



AGENDA

RETIREMENT BOARD MEETING

SECOND MONTHLY MEETING
October 22, 2015
9:00 a.m.

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

THE RETIREMENT BOARD MAY DISCUSS AND TAKE ACTION ON THE FOLLOWING:

1. Pledge of Allegiance.
2. Accept comments from the public.
3. Approve minutes from the August 12, August 27 and September 9, 2015 Board meetings.

CLOSED SESSION

4. CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)

Agency designated representatives:
Gail Strohl, Retirement Chief Executive Officer
Christina Dunn, Retirement Admin/HR Manager

Unrepresented Employees: All CCCERA unrepresented positions

5. The Board will continue in closed session pursuant to Govt. Code Section 54956.9(d)(2) to confer with legal counsel regarding anticipated litigation (two cases).
6. The Board will continue in closed session under Govt. Code Section 54956.81 to consider the purchase or sale of a particular pension fund investment.

OPEN SESSION

7. Consider and take possible action to amend Resolution 2015-9 providing for salary and benefits for unrepresented employees of CCCERA effective January 1, 2016 with the proposed clarification to Section 9. Long-Term Disability Insurance.
8. Consider and take possible action to revise the amortization period for Rodeo-Hercules Fire Protection District.

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

9. Consider and take possible action to authorize a transfer from the employer advance reserve to the post retirement death benefit reserve.
10. Consider and take possible action to approve the GASB 68 report from Segal.
11. Report from Verus on status of asset allocation study.
12. Consider and take possible action to add a Board meeting on December 2, 2015.
13. Consider authorizing the attendance of Board and/or staff:
 - a. 2015 Fall Advisory Committee Meeting and Annual Partners Meeting, Long Wharf Real Estate Partners, Cambridge, MA, November 18-19, 2015.
 - b. 2015 Annual Review, Paulson Real Estate Funds, New York, NY, November 20, 2015.
14. Miscellaneous
 - a. Staff Report
 - b. Outside Professionals' Report
 - c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.

MEETING DATE

OCT 22 2015

AGENDA ITEM

3



MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING

9:00 a.m.

August 12, 2015

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Debora Allen, Candace Andersen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, William Pigeon, Gabe Rodrigues, Todd Smithey, Jerry Telles and Russell Watts

Absent: None

Staff: Gail Strohl, Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Wrally Dutkiewicz, Retirement Compliance Officer; and Christina Dunn, Retirement Admin/HR Manager

Outside Professional Support:
Masa Shiohira

Representing:
Wiley Price & Radulovich LLP

1. Pledge of Allegiance

Phillips led all in the *Pledge of Allegiance*.

2. Recognition of Dhana Morant, Leilani Green, Charice Jimenez and Justine Rossini

Phillips recognized and congratulated Dhana Morant for 20 years of service, Leilani Green for 15 years of service, Charice Jimenez for 10 years of service and Justine Rossini for 5 years of service.

3. Accept comments from the public

No member of the public offered comment.

4. Routine Items

It was M/S/C to approve the routine items of the August 12, 2015 meeting. (Yes: Allen, Andersen, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)

Gordon was present for subsequent discussion and voting.

It was the consensus of the Board to move to Item 11.

11. Presentation from CalPERS regarding health benefit plans

Dunn introduced Matthew DeMelo from CalPERS.

DeMelo gave a presentation regarding the health benefit plans available through CalPERS. He discussed PEMHCA, the Public Employees' Medical & Hospital Care Act. He reviewed CalPERS unique program features including their low administrative fee, competitive regional premiums, 100 percent participation not required, serves as the Health Benefits Officer for all retirees, and, coordinates billing for retirees of the CalPERS and CalSTRS programs.

He reviewed employer requirements, one being the employer must meet the definition of a public agency. He noted employers must make a minimum contribution for active employees and retirees. He reviewed active employee eligibility requirements, retiree eligibility requirements and PEMHCA cost savers.

He also reviewed the plans available noting there are 6 HMO's and 3 PPO's in the 94520 zip code.

Strohl noted CCHP is not available through CalPERS.

DeMelo stated all of the HMO plan designs are the same, the difference is with the providers. He reviewed the monthly premiums for singly, two-party and family plans. He also reviewed the premium history for the past 11 years. He stated rates are announced in mid-June each year and are effective January 1st.

Pigeon was present for subsequent discussion and voting.

He summarized the reasons CalPERS is preferred over other programs, the most being the administrative cost savings.

It was the consensus of the Board to move into Closed Session.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54957.6 and 54956.9(d)(1) and 54956.81.

The Board moved into open session.

5. It was M/S/C to accept the Medical Advisor's recommendation and grant the following disability benefits:
 - a. Gregory Mattox – Non-Service Connected (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey, Telles and Watts)
 - b. Kathleen Stockdale – Non-Service Connected (Yes: Allen, Andersen, Gordon, Hast, Phillips, Rodrigues, Smithey, Telles and Watts)
 - c. James Harbison – This item was deferred to staff for further information.
 - d. Charles Farley – This item was deferred to staff for further information.
6. There was no reportable action related to Govt. Code Section 54957.6.
7. There was no reportable action related to Govt. Code Section 54957.
8. Levy reported that the case, *Marianne Irvin v. CCCERA, et al*, Contra Costa Superior Court, Case No. N-15-1024, was assigned to Harvey Leiderman at Reed Smith LLP.
9. There was no reportable action related to Govt. Code Section 54956.9(d)(1).
10. There was no reportable action related to Govt. Code Section 54956.81.

Andersen and Pigeon were no longer present for subsequent discussion and voting.

12. Consider and take possible action to adopt the audit committee charter as recommended by the audit committee

Smithey gave an overview of the audit committee meeting and the contents of the Audit Committee Charter.

After a discussion on whether or not the audit committee meetings should be recorded, it was **M/** to adopt the Audit Committee Charter to include audio taping the meetings. The motion died for a lack of a second.

