrol activities and locations.

Training was focused on report writing and animal body condition scoring.

Monthly training will be conducted focusing on animal laws and investigation techniques.

Permits

One business in Dana Point non-compliant with permit – Alpha Dog Grooming (may be closed)

Two private home kennels non-complaint in Dana Point; One private home kennel non-complaint in San Clemente. Four total non-compliant, and Officer Upstone will continue to follow-up.

Ducklings!

Officers Upstone and Moran responded to a call regarding baby ducks being washed down a drain in a large pond/water feature. After 6 hours, and with the assistance of a local resident, the Officers were able to rescue 8 baby ducks! An attempt was made to release them back with their mom, however, she rejected them and they were transferred to Wetlands and Wildlife in Huntington Beach.

Shelter Operations Update JPA Meeting, April 1, 2024

Upcoming Projects and Building Maintenance

All trees on Shelter property will be trimmed on Saturday, April 13. Staff and Volunteer coordinators have been notified, so they can plan for any impact to operations, as we will expect some areas to be temporarily unavailable/closed for safety purposes while the crew is working.

Stucco repair and paint to the exterior of the Shelter's building is planned for the week of April 15th. Staff is also planning on replacing the signage on the exterior of the building following the completion of the painting.

We have two Eagle Scout projects that we are currently working on. The PPF Dog Yard Project team is working with a Scout on plans to install the decorative fire hydrants and new dog water fountains in our remodeled play yards.

Our second Scout is researching and writing up his plan to repaint the exterior of the Dog Trainer's Hut. The project will include power washing, minor repairs to siding, and repainting the exterior building, trim and the wood shade cover. We will plan to update the signage on this building as well.

Events

Whales, Tales and Ales

CASA attended Whales, Tales and Ales on March 2nd and had a booth at the Street Fair. We had an ACO truck on display, as well as staff present to answer questions, handout information on dog licensing and other public service information.

Kids Summer Reading Program

We have selected eight dates throughout the Summer to host our popular Kids' Reading Program. Sign-ups for the program will start on May 15th.

Kennel Attendant Recruitment

One of our P/T KA's left, seeking F/T employment at a different Shelter. Recruitment has closed for this vacant position and Human Resources is currently reviewing the applications. Qualified applications will be forwarded to the CASA Manager for further review.

Staff Training

Jen Stinett is attending the CJPIA Essential Supervisor Skills training program. Sessions are held in-person, once per month from February to November of 2024.

Kennel and Office staff were provided with training material regarding the use of our license tag screen & digital med files in our Chameleon Software. We have expanded the use of these features, so everyone was provided with updated information on how to navigate the features.

Security Camera Update

Jen has been in contact with Plus Home Technologies gathering more information on configuring a system that will meet the legal requirements for one year of data storage. He has provided us with some information on equipment that will serve this purpose. Jen has a meeting at his office Wednesday, April 3rd to view a demo set-up.

Surgery Clinic

Jennifer and Stephanie have started to evaluate the possibility of an in-house surgical center at the Shelter. There exists adequate space in the building, although the area would need to be remodeled to accommodate the needs of the clinic.

The purpose of the clinic would be two-fold; spaying and neutering the Shelter's animals prior to adoption and offering low-cost procedures to the public.

Over the past several years the availability of free spay/neuter for our Shelter animals has dwindled. Some clinics that we use to partner with for services have been purchased by large equity firms. These companies have reduced or ended service agreements that we had with prior owners, making it increasingly difficult to schedule timely appointments. PPF is seeing a financial impact as we are now having to pay for some spay/neuter services.

We are seeing a negative impact in our communities as inflation for vet care has increased 30%. The Shelter receives calls daily from the public inquiring about the availability of low-cost services. Not only is spay/neuter important for the health of an animal, it is essential in combating pet overpopulation. As the cost of the procedure has reached levels that many cannot afford, the unplanned/unwanted litters of puppies and kittens will have an impact on the Shelter's intake population; further burdening our resources. In comparing intake numbers from July 2022 – March 2023 and July 2023 – March 2024, our animal intake rose 8% this year overall; 16% rise in felines alone. These numbers do not account for ARM rescue intakes and only include stray and surrendered animals from our communities.

On March 6, 2024 Jen and Stephanie visited the Priceless Pets headquarters in Chino Hills to meet with their Director and visit their community spay and neuter clinic. Priceless Pets built their clinic in response to the same issues facing us today. While their initial driver was to be able to spay/neuter just their rescue pets, they soon found that their community was in desperate need of affordable options for vet care as well.

We welcome the Board's thoughts on continuing to pursue this venture, as we will need to continue to gather information as it relates to staffing impact/needs, operating costs, insurance, and build-out of the space.



COASTAL ANIMAL SERVICES AUTHORITY JPA MEETING AGENDA REPORT

Meeting Date: April 1, 2024

Agency: Coastal Animal Services Authority

Prepared By: Jake Rahn, Finance Manager, City of San Clemente

Subject: **CASA PENSION PLAN ADMINISTRATION**

**Recommended
Action(s):**

STAFF RECOMMENDS THAT the Board:

1. Direct staff to bring back the Resolution of Intention at a Special Meeting upon the receipt of CalPERS documents.

Background:

CASA is seeking to change its employment retirement benefit system from the City of San Clemente Employee Retirement Plan (CSCERP) to CalPERS. The first phase in establishing a contract with CalPERS was an eligibility and financial review conducted by CalPERS which concluded that CASA is eligible to establish a contract with CalPERS.