It was **M/S/C** to adopt the Audit Committee Charter as recommended by the audit committee. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey and Watts. No: Telles)

13. Consider and take possible action to authorize the CEO to execute a contract with HFF for property listing of the Willows Office Plaza

It was **M/S/C** to authorize the CEO to execute a contract with HFF, subject to legal review, for property listing of the Willows Office Plaza. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)

14. Consider and take possible action to authorize the CEO to execute a contract with Koff & Associates for a total compensation and classification study

Strohl reviewed the background on how the firm was chosen noting that an RFP was issued. It was also noted CCCERA has not used this firm in the past.

It was **M/S/C** to authorize the CEO to execute a contract with Koff & Associates for a total compensation and classification study, not to exceed \$38,528, subject to legal review. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)

15. Consider and take possible action to authorize the CEO to execute contracts with TelePacific Communications, Clare Computer Solutions and Quest Technology Management for information technology services

Strohl reported CCCERA is currently receiving voice and data services from the County and would now like to contract directly for the services.

She reported staff has been working with the County's IT department and outside vendors to ensure a smooth transition without interruption of services.

It was **M/S/C** to authorize the CEO to execute contracts with TelePacific Communications, Clare Computer Solutions and Quest Technology Management for information technology services, subject to legal review. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)

16. Consider and take possible action on revised Board meeting schedule for 2015

Dunn noted this is a housekeeping item that includes the September 30, 2015 meeting date.

It was **M/S/C** to adopt the revised Board meeting schedule for 2015. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)

17. Miscellaneous

(a) Staff Report –

Strohl reported there will be a presentation on the updated website at the next meeting; she will be presenting a vendor policy in the next few months; and, staff is wrapping up the member handbooks.

Price reported an on-site visit to Commonfund has been scheduled for August 20th in San Francisco and for Board members to contact him if they are interested in attending; an on-site visit for the Wastewater Opportunities Fund is scheduled for August 31st in Portland; and, Wellington and PIMCO received SEC notifications. Wellington for trading information and PIMCO regarding the pricing of their bonds.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Watts reported on the Wharton Conference he and Phillips attended and encouraged everyone to attend.

Phillips also reported it was a very valuable conference.

Rodrigues reported Chuck Reed will not be attending the SACRS conference. He stated he appreciates the Board members who attend the Retirement Board meetings and get paid a per diem to attend and would like to see the amount they are paid increased. It was noted that the amount is defined in the statute and the statute would have to be changed in order to change the Board Regulations.

Allen requested if there is a Board meeting and a Committee meeting on the same day that they should receive a per diem for each meeting.

It was **M/S/C** to adjourn the meeting. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Rodrigues, Smithey, Telles and Watts)

John Phillips, Chairman

Scott Gordon, Secretary



MINUTES

RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY MEETING
August 27, 2015
9:00 a.m.

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

Present: Debora Allen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, William Pigeon, Gabe Rodrigues, Jerry Telles and Russell Watts

Absent: Candace Andersen and Todd Smithey

Staff: Gail Strohl, Retirement Chief Executive Officer, Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Vickie Kaplan, Retirement Accounting Manager; Wrally Dutkiewicz, Retirement Compliance Officer; and Christina Dunn, Retirement Admin/HR Manager

Outside Professional Support:
Edward Hoffman
Scott Whalen
Masa Shiohira

Representing:
Verus Consulting Group
Verus Consulting Group
Wiley Price & Radulovich LLP

1. Pledge of Allegiance

Phillips led all in the *Pledge of Allegiance*.

It was the consensus of the Board to move to Item 3.

3. Approval of Minutes

It was M/S/C to approve the minutes of the May 28, 2015 Board meeting. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

Kroll was present for subsequent discussion and voting.

2. Accept comments from the public

The following employees from AFSCME, Local 2700 spoke regarding their concerns with the current healthcare negotiations:

Nannette Mendoza, Jessica Irby, Charice Jimenez, Justine Rossini, Leilani Green, Liz Walker, Kelli Ingersoll and Lori Barron Giacomelli.

Nannette Mendoza distributed a handout of the economic impacts for the period of 2008-2015 for the AFSCME, Local 2700 members employed by CCCERA.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957.6.

The Board moved into open session.

4. There was no reportable action related to Govt. Code Section 54957.6.

Pigeon was no longer present for subsequent discussion and voting.

5. **Presentation from staff and Pathway regarding proposed Pathway 8 commitment** – James Reinhardt, Jason Jenkins, Vincent Dee

Price gave a brief overview of how CCCERA maintains exposure to private equity and highlighted the risks associated with private equity investments.

Youngman gave an overview of the process. He noted staff remains concerned with current valuations in the private equity markets but is recommending investing in Pathway's Private Equity Fund Investors 8 (PPEF 8) to maintain the allocation policy adopted by the Board. He noted Pathway offers a more diversified product.

Prior to their presentation, Pathway waived the confidentiality disclaimer on the presentation materials.

Reinhardt gave a brief overview of the firm noting private equity is the only thing they invest in. He reported they have been in business for almost 25 years and have \$30.2 billion in assets under management.

Pigeon was present for subsequent discussion and voting.

Reinhardt reviewed a representative investor list. He also reviewed Pathway's distinguishing factors including their track record, experience, portfolio construction, alignment of interests, resources and manager selection process.

Jenkins gave an overview of PPEF 8 noting the fund has a target size of \$300 million. He reviewed the portfolio construction and gave an update on the activities of the fund to date.

Dee summarized CCCERA's history with Pathway and total commitment. He gave an overview of the current funds and reviewed CCCERA's portfolio performance.

6. **Consider and take possible action regarding potential commitment to the Pathway Private Equity Fund Investors 8**

It was M/S/C to commit \$50 million to Pathway Private Equity Fund Investors 8 (PPEF 8) subject to successful due diligence and legal review and authorize the CEO to sign the necessary contracts. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

7. **Review of total portfolio performance for the period ending June 30, 2015**

Hoffman summarized U.S. and international economics including the GDP, inflation, expected inflation, unemployment, etc. He reviewed equity volatility and equity valuations.

Hoffman noted an Executive Summary has been added to the report. The Summary highlights for the second quarter are: The CCCERA Total Fund returned 0.3%; CCCERA domestic equities returned 1.3%; CCCERA international equities returned 0.1%; CCCERA global equities returned 1.7%; CCCERA domestic fixed income, excluding Allianz high yield portfolio, returned -0.7%; The Allianz high yield portfolio returned 0.5%; CCCERA global fixed income returned -0.7%; The inflation hedging investments returned -1.3%; and, CCCERA real estate returned -0.1%.

8. Consider and take possible action to add or remove managers from the Watch List

Price gave an update on the Quarterly Watch List. Staff is recommending no change to Nogales, remove PIMCO from the list, and remove DBL from the Watch List.

It was **M/S/C** to remove PIMCO and DBL from the Watch List. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

9. Report from staff on semi-annual rebalancing

Price reviewed the semi-annual rebalancing report noting that \$277 million in employer pre-payments and \$39 million in proceeds from two growth equity portfolios were used to fund a number of managers.

10. Consider and take possible action to approve a five percent increase to the CCCERA CEO base pay effective September 1, 2015.

It was **M/S/C** to approve Item 10a. - Approve first amendment to the CEO employment contract setting forth a monthly base salary of \$15,925.00 effective September 1, 2015 and authorize Board Chairperson to execute the amendment and Item 10b. - Amend Resolution 2015-1 providing for salary and benefits for unrepresented employees of CCCERA to reflect the new CEO monthly base salary effective September 1, 2015. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

It was **M/S/C** to approve Item 10c. - Adopt the pay schedules for all CCCERA classifications effective September 1, 2015. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

11. Presentation from staff on updated CCCERA website

Schneider gave a presentation on the updated CCCERA website noting the estimated live date is October 1, 2015.

12. Consider authorizing the attendance of Board and/or staff:

- a. It was **M/S/C** to authorize the attendance of 4 Board members at the Trustees' Roundtable, CALAPRS, September 18, 2015, San Jose, CA. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts).
- b. It was **M/S/C** to authorize the attendance of 3 Board members at the Annual Bancfund Partners Retreat, Carpenter Community Bancfund, October 1-2, 2015, Newport Beach, CA. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts).
- c. It was **M/S/C** to authorize the attendance of 2 Board members and 2 staff members at the Torchlight Investment Summit 2015, October 7-8, 2015, New York, NY. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts).

- d. It was **M/S/C** to authorize the attendance of 3 Board members at the Public Safety Employees Pension and Benefits Conference, NCPERS, October 25-28, 2015, Rancho Mirage, CA. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts).
- e. It was **M/S/C** to authorize the attendance of 4 Board members and 3 staff members at the INVESCO Real Estate US Client Conference, November 3-5, 2015, La Jolla, CA. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts).

13. Miscellaneous

(a) Staff Report –

Strohl reported Segal will be presenting the GASB 67/68 Valuation Report at the September 9, 2015 meeting; and, a new Benefits Manager will be starting on Monday, August 31, 2015.

Price gave an update on the on-site visit with Commonfund; the on-site with Wastewater Opportunities Fund will be on Monday, August 31, 2015; the next close on the Angelo Gordon energy credit opportunities fund will be in approximately three weeks; the investment strategy workshop is coming together; Energy Investors will be presenting Fund V at the September 9, 2015 meeting; and, Siguler Guff and Aether will be presenting at the September 23, 2015 meeting.

Schneider commented on the GASB 67/68 on-going meetings with employers noting they have gone well; Kaplan is leaving CCCERA next week and he introduced Karol McCarty who is working in a temporary position in accounting.

(b) Outside Professionals' Report -

None

(c) Trustees' comments –

Rodrigues gave an update on the SACRS agenda; he noted the SACRS board will be talking about legislation to increase board members pay.

Rodrigues requested the meeting be adjourned in memory of fallen Deputy Sheriff Carlos Francies.

It was **M/S/C** to adjourn the meeting in memory of fallen Deputy Sheriff Carlos Francies. (Yes: Allen, Gordon, Hast, Holcombe, Phillips, Pigeon, Rodrigues, Telles and Watts)

John Phillips, Chairman

Scott Gordon, Secretary



MINUTES

RETIREMENT BOARD MEETING MINUTES

FIRST MONTHLY BOARD MEETING

September 9, 2015

9:00 a.m.

Retirement Board Conference Room

The Willows Office Park

1355 Willow Way, Suite 221

Concord, California

Present: Candace Andersen, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, John Phillips, William Pigeon, Todd Smithey, Jerry Telles and Russell Watts

Absent: Debora Allen and Gabe Rodrigues

Staff: Gail Strohl, Retirement Chief Executive Officer; Kurt Schneider, Retirement Deputy Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Wrally Dutkiewicz, Retirement Compliance Officer; Tim Hoppe, Retirement Benefits Manager; Christina Dunn, Retirement Admin/HR Manager; and Chih-chi Chu, Investment Analyst

Outside Professional Support:

Harvey Leiderman

May-tak Chin

Susan Hastings

Paul Angelo

John Monroe

Representing:

Reed Smith LLP

Reed Smith LLP

Laughlin, Falbo, Levy & Moresi LLP

Segal Company

Segal Company

1. **Pledge of Allegiance**

Phillips led all in the *Pledge of Allegiance*.

2. **Recognition of Christina Dunn for 5 years of service**

Phillips recognized and congratulated Christina Dunn for her 5 years of service with CCCERA.

3. **Accept comments from the public**

No member of the public offered comment.

Pigeon and Watts were present for subsequent discussion and voting.