CASA completed the second phase by providing a questionnaire with census data to CalPERS for review and for CalPERS to complete actuarial valuation(s), which was sent after the last CASA board meeting on February 5, 2024.

A package was received from CalPERS dated March 12, 2024, which included the CalPERS valuations with a verbal discussion on the timeline.

Discussion:

The CalPERS actuarial reports are broken into two different reports that are based on membership. The actuarial reports prepared are for 1) Classic employees and 2) PEPRA employees. The actuarial reports include amounts for the active participants included in the initial questionnaire along with the Plan specific information. CalPERS actuarial reports are attached for reference.

CalPERS Plan Specific Information includes information on employer contributions, funded status, projected employer contributions, risks, participant data, and benefit options.

Staff has summarized information from the actuarial reports focusing on contribution rates, pension liability, and pension benefits to assist in the Board's deliberations between the CalPERS and the City of San Clemente Employee Retirement Plan (CSCERP).

Contribution Rates

Contributions, as a percentage of salary, based on the actuarial reports is below:

	CSCERP	CalPERS	Change
Employee Contribution (Classic)	7.0%	7.0%	-
Employer Contribution (Classic)	19.1%	12.5%	(6.60%)
Employee Contribution (PEPRA)	10.75%	7.75%	(3.00%)
Employer Contribution (PEPRA)	19.1%	7.70%	(11.40%)

Contribution rate decreases under CalPERS are due to the CalPERS higher discount rate (6.8%) as compared to the CSCERP plan rate (5.5%). The employer contribution percentage and the PEPRA employee contribution requirements, based on the actuarial salary amount, provide savings of about \$30,000 annually.

Pension Liability

The pension liability under the two plans follow:

Plan	Liability Amount
CSCERP – <i>actives only</i>	\$1,950,000*
CalPERS (Classic and PEPRA)-actives only	\$1,275,700

* CASA total liability at valuation date was \$3.0 million for active *and* retirees.

The pension liability under CalPERS reflects existing active employees who would be transitioned to CalPERS. If a CalPERS transition occurs, the liability could be funded through a transfer of assets held in the CSCERP plan, with an estimated amount to achieve a funded level of 85% totaling \$1.1 million. The amount transferred will be determined as part of the transition, however the 85% would be an estimated funding level for CASA. Total assets at February 2024 in the CSCERP plan total \$26 million encompassing both City and CASA assets.

Pension Benefits

Key information on the benefit structure based on the actuarial valuations is summarized below:

Benefit	CalPERS (Classic)	CSCERP (Classic)	CalPERS (PEPRA)	CSCERP (PEPRA)
Benefit Formula	2% @ 55	2% @ 55	2% @ 62	2% @ 62
Final Compensation	1 year	1 year*	3 year	3 year
Sick Leave Credit	Yes	No	Yes	No
Lump Sum	\$600	\$600	\$600	\$600
COLA	2%	2%	2%	2%

*If hired prior to 12/20/2011, after 12/20/2011 highest 36 months

The transition to CalPERS would be to risk-pools as a result of the small number of the participants. Risk pools benefits are standardized.

The first step in any transition is a review, assessment, and approval by the Board of Directors to pursue contracting with CalPERS for pension administration. After the Board’s direction, in order to pursue a change, further actions by staff would be required. A listing of the actions follow:

1. **Resolution of Intention (§ 20469).** Declares the agency’s intent to contract.
 - *Timeframe: Special meeting by end of April*
2. **Member Election by secret ballot (§20469).**
 - a. Required whenever the employees’ rate of contribution is impacted.
 - b. The contract cannot take effect if a majority of the affected members vote to disapprove the proposed plan.
 - *Timeframe: End of April/Early May*
3. **Publication of Costs (§ 20469).** Requires the future annual costs of the proposed contract be made public at a Board meeting at least two weeks prior to adoption of the final documents.
 - *At this meeting and to be done with Resolution of Intention*
4. **Adoption of Final Resolution and Final Action (§ 20471).**
 - *At the meeting of June 3rd*

5. **Contract effective date (§ 20474):** Pay period following adoption of final resolution.
- *Anticipated to be the pay period beginning June 24th*

CASA transition consideration would be the following:

- Existing retirees and inactive individuals would remain in the CSCERP plan and amounts would still need to be potentially funded due to changes in actuarial assumptions and actual results
- Only active participants would be transitioned. Positions would be reviewed to determine participation and membership and staffing changes related to hour requirements would be considered
- The Health contract between CalPERS and CASA would need to be modified to authorize retiree medical deductions from pension payments for retirees that continue medical coverage through CalPERS.
- Assets would be transferred from CSCERP to CalPERS to offset a portion of the initial UAL reducing the amount of the ongoing UAL payments. Assistance to determine the amount would in consultation with an actuary.

Based on Government Code Section 20469, if the Board directs, staff would bring back the Resolution of Intention to initiate the contracting process with CalPERS. The Board, as an alternative, could continue participation in the CSCERP plan for active employees.

Fiscal Impact: Upon the change from CSCERP to the CalPERS retirement, the annual estimated savings is approximately \$30,000 annually.

Attachments: Exhibit I - CalPERS Actuarial Valuation – Classic members issued March 2024
Exhibit II - CalPERS Actuarial Valuation – PEPRA members issued March 2024



**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

March 2024

**Proposed Miscellaneous Plan for Coastal Animal Services Authority
(CalPERS ID: 2284618663)
New Agency Actuarial Valuation Report as of May 31, 2024
2% @ 55 Miscellaneous with 1-year Final Average Compensation, 100% Prior Service**

Dear Employer,

Enclosed please find a copy of the actuarial valuation conducted to determine the required contributions if the Coastal Animal Services Authority elects to participate in the California Public Employees' Retirement System (CalPERS). This valuation is based on a valuation date and a contract start date of May 31, 2024. CalPERS staff actuaries are available to discuss the contents of this report with you.

Since your public agency has fewer than 100 active miscellaneous employees, your proposed plan would be required to participate in the Miscellaneous Pool Risk Pool. The following valuation report provides specific information for your proposed Miscellaneous Plan, including the development of your pooled employer contribution rate, a discussion of the potential volatility of future required contributions and other risks associated with the proposed plan, and an appendix with plan provisions and assumptions.

In the event your public agency elects to contract for CalPERS membership, your employees will be entitled to retirement benefits as provided by CalPERS per the Public Employees' Retirement Law. The contract for CalPERS membership will specify that, to the extent, if any, your employees may claim entitlement to additional benefits resulting from prior membership in a different retirement plan, such benefits will be the responsibility of your agency alone, and not of CalPERS.

Required Contributions

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2023-24	12.47%	N/A
2024-25	12.52%	\$22,588
<i>Projected Results</i>		
2025-26	12.5%	\$23,000

The rates shown above will be in effect unless there are further benefit or funding changes. If the membership or asset information is significantly different at the actual contract date, or if the actual contract effective date is delayed beyond the proposed effective date of May 31, 2024 by more than 90 days, the employer contribution rates shown above may have to be recalculated. The contribution rates shown above were based on the results of the June 30, 2021 and June 30, 2022 valuations.

The Employer Amortization of Unfunded Accrued Liability will be invoiced monthly, in an amount equal to one-twelfth of the annual amount, beginning the July following the contract date. As such, the FY 2024-25 payment of \$22,588 assumes a contract date during FY 2023-24. The Estimated Employer Normal Cost for FY 2023-24 will depend on the number of applicable payroll reporting periods during the Fiscal Year.

Risk Analysis

The actuarial calculations supplied in this communication are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise the employer's rates from year to year. So, the rates will fluctuate, especially due to fluctuations in investment return.

The actuarial methods and assumptions used in determining your rate can be found in Section 2, Appendix A. A list of class 1 benefit provisions used in determining your rate is included in Section 1 of the report. A description of these provisions can be found in Section 2, Appendix B.

Please see the Contribution Volatility and Other Risks section of this report for a discussion of factors that can lead to volatility in actuarial valuation results, including required contributions, in the future.

If your agency would like to consider other benefit formulas or other combinations of benefit provisions, please contact us and we will be pleased to assist you.

Sincerely,



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



**New Agency
Actuarial Valuation
as of May 31, 2024**

**For the
Proposed Miscellaneous Plan of the
Coastal Animal Services Authority,
2% @ 55 Miscellaneous Formula with
1-year Final Average Compensation and
100% Prior Service**

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Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the Proposed Miscellaneous Plan of the Coastal Animal Services Authority

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Actuarial Certification

This report was prepared in order to provide the employer with information about the cost of benefits and the contributions required in order to assist in the decision as to whether or not to contract for the benefits.

Use of this report for other purposes is inappropriate.

Section 1 of this report is based on the member and financial data provided by your agency, the member and financial data contained in the CalPERS databases as of February 6, 2024 (provided by other CalPERS employers), and the benefit provisions under your proposed contract with CalPERS.

Section 2 of this report is based on the member and financial data as of June 30, 2022 provided by employers participating in the Miscellaneous Pool to which the proposed plan will belong and the benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool that will contain your Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool of the June 30, 2022 valuation date and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my actuarial opinion that the proposed employer contribution as of May 31, 2024 has been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* with regard to pensions.



Kerry J. Worgan, MAAA, FSA, FCIA
Supervising Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Contributions
- Funded Status – Funding Policy Basis
- Projected Employer Contributions
- Subsequent Events

Introduction

This report presents the results of the May 31, 2024 new agency actuarial valuation of the Miscellaneous Plan of the Coastal Animal Services Authority of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for fiscal years (FY) 2023-24 and 2024-25.

Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the Coastal Animal Services Authority of CalPERS was prepared by the Actuarial Office. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this plan as of May 31, 2024;
- Determine the minimum required employer contributions for this plan for FY July 1, 2023 through June 30, 2024 and July 1, 2024 through June 30, 2025;
- Determine the required member contribution rate for FY July 1, 2023 through June 30, 2024 and July 1, 2024 through June 30, 2025 for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of May 31, 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 required.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their 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; and changes in plan provisions or applicable law.

Estimated Asset Transfer of \$1,056,225 was assumed from the existing plan in respect of the transfer of the accrued liabilities for the transferring members.