4. **Approval of Minutes**

It was M/S/C to approve the minutes of the June 25, 2015 meeting with corrections to Board Members Present by showing Andersen as Present and removing Mitchoff's name and by moving Telles to Board Members Absent. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

It was M/S/C to approve the minutes of the July 8, 2015 meeting. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

5. Routine Items

It was M/S/C to approve the routine items of the September 9, 2015 meeting. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

It was consensus of the Board to move to Item 10.

10. Consider and take possible action to adjust the retirement allowance of CCCERA retired member Peter Nowicki pursuant to Government Code Section 31539 to exclude compensation improperly increased by the member

- a. Presentation by fiduciary counsel Harvey Leiderman of his investigation, report and recommendations; Board questions
- b. Opportunity for the member, Peter Nowicki, to present to the Board his position and any information or records relevant to the issue; Board questions
- c. Opportunity for the member's former spouse to present to the Board her position and any information or records relevant to the issue; Board questions
- d. Opportunity for the member's former employer, the Moraga Orinda Fire Protection District, to present to the Board its position and any information or records relevant to the issue; Board questions
- e. Public comment
- f. Board deliberations and appropriate action

Leiderman distributed a copy of his power point presentation "Proposed Adjustments to Retirement Allowance: Peter J. Nowicki." He reviewed the Retirement Board's authority under the law noting that the trustees' fundamental fiduciary duty is to use funds for the exclusive purpose of paying benefits and administrative expenses. He reported the Board has the authority to make corrections under the CERL and through the CCCERA overpayment and underpayment policies.

He reviewed Mr. Nowicki's background and also reviewed Mr. Nowicki's employment contract and amendments noting there isn't any record from meetings that the amendments were made publicly. He reviewed the changes in compensation, leave accruals and the conversion of non-cashable leave time to cashable leave time in Amendment No. 2 dated December 10, 2008. He reported that three days after the second amendment was signed, Mr. Nowicki announced his retirement with an effective date of January 30, 2009. Leiderman reported that Mr. Nowicki's annual base salary was \$186,219 on January 16, 2008 and his initial pension upon retirement was \$240,923.

Leiderman reviewed the issues for the Board to consider which include determining if the increases in Mr. Nowicki's compensation were improper, caused by the member, and done at retirement. He recommended the Board determine that the increases were improper, take action to recover all past overpayments, with interest, in a manner consistent with the Board's overpayment policy, adjust future benefit payments accordingly effective October 1, 2015, and advise the member and his former spouse that they have exhausted their administrative remedies.

Peter Nowicki, retired Moraga-Orinda Fire District Chief, distributed a handout containing several affidavits, performance evaluations and job duties. He questioned why it has taken 6 years for the retirement system to contact him and noted he was not given enough time to prepare a response. He noted that he was lucky to be able to find an attorney in such a short time.

Nowicki reviewed his background from becoming a Battalion Chief and then to a Fire Chief. He read 3 affidavits, reviewed the process of his evaluations, and the process for preparing the agendas and closed session items for board meetings of the Moraga Orinda Fire District.

Brook Mansanelli, Moraga Orinda Fire Board Director, Dec. 10, 2008 through Feb. 28, 2012. Mansanelli stated agenda items relating to compensation were listed as closed session items and as open session items in the hopes of reaching an agreement. Compensation was discussed in closed session and if necessary, was reported out in open session. He also stated that the district's legal counsel would provide the verbiage when reporting out of closed session.

Kroll was no longer present for subsequent discussion and voting.

Nowicki stated that the district promised him the benefits he had received as Battalion Chief. He stated he wasn't able to use his vacation and administrative leave hours and was going to lose them so he sold them. He answered several questions from the Board.

Kroll was present for subsequent discussion and voting.

Nowicki stated he was informed by CCCERA at the time of his application that he could return to work on a temporary basis after he retired. He felt that his pension was calculated in accordance with the law. His employment contract was discussed.

It was the consensus of the Board to move into Closed Session.

CLOSED SESSION

The Board moved into closed session pursuant to Govt. Code Section 54957, 54957.6 and 54956.9(d)(1).

The Board moved into open session.

6. It was **M/S/C** to accept the Medical Advisor's recommendation and grant the following disability benefits:
 - a. Laurie Pereira – Non-Service Connected (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)
 - b. Michelle McPherson – Non-Service Connected (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)
 - c. James Harbison – Service Connected (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)
 - d. Charles Farley – Service Connected (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)
7. There was no reportable action related to Govt. Code Section 54957.6.
8. There was no reportable action related to Govt. Code Section 54956.9(d)(1).

The Board continued Item 10.

There was a discussion on when Nowicki decided to retire and the date he sold his vacation.

Nowicki summarized his career and how his benefits were approved stating he followed all of the rules. He stated it was not his intent to get paid as much as he could as he was going out the door.

Ms. Angela Nowicki, former spouse of Peter Nowicki, spoke on behalf of Mr. Nowicki noting his education and background benefited the whole fire district. She stated he is honest, trustworthy and

one of the hardest workers she knows. She also stated his character is truly one of the biggest souls she has ever met.

It was noted that Mr. Nowicki's former employer Moraga Orinda Fire District was not making a presentation.

Leiderman supplemented the record regarding the issue of when Mr. Nowicki contemplated retiring. He reviewed email exchanges with a CCCERA retirement counselor from October 30, 2008 in which Mr. Nowicki asked the counselor whether he could use his vacation sale if he retired in the first week in January of 2009. Leiderman also stated the notice for today's (September 9, 2015) meeting was sent to Mr. Nowicki on August 5, 2015 and no request was made to continue today's proceedings.

Leiderman briefed the Board on the Brown Act requirements regarding compensation noting it does not permit any public governing body to conduct closed session negotiations with the individual being discussed in attendance during the closed session. The law does allow a public governing body to meet in closed session with its designated negotiator regarding compensation.