Assessment and Disclosure of Risk

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

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

Required Contributions

	Fiscal Year
Required Employer Contributions	2024-25
Employer Normal Cost Rate	12.52%
<i>Plus</i>	
Required Payment on Amortization Bases¹	
1) Monthly Payment	\$1,882
<i>Or</i>	
2) Annual Prepayment Option*	\$21,857
<p><i>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) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</i></p>	

	Fiscal Year 2023-24	Fiscal Year 2024-25
Development of Normal Cost as a Percentage of Payroll¹		
Base Total Normal Cost for Formula	18.76%	18.81%
Surcharge for Class 1 Benefits ²		
a) FAC 1	0.63%	0.64%
Plan's Total Normal Cost	19.39%	19.45%
Offset Due to Employee Contributions	6.92%	6.93%
Employer Normal Cost Rate	12.47%	12.52%
 Projected Payroll for the Contribution Fiscal Year ³	 \$262,313	 \$269,658
 Estimated Employer Contributions Based on Projected Payroll		
Plan's Estimated Employer Normal Cost ⁴	TBD	\$33,761
Plan's Payment on Amortization Bases	0	22,588
Estimated Total Employer Contribution	TBD	\$56,349

¹ The Monthly Employer Dollar UAL Payment will be charged beginning the July following the contract date. As such, the FY 2024-25 Monthly UAL payment of \$1,882 assumes a contract date during FY 2023-24. This payment is only to pay for prior service

² Appendix C of Section 2 contains the list of class 1 benefits with their corresponding surcharges.

³ Payroll from the prior year is assumed to increase by the 2.8% payroll growth assumption.

⁴ The Plan's Estimated Employer Normal Cost for FY 2023-24 will depend on the number of applicable payroll reporting periods during the Fiscal Year. The FY 2024-25 amount assumes payments made for the entire Fiscal Year.

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.

	May 31, 2024
1. Present Value of Projected Benefits (PVB)	\$1,675,838
2. Entry Age Normal Accrued Liability (AL)	1,242,618
3. Plan's Market Value of Assets (MVA)	1,056,225
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	186,393
5. Funded Ratio [(3) / (2)]	85.0%

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	\$1,519,721	\$1,242,618	\$1,021,842
2. Market Value of Assets (MVA)	1,056,225	1,056,225	1,056,225
3. Unfunded Accrued Liability (UAL) [(1) - (2)]	\$463,496	\$186,393	(\$34,383)
4. Funded Ratio [(2) / (1)]	69.5%	85.0%	103.4%

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

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 2022-23 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2022-23)				
Fiscal Year	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Normal Cost %	12.52%	12.5%	12.5%	12.5%	12.5%	12.5%
UAL Payment	\$22,588	\$23,000	\$23,000	\$23,000	\$23,000	\$23,000

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" 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 where there is a large increase in UAL the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of May 31, 2024. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase the required contribution, while investment returns above the assumed rate of return will decrease the required contribution.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2024. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Development of the Plan's UAL
- Schedule of Plan's Amortization Bases
- Amortization Schedule and Alternatives

Development of the Plan's UAL

1. Plan's Accrued Liability:	\$1,242,618
2. Plan's Market Value Assets:	\$1,056,225
3. Plan's Unfunded Accrued Liability: (1) - (2)	\$186,393

Schedule of Plan's Amortization Bases

The schedule of the plan's amortization bases is below.

- The assets, liabilities, and funded status of the plan are measured as of the date the agency joins CalPERS: May 31, 2024.
- The required employer contributions determined by the valuation are for Fiscal Year 2024-25.

Reason for Base	Date Established	Ramp Up/Down	Escalation Rate	Amortization Period	Amounts for Fiscal 2024-25					
					Balance 6/30/22	Payment 2022-23	Balance 05/31/24	Payment 2023-24	Balance 6/30/24	Scheduled Payment for 2024-25
PRIOR SERVICE	05/31/24	No Ramp	0.000%	12	N/A	N/A	\$186,393	\$0	\$187,403	\$22,588
TOTAL					N/A	N/A	\$186,393	\$0	\$187,403	\$22,588

If the total Unfunded Liability is negative (i.e., plan has a surplus), the scheduled payment is \$0, because the minimum required contribution under PEPRA must be at least equal to the normal cost.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed 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.

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 a reasonable 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 amortization policy.

Amortization Schedule and Alternatives (continued)

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	10 Year Amortization		N/A Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2024	187,403	22,588	187,403	25,580	N/A	N/A
6/30/2025	176,803	22,588	173,711	25,580		
6/30/2026	165,482	22,588	159,088	25,581		
6/30/2027	153,391	22,588	143,470	25,581		
6/30/2028	140,478	22,588	126,790	25,581		
6/30/2029	126,687	22,588	108,975	25,580		
6/30/2030	111,958	22,588	89,950	25,581		
6/30/2031	96,228	22,588	69,630	25,580		
6/30/2032	79,428	22,588	47,929	25,580		
6/30/2033	61,486	22,588	24,753	25,581		
6/30/2034	42,324	22,589				
6/30/2035	21,858	22,589				
6/30/2036						
6/30/2037						
6/30/2038						
6/30/2039						
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6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
6/30/2052						
6/30/2053						
Totals		271,058		255,805		N/A
Interest Paid		83,655		68,402		N/A
Estimated Savings				15,253		N/A

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Funded Status — Termination Basis

Future Investment Return Scenarios

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

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2042.

Assumed Annual Return FY 2022-23 through 2041-42	Projected Employer Contributions				
	2025-26	2026-27	2027-28	2028-29	2029-30
3.0% (5th percentile)					
Normal Cost Rate	12.5%	12.5%	12.5%	12.5%	12.5%
UAL Contribution	\$23,000	\$23,000	\$25,000	\$28,000	\$32,000
10.8% (95th percentile)					
Normal Cost Rate	12.8%	13.0%	13.3%	13.5%	13.8%
UAL Contribution	\$23,000	\$22,000	\$20,000	\$0	\$0

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

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

The following table shows the effect of a one or two standard deviation investment loss in FY 2022-23 on the FY 2025-26 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 2025-26.

Assumed Annual Return for Fiscal Year 2022-23	Required Employer Contributions	Projected Employer Contributions
	2024-25	2025-26
(17.2)% (2 standard deviation loss)		
Normal Cost Rate	12.52%	12.5%
UAL Contribution	\$22,588	\$23,000
(5.2)% (1 standard deviation loss)		
Normal Cost Rate	12.52%	12.5%
UAL Contribution	\$22,588	\$23,000

- Without investment gains (returns higher than 6.8%) in year FY 2023-24 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 2022-23.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2025-26 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 May 31, 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 Real Rate of Return Assumption

As of May 31, 2024	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	24.48%	19.45%	15.62%
b) Accrued Liability	\$1,519,721	\$1,242,618	\$1,021,842
c) Market Value of Assets	\$1,056,225	\$1,056,225	\$1,056,225
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$463,496	\$186,393	(\$34,383)
e) Funded Status	69.5%	85.0%	103.4%

Sensitivity to the Price Inflation Assumption

As of May 31, 2024	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	20.42%	19.45%	17.74%
b) Accrued Liability	\$1,289,955	\$1,242,618	\$1,136,554
c) Market Value of Assets	\$1,056,225	\$1,056,225	\$1,056,225
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$233,730	\$186,393	\$80,329
e) Funded Status	81.9%	85.0%	92.9%

Mortality Rate Sensitivity

The following table looks at the change in the plan costs and funded ratio as of May 31, 2024 under two different longevity scenarios, namely assuming post-retirement rates of 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 improving or worsening mortality over the long-term.

As of May 31, 2024	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	19.78%	19.45%	19.14%
b) Accrued Liability	\$1,262,161	\$1,242,618	\$1,224,455
c) Market Value of Assets	\$1,056,225	\$1,056,225	\$1,056,225
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$205,936	\$186,393	\$168,230
e) Funded Status	83.7%	85.0%	86.3%

Maturity Measures

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

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of all 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 starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	May 31, 2024
1. Retired Accrued Liability	0
2. Total Accrued Liability	1,242,618
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00

Another measure of maturity level of CalPERS and its plans is to look at 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, 2021, 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	May 31, 2024
1. Number of Actives	3
2. Number of Retirees	0
3. Support Ratio [(1) / (2)]	N/A

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, 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 higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with 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 LVR of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. 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	May 31, 2024
1. Market Value of Assets	\$1,056,225
2. Payroll	262,313
3. Asset Volatility Ratio (AVR) [(1) / (2)]	4.0
4. Accrued Liability	\$1,242,618
5. Liability Volatility Ratio (LVR) [(4) / (2)]	4.7

Funded Status — Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of May 31, 2024. The accrued liability on a termination basis (termination liability) is calculated differently compared to the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

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

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Discount Rate: 1.75% Price Inflation: 2.50%			Discount Rate: 4.50% Price Inflation: 2.75%		
	Termination Liability ^{1,2}	Funded Ratio	Unfunded Termination Liability	Termination Liability ^{1,2}	Funded Ratio	Unfunded Termination Liability
\$1,056,225	\$2,601,052	40.6%	\$1,544,826	\$1,263,266	83.6%	\$207,040

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

² The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 3.38% on June 30, 2022.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

This information is intended to give the employer an estimate of the cost to terminate the plan. However, once a plan enters into contract with CalPERS, a plan is prohibited from terminating in the first five years.

Participant Data

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

	May 31, 2024
Reported Payroll	\$262,313
Projected Payroll for Contribution Purposes	\$269,658
Number of Members	
Active	3
Transferred	0
Separated	0
Retired	0

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- One Year Final Compensation (FAC 1)

Plan's Major Benefit Options

Shown below is a summary of your agency's proposed major optional benefits. A description of principal standard and optional plan provisions can be found in Appendix B of Section 2.

Benefit Provision	Benefit Group
Benefit Formula Social Security Coverage Full/Modified	Misc 2% @ 55 No Full
Employee Contribution Rate	7.00%
Final Average Compensation Period	One Year
Sick Leave Credit	Yes
Non-Industrial Disability	Standard
Industrial Disability	No
Pre-Retirement Death Benefits Optional Settlement 2W	Yes Level 4
1959 Survivor Benefit Level Special Alternate (firefighters)	No No
Post-Retirement Death Benefits Lump Sum Survivor Allowance (PRSA)	\$600 No
COLA	2%

* 1959 Survivor Benefit is provided by a separate program and will be billed separately.

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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



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

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888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

March 2024

**Proposed PEPRA Miscellaneous Plan for Coastal Animal Services Authority
(CalPERS ID: 2284618663)
New Agency Actuarial Valuation Report as of May 31, 2024
2% @ 62 PEPRA Miscellaneous with 3-year Final Average Compensation, 100% Prior Service**

Dear Employer,

Enclosed please find a copy of the actuarial valuation conducted to determine the required contributions if the Coastal Animal Services Authority elects to participate in the California Public Employees' Retirement System (CalPERS). This valuation is based on a valuation date and a contract start date of May 31, 2024. CalPERS staff actuaries are available to discuss the contents of this report with you.