It was **M/S** that the increases set forth in the Reed Smith document totaling \$80,200 are deemed improper pursuant the authority granted to the Board by Government Code Section 31539, authorize general counsel and fiduciary counsel to take all necessary actions to recover all past overpayments with interest, in a manner consistent with the Board's overpayments policy, adjust the future benefit payments of Mr. Nowicki, and consequently his former spouse accordingly, effective October 1, 2015, and finally, advise Mr. Nowicki and his former spouse that they have exhausted their administrative remedies.

A substitute motion was **M/S** that the increases set forth in the Reed Smith document totaling \$66,981 are deemed improper (compensation earnable \$80,200 minus the base salary increase \$13,219 = \$66,981), authorize general counsel, in the matter consistent with Board policy, to recover all past overpayments with interest, adjust the future benefit payments effective October 1, 2015, and advise Mr. Nowicki and Ms. Nowicki that they have exhausted their administrative remedies.

Leiderman spoke on the motions, specifically on the improper behavior of the district board in reaching agreements in closed session. He explained that his recommendation is to exclude the increases in base pay due to their retroactive nature and because they were reached in secret closed session without public scrutiny. To be improper under Government Code Section 31539 we do not have to show a violation of the law, but under the circumstance presented here, the strong public policy for transparency in government, and the requirement that public compensation decisions be made in public, the behavior in this particular matter constituted improper behavior.

Schneider reported about Mr. Nowicki's requests for retirement estimates. There were nine estimates in 2005 for March 31, 2008 retirements. He explained March 31 is a common retirement date due to the addition of cost of living adjustment. He noted there were three retirement estimate requests in October and November of 2008, but the retirement date was not March 31, instead, the requested retirement date was in January of 2009, likely because Mr. Nowicki had a vacation sale in February of 2008 so in order not to drop that cash out he was better off retiring in January of 2009 as opposed to March 31 2009.

After a lengthy discussion, Hast withdrew his second to the substitute motion. Telles seconded the substitute motion. The substitute motion was again **M/S**. The vote on the substitute motion was: (Yes: Smithey and Telles. No: Andersen, Gordon, Hast, Holcombe, Phillips and Watts. Abstain: Pigeon). Motion failed.

After discussion, the original motion was **M/S/C**. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Smithey and Watts. No: None. Abstain: Pigeon and Telles).

It was the consensus of the Board to move to Item 9.

9. Consider and take possible action to adopt Resolution 2015-7 and 2015-8 electing to be subject to the Public Employees' Medical and Hospital Care Act for the purposes of providing medical benefits to CCCERA employees

Dunn gave a brief overview of the Resolutions noting one is for unrepresented CCCERA employees and one is for CCCERA employees represented by AFSCME, Local 2700.

It was M/S/C to adopt Resolution 2015-7, electing to be subject to the Public Employees' Medical and Hospital Care Act (PEMHCA) for the purposes of providing medical benefits to Contra Costa County Employees Retirement Association (CCCERA) unrepresented employees. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

It was M/S/C to adopt Resolution 2015-8, electing to be subject to the Public Employees' Medical and Hospital Care Act (PEMHCA) for the purposes of providing medical benefits to Contra Costa County Employees' Retirement Association (CCCERA) employees represented by AFSCME, Local 2700. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

11. Consider and take possible action to revise the amortization period for Rodeo-Hercules Fire Protection District

This item was pulled from the agenda.

12. Consider and take possible action to authorize a transfer from the employer advance reserve to the post retirement death benefit reserve

This item was pulled from the agenda.

13. Consider and take possible action to approve the GASB 68 report from Segal

This item was pulled from the agenda.

Pigeon was no longer present for subsequent discussion and voting.

14. Presentation from staff and Ares Energy Investors regarding the Ares Energy Investors Fund V – Herbert Magid, Keith Derman

Price gave a brief overview of Ares Energy Investors Fund V (AEIF V) noting the commitment would be in the Real Asset category.

Chu summarized CCCERA's past investments with Energy Investors Fund (EIF), which Ares acquired. He stated Fund IV launched in 2010 investing in electrical power generation and transmission. Fund V is expected to invest broadly but with an emphasis on natural gas power plants.

Ares waived the confidentiality disclaimer on their presentation materials.

Magid thanked the Board for their support over the years. He gave an executive summary of the firm noting they have a 28 year track record with 40 employees dedicated to investments. He spoke on the uniqueness of the funds strategy noting Fund V is currently 20% committed. He stated the target for the Fund is \$2 billion. He highlighted the first investment in the Fund and the opportunities in the strategy.

Pigeon was present for subsequent discussion and voting.

Derman gave examples of power opportunity deal flows and environmental regulations noting it is a great time to invest in natural gas. He reviewed commodity cycles and one of the deals in the pipeline that is not dependent on oil prices.

Magid reviewed their track record and targeted performance. He reviewed the terms of the Fund noting the target is 15-17% net. He stated the team is also committing to Fund V.

15. Consider and take possible action regarding potential commitment to the Ares Energy Investors Fund V

It was M/S/C to commit \$50 million to Ares Energy Investors Fund V (AEIF V) subject to due diligence, a successful onsite visit, legal review, and authorize the Chief Executive Officer to sign the necessary contracts. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

16. Conference Seminar Attendance

- a. It was M/S/C to authorize the attendance of 2 Board members and 2 staff members at the Roundtable for Consultants and Institutional Investors, Institutional Investor, October 7-9, 2015, Chicago, IL. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

17. Miscellaneous

- a. Staff Report –

Strohl introduced Tim Hoppe, the new Benefits Manager; she reported the new Member Services Manager will be starting on Monday, September 14, 2015.

Price reported the onsite visit to Wastewater Capital in Portland was successful; Aether will be presenting their Real Asset Fund IV at the next meeting; Siguler Guff will be presenting their DREOF II Co-investment Fund at the next meeting; and he gave a preview of the 2-day workshop at the end of September.

- b. Outside Professionals' Report -

Leiderman thanked May-tak Chin for her hard work on the Nowicki case.

- c. Trustees' comments –

Telles reported he will be on vacation and will miss the next 2 meetings.

Gordon thanked Reed Smith LLP, Levy and Schneider for all of their work on the Nowicki case.

Andersen reported she attended CALAPRS at Pepperdine with Smithey and thought it was very interesting and helpful.

Pigeon stated Leiderman and staff did a wonderful job on the Nowicki case. He asked staff to schedule separate meetings if anything of this magnitude is on the agenda again.

Holcombe commented on the Deaths section of the Routine Items report noting Nancy Fahden died at the age of 92. She was the first female on the Contra Costa County Board of Supervisors and was a very active politician. He asked that the meeting be adjourned in her honor.

It was **M/S/C** to adjourn the meeting in honor of Nancy Fahden. (Yes: Andersen, Gordon, Hast, Holcombe, Phillips, Pigeon, Smithey, Telles and Watts)

John Phillips, Chairman

Scott Gordon, Secretary



MEETING DATE

OCT 22 2015

AGENDA ITEM

7

MEMORANDUM

Date: October 22, 2015

To: CCCERA Board of Retirement

From: Christina Dunn, Retirement Admin/HR Manager

Subject: Clarification Language of Resolution for salary and benefits for unrepresented CCCERA employees regarding Long-Term Disability Insurance

Background

On October 7, 2015 the Contra Costa County Employees' Retirement Association ("CCCERA") Board of Retirement adopted Resolution 2015-9 providing salary and benefits for unrepresented staff at CCCERA effective January 1, 2016. Since that time staff have received information from the benefits broker, Keenan and Associates regarding the available long term disability plans.

Based on the information received CCCERA will not be able to offer the same plan listed in Resolution 2015-9 for long term disability. To reflect this change we have updated the Resolution to read:

Section 9. Long-Term Disability Insurance

CCCERA will provide Long-Term Disability Insurance.

Recommendation

Consider and take possible action to amend Resolution 2015-9 providing for salary and benefits for unrepresented employees of CCCERA effective January 1, 2016 with the proposed clarification to Section 9. Long-Term Disability Insurance.

BOR Reso. No. 2015-9

**RESOLUTION OF THE BOARD OF RETIREMENT
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**CCCERA RESOLUTION FOR SALARY AND BENEFITS
FOR UNREPRESENTED EMPLOYEES**

**EFFECTIVE JANUARY 1, 2016
REVISED OCTOBER 22, 2016**

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WHEREAS, the Contra Costa County Employees' Retirement Association ("CCCERA") is a public agency established by virtue of, and governed by the County Employees' Retirement Law of 1937, Government Code sections 31450, *et seq.*, ("CERL") and Article XVI, section 17 of the California Constitution.

WHEREAS, CCCERA administers a retirement system for the County of Contra Costa and for other participating employers located within the County, including CCCERA, by and through its Board of Retirement ("Board"), and as the Board delegates to its employees who are appointed by CCCERA pursuant to CERL section 31529.9 ("CCCERA Employees.")

WHEREAS, the Board wishes to provide salary and benefits to the unrepresented employees of CCCERA, effective from January 1, 2015 until further notice;

NOW THEREFORE IT IS HEREBY RESOLVED that effective January 1, 2015 and until further notice employees of CCCERA in the job classifications identified on Attachment A hereto shall receive the following salary and benefits:

1. Paid Holidays:

CCCERA observes the following paid holidays during the term covered by this Resolution:

New Year's Day	Labor Day
Martin Luther King Jr. Day	Veterans' Day
Presidents' Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day

Any paid holiday observed by CCCERA that falls on a Saturday is observed on the preceding Friday and any paid holiday that falls on a Sunday is observed on the following Monday.

Eligibility for Paid Holidays: Regular full-time employees are entitled to a paid day off in recognition of the holiday without a reduction in monthly base pay for CCCERA-observed holidays listed above.

If a holiday falls on an employee's regularly scheduled day off due to an alternative work schedule, the employee is entitled to take the day off, without a reduction in pay in recognition of the holiday. The employee is entitled to receive 8 hours of flexible compensation hours or pay at the rate of one times the employees' base rate of pay.

Part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are entitled to the listed paid holidays on a pro rata basis. For example, a part time employee whose position hours are 24 per week is entitled to 4.8 hours off work on a holiday ($24/40 \times 8 = 4.8$).

When a paid holiday falls on a part-time employee's normally scheduled work day and the part-time paid holiday hours are more than the normally scheduled work hours the employee is entitled to receive flexible compensation hours or pay at the rate of one times the employees' base rate of pay for the difference between the employee's normally scheduled work hours and the paid part-time holiday hours.

When a paid holiday falls on a part-time employee's normally scheduled work day and the part-time paid holiday hours are less than the normally scheduled work hours the employee must use non-sick leave accruals for the difference between the employee's normally scheduled work hours and the part-time paid holiday hours. If the employee does not have any non-sick leave accrual balances, leave without pay will be authorized.

Flexible Compensation: Flexible Compensation may not be accumulated in excess of 288 hours. After 288 hours are accrued by an employee, the employee will receive flexible pay at the rate of 1.0 times the employee's base rate of pay. Flexible compensation may be taken on those dates and times determined by mutual agreement of the employee and their supervisor.

2. Personal Holidays:

Regular employees subject to this Resolution are entitled to accrue up to two hours of personal holiday credit each month.

Part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] accrue personal holiday hours on a pro rata basis.

No employee may accrue more than forty hours of personal holiday credit at any time. Once the employee reaches forty hours of personal holiday, the employee will cease accruing such paid time off until he/she uses sufficient such time to reduce his/her bank below the forty-hour maximum, after at which time the employee may begin to accrue additional hours up to the forty-hour maximum.

On separation from CCCERA service, employees shall be paid for any accrued and unused personal holiday hours at the employee's then-current rate of pay.