In the event your public agency elects to contract for CalPERS membership, your employees will be entitled to retirement benefits as provided by CalPERS per the Public Employees' Retirement Law. The contract for CalPERS membership will specify that, to the extent, if any, your employees may claim entitlement to additional benefits resulting from prior membership in a different retirement plan, such benefits will be the responsibility of your agency alone, and not of CalPERS.

Required Contributions

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Employee Rate
2023-24	7.68%	N/A	7.75%
2024-25	7.87%	\$601	7.75%
<i>Projected Results</i>			
2025-26	7.9%	\$600	TBD

The rates shown above will be in effect unless there are further benefit or funding changes. If the membership or asset information is significantly different at the actual contract date, or if the actual contract effective date is delayed beyond the proposed effective date of May 31, 2024 by more than 90 days, the employer contribution rates shown above may have to be recalculated. The contribution rates shown above were based on the results of the June 30, 2021 and June 30, 2022 valuations.

The Employer Amortization of Unfunded Accrued Liability will be invoiced monthly, in an amount equal to one-twelfth of the annual amount, beginning the July following the contract date. As such, the FY 2024-25 payment of \$601 assumes a contract date during FY 2023-24. The Estimated Employer Normal Cost for FY 2023-24 will depend on the number of applicable payroll reporting periods during the Fiscal Year.

In accordance with PEPRA, the member contribution rates shown above are set at 50% of the expected normal cost rate for the benefits that will apply to your PEPRA Miscellaneous Plan during the fiscal years provided. Note that the member contribution rate may change over time if the total normal cost for PEPRA members fluctuates by more than 1% of payroll in future valuations.

Risk Analysis

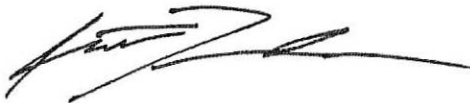
The actuarial calculations supplied in this communication are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise the employer's rates from year to year. So, the rates will fluctuate, especially due to fluctuations in investment return.

The actuarial methods and assumptions used in determining your rate can be found in Section 2, Appendix A. A list of class 1 benefit provisions used in determining your rate is included in Section 1 of the report. A description of these provisions can be found in Section 2, Appendix B.

Please see the Contribution Volatility and Other Risks section of this report for a discussion of factors that can lead to volatility in actuarial valuation results, including required contributions, in the future.

If your agency would like to consider other benefit formulas or other combinations of benefit provisions, please contact us and we will be pleased to assist you.

Sincerely,



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



**New Agency
Actuarial Valuation
as of May 31, 2024**

**For the
Proposed PEPRA Miscellaneous Plan of the
Coastal Animal Services Authority,
2% @ 62 PEPRA Miscellaneous Formula
with
3-year Final Average Compensation and
100% Prior Service**

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Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Plan Specific Information
for the
Proposed PEPRA Miscellaneous Plan of
the
Coastal Animal Services Authority**

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Actuarial Certification

This report was prepared in order to provide the employer with information about the cost of benefits and the contributions required in order to assist in the decision as to whether or not to contract for the benefits.

Use of this report for other purposes is inappropriate.

Section 1 of this report is based on the member and financial data provided by your agency, the member and financial data contained in the CalPERS databases as of February 6, 2024 (provided by other CalPERS employers), and the benefit provisions under your proposed contract with CalPERS.

Section 2 of this report is based on the member and financial data as of June 30, 2022 provided by employers participating in the Miscellaneous Pool to which the proposed plan will belong and the benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool that will contain your PEPRA Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool of the June 30, 2022 valuation date and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my actuarial opinion that the proposed employer contribution as of May 31, 2024 has been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* with regard to pensions.



Kerry J. Worgan, MAAA, FSA, FCIA
Supervising Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Contributions
- Funded Status – Funding Policy Basis
- Projected Employer Contributions
- Subsequent Events

Introduction

This report presents the results of the May 31, 2024 new agency actuarial valuation of the PEPRA Miscellaneous Plan of the Coastal Animal Services Authority of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for fiscal years (FY) 2023-24 and 2024-25.

Purpose of Section 1

This Section 1 report for the PEPRA Miscellaneous Plan of the Coastal Animal Services Authority of CalPERS was prepared by the Actuarial Office. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this plan as of May 31, 2024;
- Determine the minimum required employer contributions for this plan for FY July 1, 2023 through June 30, 2024 and July 1, 2024 through June 30, 2025;
- Determine the required member contribution rate for FY July 1, 2023 through June 30, 2024 and July 1, 2024 through June 30, 2025 for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of May 31, 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 required.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their 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; and changes in plan provisions or applicable law.

Estimated Asset Transfer of \$28,120 was assumed from the existing plan in respect of the transfer of the accrued liabilities for the transferring members.

Assessment and Disclosure of Risk

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

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

Required Contributions

	Fiscal Year
Required Employer Contributions	2024-25
Employer Normal Cost Rate	7.87%
<i>Plus</i>	
Required Payment on Amortization Bases¹	
1) Monthly Payment	\$50
<i>Or</i>	
2) Annual Prepayment Option*	\$582
Required PEPRA Member Contribution Rates	7.75%
<p><i>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) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</i></p>	

	Fiscal Year	Fiscal Year
	2023-24	2024-25
Development of Normal Cost as a Percentage of Payroll¹		
Base Total Normal Cost for Formula	15.43%	15.62%
Surcharge for Class 1 Benefits ²		
None	0.00%	0.00%
Plan's Total Normal Cost	15.43%	15.62%
Offset Due to Employee Contributions	7.75%	7.75%
Employer Normal Cost Rate	7.68%	7.87%
Projected Payroll for the Contribution Fiscal Year ³	\$138,326	\$142,199
Estimated Employer Contributions Based on Projected Payroll		
Plan's Estimated Employer Normal Cost ⁴	TBD	\$11,191
Plan's Payment on Amortization Bases	0	601
Estimated Total Employer Contribution	TBD	\$11,792

¹ The Monthly Employer Dollar UAL Payment will be charged beginning the July following the contract date. As such, the FY 2024-25 Monthly UAL payment of \$50 assumes a contract date during FY 2023-24. This payment is only to pay for prior service

² Appendix C of Section 2 contains the list of class 1 benefits with their corresponding surcharges.

³ Payroll from the prior year is assumed to increase by the 2.8% payroll growth assumption.

⁴ The Plan's Estimated Employer Normal Cost for FY 2023-24 will depend on the number of applicable payroll reporting periods during the Fiscal Year. The FY 2024-25 amount assumes payments made for the entire Fiscal Year.

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.

	May 31, 2024
1. Present Value of Projected Benefits (PVB)	\$286,103
2. Entry Age Normal Accrued Liability (AL)	33,082
3. Plan's Market Value of Assets (MVA)	28,120
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	4,962
5. Funded Ratio [(3) / (2)]	85.0%

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	\$41,785	\$33,082	\$26,395
2. Market Value of Assets (MVA)	28,120	28,120	28,120
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	\$13,665	\$4,962	(\$1,725)
4. Funded Ratio [(2) / (1)]	67.3%	85.0%	106.5%

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.

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 2022-23 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.

Fiscal Year	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2022-23)				
		2024-25	2025-26	2026-27	2027-28	2028-29
Normal Cost %	7.87%	7.9%	7.9%	7.9%	7.9%	7.9%
UAL Payment	\$601	\$600	\$600	\$600	\$600	\$600

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" 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 where there is a large increase in UAL the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of May 31, 2024. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase the required contribution, while investment returns above the assumed rate of return will decrease the required contribution.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2024. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Development of the Plan's UAL
- Schedule of Plan's Amortization Bases
- Amortization Schedule and Alternatives

Development of the Plan's UAL

1. Plan's Accrued Liability:	\$33,082
2. Plan's Market Value Assets:	\$28,120
3. Plan's Unfunded Accrued Liability: (1) - (2)	\$4,962

Schedule of Plan's Amortization Bases

The schedule of the plan's amortization bases is below.

- The assets, liabilities, and funded status of the plan are measured as of the date the agency joins CalPERS: May 31, 2024.
- The required employer contributions determined by the valuation are for Fiscal Year 2024-25.

Reason for Base	Date Established	Ramp Up/Down 2024-25	Escalation Rate	Amortization Period	Balance 6/30/22	Payment 2022-23	Balance 05/31/24	Payment 2023-24	Balance 6/30/24	Amounts for Fiscal 2024-25	
										Scheduled Payment for 2024-25	Scheduled Payment
PRIOR SERVICE	05/31/24	No Ramp	0.000%	12	N/A	N/A	\$4,962	\$0	\$4,989	\$601	\$601
TOTAL					N/A	N/A	\$4,962	\$0	\$4,989	\$601	\$601

If the total Unfunded Liability is negative (i.e., plan has a surplus), the scheduled payment is \$0, because the minimum required contribution under PEPRA must be at least equal to the normal cost.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed 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.

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 a reasonable 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 amortization policy.

Amortization Schedule and Alternatives (continued)

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	10 Year Amortization		N/A Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2024	4,989	601	4,989	681	N/A	N/A
6/30/2025	4,707	601	4,624	681		
6/30/2026	4,406	601	4,235	681		
6/30/2027	4,085	602	3,819	681		
6/30/2028	3,741	602	3,375	681		
6/30/2029	3,373	601	2,901	681		
6/30/2030	2,981	601	2,394	681		
6/30/2031	2,563	602	1,853	681		
6/30/2032	2,115	601	1,275	680		
6/30/2033	1,638	602	659	681		
6/30/2034	1,127	601				
6/30/2035	583	602				
6/30/2036	1					
6/30/2037	1					
6/30/2038	1					
6/30/2039	1					
6/30/2040	1					
6/30/2041	1					
6/30/2042	1					
6/30/2043	1					
6/30/2044	1					
6/30/2045	1					
6/30/2046	1					
6/30/2047	1					
6/30/2048	1					
6/30/2049	1					
6/30/2050	1					
6/30/2051	1					
6/30/2052	1					
6/30/2053	1					
Totals		7,217		6,809		N/A
Interest Paid		2,228		1,820		N/A
Estimated Savings				408		N/A

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Funded Status — Termination Basis

Future Investment Return Scenarios

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

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2042.