3. Vacation:

Regular full-time employees subject to this Resolution are entitled to accrue paid vacation as follows:

<u>Length of Service*</u>	<u>Monthly Accrual Hours</u>	<u>Maximum Cumulative Hours</u>
Fewer than 11 years	10	240
11 years	10-2/3	256

<u>Length of Service*</u>	<u>Monthly Accrual Hours</u>	<u>Maximum Cumulative Hours</u>
12 years	11-1/3	272
13 years	12	288
14 years	12-2/3	304
15 through 19 years	13-1/3	320
20 through 24 years	16-2/3	400
25 through 29 years	20	480
30 years and up	23-1/3	560

* Includes County service if employed at CCCERA before January 1, 2015.

Part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are entitled to the listed paid vacation on a pro rata basis.

Employees may accrue paid vacation time up to a maximum of twice their annual vacation accrual. That is, for a full-time employee with 8 years of service, the employee may accrue up to a maximum of 240 hours (120 hours maximum annual accrual x 2 = 240 hours). Once the employee reaches this maximum cumulative hours, she/he will cease accruing paid vacation time until he/she uses sufficient vacation to drop below the maximum cumulative hours after which time the employee may begin to accrue additional hours up to the maximum cumulative hours.

On separation from CCCERA service, employees shall be paid for any accrued and unused vacation hours at the employee's then-current rate of pay.

Vacation Buy Back:

- A. With the exception of the Retirement Chief Executive Officer, employees may elect payment of up to one-third (1/3) of their annual vacation accrual, subject to the following conditions:
 - (1) the choice can be made only once every thirteen (13) months and there must be at least twelve (12) full months between each election;
 - (2) payment is based on an hourly rate determined by dividing the employee's current monthly salary by 173.33; and
 - (3) the maximum number of vacation hours that may be paid in any one sale is one-third (1/3) of the annual accrual.

- B. The Retirement Chief Executive Officer may elect payment of up to one-third (1/3) of their annual vacation accrual, subject to the following conditions:
 - (1) the choice can be made only once in each calendar year;

- (2) payment is based on an hourly rate determined by dividing the employee's current monthly salary by 173.33; and
- (3) the maximum number of vacation hours that may be paid in any one sale is one-third (1/3) of the annual accrual.

NOTE: Where a lump-sum payment is made to employees as a retroactive general salary adjustment for a portion of a calendar year that is subsequent to the exercise by an employee of the vacation buy-back provision herein, that employee's vacation buy-back will be adjusted to reflect the percentage difference in base pay rates upon which the lump-sum payment was computed, provided that the period covered by the lump-sum payment includes the effective date of the vacation buy-back. *For example: In May a salary increase is approved with an effective date of January 1st and the employee completed a vacation buy-back in March, a lump sum payment for the difference in base pay of the vacation buy-back would be calculated.*

4. Sick Leave:

Regular full-time employees subject to this Resolution shall earn paid sick leave benefits at the rate of eight (8) hours per month. Regular part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are entitled to sick leave benefits on a pro rata basis.

Unused sick leave hours accumulate from year to year. When an employee is separated, other than through retirement, accumulated sick leave hours shall be cancelled, unless the separation results from layoff, in which case the accumulated hours shall be restored if reemployed in a regular position within the period of layoff eligibility. At retirement, employees are credited, at the rate of one day for each one day earned, with sick leave accumulated as of the day of retirement and that sick leave credit counts as additional retirement service credit.

For more information on sick leave benefits please refer to the CCCERA Personnel Policies.

5. Sick Leave Incentive Plan:

Employees may be eligible for a payoff of a part of unused sick leave accruals at separation. The sick leave incentive plan is an incentive for employees to safeguard sick leave accruals as protection against wage loss due to time lost for injury or illness. Payoff must be approved by the Retirement Chief Executive Officer, and is subject to the following conditions:

- The employee must have resigned in good standing
- Payout is not available if the employee is eligible to retire
- The balance of sick leave at resignation must be at least 70% of accruals earned in the preceding continuous period of employment excluding any sick leave use

covered by the Family and Medical Leave Act (FMLA), the California Family Rights Act (CFRA) or the California Pregnancy Disability Act (PDL).

- Payout is by the following schedule:

<u>Years of Payment Continuous Service</u>	<u>Payment of Unused Sick Leave Payable</u>
3 – 5 years	30%
5 – 7 years	40%
7 plus years	50%

- No payoff will be made pursuant to this section unless CCCERA certifies that an employee requesting as sick leave payoff has terminated membership in, and has withdrawn their contributions from CCCERA.
- It is the intent of the Board of Retirement that payments made pursuant to this section are in lieu of CCCERA retirement benefits resulting from employment with any of the employers in the CCCERA retirement plan.

6. Management Administrative Leave

Management Administrative Leave is authorized time away from the job for any personal activities and needs which are not charged to sick leave or vacation hours. Unrepresented employees who are exempt from the payment of overtime are eligible for this benefit.

Use of Management Administrative Leave may be requested whenever desired by the employee; however; approval of request shall be subject to the same department process as used for vacation requests.

All unused Management Administrative Leave will be cancelled at 11:59 p.m. on December 31st of each year.

- A. On January 1st of each year, all full-time management employees in paid status, except for the Retirement Chief Executive Officer, will be credited with ninety four (94) hours of paid Management Administrative Leave. The Retirement Chief Executive Officer will be credited with seventy (70) hours of paid Management Administrative Leave. All Management Administrative Leave is non-accruable and all balances will be zeroed out on December 31st of each year.
- B. Regular part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] are eligible for Management Administrative Leave on a prorated basis, based upon their position hours.
- C. Employees appointed (hired or promoted) to a management position are eligible for Management Administrative Leave on the first day of the month following their appointment date and will receive Management Administrative Leave on a prorated

basis for that first year.