Assumed Annual Return FY 2022-23 through 2041-42	Projected Employer Contributions				
	2025-26	2026-27	2027-28	2028-29	2029-30
3.0% (5th percentile)					
Normal Cost Rate	7.9%	7.9%	7.9%	7.9%	7.9%
UAL Contribution	\$600	\$630	\$700	\$830	\$1,100
10.8% (95th percentile)					
Normal Cost Rate	8.1%	8.3%	8.5%	8.7%	8.4%
UAL Contribution	\$600	\$580	\$510	\$0	\$0

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

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

The following table shows the effect of a one or two standard deviation investment loss in FY 2022-23 on the FY 2025-26 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 2025-26.

Assumed Annual Return for Fiscal Year 2022-23	Required Employer Contributions	Projected Employer Contributions
	2024-25	2025-26
(17.2)% (2 standard deviation loss)		
Normal Cost Rate	7.87%	7.9%
UAL Contribution	\$601	\$600
(5.2)% (1 standard deviation loss)		
Normal Cost Rate	7.87%	7.9%
UAL Contribution	\$601	\$600

- Without investment gains (returns higher than 6.8%) in year FY 2023-24 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 2022-23.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2025-26 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 May 31, 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 Real Rate of Return Assumption

As of May 31, 2024	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	19.53%	15.62%	12.65%
b) Accrued Liability	\$41,785	\$33,082	\$26,395
c) Market Value of Assets	\$28,120	\$28,120	\$28,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$13,665	\$4,962	(\$1,725)
e) Funded Status	67.3%	85.0%	106.5%

Sensitivity to the Price Inflation Assumption

As of May 31, 2024	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	16.48%	15.62%	14.20%
b) Accrued Liability	\$34,825	\$33,082	\$29,988
c) Market Value of Assets	\$28,120	\$28,120	\$28,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$6,705	\$4,962	\$1,868
e) Funded Status	80.7%	85.0%	93.8%

Mortality Rate Sensitivity

The following table looks at the change in the plan costs and funded ratio as of May 31, 2024 under two different longevity scenarios, namely assuming post-retirement rates of 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 improving or worsening mortality over the long-term.

As of May 31, 2024	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	15.89%	15.62%	15.37%
b) Accrued Liability	\$33,657	\$33,082	\$32,555
c) Market Value of Assets	\$28,120	\$28,120	\$28,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$5,537	\$4,962	\$4,435
e) Funded Status	83.5%	85.0%	86.4%

Maturity Measures

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

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of all 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 starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	May 31, 2024
1. Retired Accrued Liability	0
2. Total Accrued Liability	33,082
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00

Another measure of maturity level of CalPERS and its plans is to look at 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, 2021, 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	May 31, 2024
1. Number of Actives	2
2. Number of Retirees	0
3. Support Ratio [(1) / (2)]	N/A

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, 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 higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with 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 LVR of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. 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	May 31, 2024
1. Market Value of Assets	\$28,120
2. Payroll	138,326
3. Asset Volatility Ratio (AVR) [(1) / (2)]	0.2
4. Accrued Liability	\$33,082
5. Liability Volatility Ratio (LVR) [(4) / (2)]	0.2

Funded Status — Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of May 31, 2024. The accrued liability on a termination basis (termination liability) is calculated differently compared to the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

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

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Discount Rate: 1.75% Price Inflation: 2.50%			Discount Rate: 4.50% Price Inflation: 2.75%		
	Termination Liability ^{1,2}	Funded Ratio	Unfunded Termination Liability	Termination Liability ^{1,2}	Funded Ratio	Unfunded Termination Liability
\$28,120	\$66,681	42.2%	\$38,562	\$28,483	98.7%	\$364

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

² The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 3.38% on June 30, 2022.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

This information is intended to give the employer an estimate of the cost to terminate the plan. However, once a plan enters into contract with CalPERS, a plan is prohibited from terminating in the first five years.

Participant Data

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

	May 31, 2024
Reported Payroll	\$138,326
Projected Payroll for Contribution Purposes	\$142,199
Number of Members	
Active	2
Transferred	0
Separated	0
Retired	0

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of your agency's proposed major optional benefits. A description of principal standard and optional plan provisions can be found in Appendix B of Section 2.

Benefit Provision	Benefit Group
Benefit Formula Social Security Coverage Full/Modified	Misc 2% @ 62 No 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 2W	Yes Level 4
1959 Survivor Benefit Level Special	No
Alternate (firefighters)	No
Post-Retirement Death Benefits Lump Sum	\$600 No
Survivor Allowance (PRSA)	2%
COLA	

* 1959 Survivor Benefit is provided by a separate program and will be billed separately.

PEPRM Member Contribution Rates

The California Public Employees' Pension Reform Act of 2013 (PEPRM) 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 is dependent on the plan of retirement benefits, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate change by more than 1% from the base total normal cost rate, 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 PEPRM member contribution rates effective July 1, 2023, based on 50% of the total normal cost rate as of the June 30, 2021 valuation.

Rate Plan Identifier	Benefit Group Name	Basis for Current Rate		Rates Effective July 1, 2023			
		Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
TBD	PEPRM Miscellaneous Plan	13.735%	6.75%	15.43%	1.695%	Yes	7.75%

The table below shows the determination of the PEPRM member contribution rates effective July 1, 2024, based on 50% of the total normal cost rate as of the June 30, 2022 valuation.

Rate Plan Identifier	Benefit Group Name	Basis for Current Rate		Rates Effective July 1, 2024			
		Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
TBD	PEPRM Miscellaneous Plan	15.43%	7.75%	15.62%	0.19%	No	7.75%

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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