7. **Other Unpaid Leaves:**

CCCERA provides leaves of absence to eligible employees in a variety of circumstances. In all cases, CCCERA intends to comply with applicable federal and state laws. For additional information on unpaid leaves please refer to the CCCERA Personnel Policies.

- Pregnancy disability leave may be requested by any employee at any time.
- Workers' compensation leave is provided to any employee as needed.
- Leave as a reasonable accommodation of an employee's disability is provided to any employee as needed.

Request for Leave: As soon as an employee learns of the need for a leave of absence, the employee should submit a request for leave to the Retirement Administration Manager. Request forms are available from Human Resources. Any leave request must state the purpose of the leave being requested. If approved, the leave must be used for that purpose.

A. **Medical/Family Illness/Child Care Leave (FMLA/CFRA LEAVE)**

Eligible employees may request an unpaid Family Medical Leave Act ("FMLA") of up to 18 workweeks in a rolling 12-month period (measured backwards from the date the leave begins) for any of the following reasons:

- Birth of the employee's child and to care for the child within the first year of birth;
- The care of an adopted or foster child within the first year of placement with the employee;
- Care for the employee's child, spouse or domestic partner, or parent with a serious health condition;
- Serious health condition of the employee;
- A qualifying exigency arising out of an eligible family member's call to military duty; or
- To care for a covered military service member who is the employee's eligible family member/next-of-kin.

For purposes of this Resolution, an eligible employee is one who has completed one year of continuous employment with CCCERA and worked a minimum of 1,250 hours during the preceding 12 months.

Medical certification is required for leaves necessitated by the serious health condition of the employee or of a family member, but an employee or his/her health care provider need

not, and should not, disclose the employee's underlying condition, medical history, results of tests, or any genetic information. A "serious health condition" means an illness, injury, impairment, or physical or mental condition that involves any of the following:

- Time or treatment in connection with inpatient care;
- Period of incapacity of more than three consecutive days that involves treatment by a health care provider; or
- Any period of incapacity or treatment that is permanent or long term.

Employees will continue to be covered by CCCERA health insurance benefits under pre-leave conditions during the entire approved FMLA leave.

FMLA leave is unpaid, except that employees [*may elect* to use any accrued vacation, sick, personal holiday or management administrative leave time.

Intermittent leave or a reduced work schedule may be approved with medical certification for an employee's Serious Health Condition, for the employee to care for a child, parent, spouse, or domestic partner (under the CFRA only) with a serious health condition.

Medical certification that the employee is released to return to work is required before the employee will be permitted to return.

If an employee needs to extend his or her leave, he/she must request an extension for FMLA/CFRA leave as soon as practicable after he/she has knowledge of the need for additional leave time. Recertification by a treating health care provider may be required every 30 calendar days in connection with an employee's absence where appropriate.

B. Pregnancy Disability Leave

Pregnancy Disability Leave (PDL) is a leave due to pregnancy, childbirth, or related reasons preventing the employee from performing her job functions. PDL includes leave needed for prenatal care and prenatal complications.

Employees may take up to a maximum of four months of PDL per pregnancy. Medical certification of the need for the leave is required, and the length of PDL will depend on the medical necessity for the leave. Medical certification that the employee is released to return to work is required before the employee will be permitted to return.

Employees will continue to be covered by CCCERA health insurance benefits under pre-leave conditions during the entire approved PDL.

Leave for pregnancy disability is unpaid, except that employees may elect to use any accrued vacation, sick, personal holiday or management administrative leave time.

C. Military Leave

Federal and state mandated-military leaves of absence are granted without pay to members of the United States Uniformed Services, the California National Guard, or the reserves. To

be eligible, an employee must submit written verification from the appropriate military authority. Such leaves will be granted in accordance with state and federal law.

When an employee goes on Military Leave for more than 30 days, any applicable group insurance (existing provisions will apply) continues for 90 days following the commencement of unpaid Military Leave. Beyond the 90 days, the employee may elect to continue the same group health care coverage, including dependent coverage, if applicable, for up to 24 months at his/her own expense.

An employee may elect to use accrued personal holidays, vacation, and/or management administrative leave at the beginning of unpaid military service or may retain earned and accrued vacation for use upon return from the leave. The employee must provide this request/election in writing to Retirement Administration Manager prior to the start of the military leave.

At the conclusion of military service, an employee will be reinstated upon giving notice of his/her intent to return to work by either (1) reporting to work or (2) submitting a timely oral or written request to CCCERA for reinstatement within 90 days of days after their release from active duty or any extended period required by law. The Military Leave will expire upon the employee's failure to request reinstatement or return to work in a timely manner after conclusion of service.

8. Health, Dental, and Related Benefits

Regular full-time and part-time employees [*who are regularly scheduled to work a minimum of 20 hours per week*] and their eligible dependents may be entitled to receive medical and dental insurance coverage through CCCERA Plans. Attached hereto as Attachment B, is the monthly premium subsidy for unrepresented employees.

Effective January 1, 2016, CCCERA shall offer an Internal Revenue Code Section 125 Flexible Benefits Plan that offers (i) CalPERS health plan coverages for each eligible employee and the employee's eligible family members and (ii) at least one other nontaxable benefit. CCCERA shall make monthly contributions under the plan for each eligible employee and their dependents (if applicable) up to the relevant amount set forth in Attachment B. Such contributions shall consist of (i) the Minimum Employer Contribution (MEC) established by the Public Employees' Medical and Hospital Care Act, and designated by CCCERA as the MEC, and (ii) the additional amount of such contributions in excess of the MEC.

Any eligible employee who enrolls in health coverage with a higher total premium than CCCERA's contributions with respect to the eligible employee, as stated in Attachment B, will pay the difference via pre-tax payroll deductions under the plan to the extent permitted by Internal Revenue Code Section 125.

Dual Coverage: Each employee, eligible dependent and retiree may be covered by only a single CCCERA health or dental plan.

Please refer any questions about medical/dental benefits to Human Resources.

Health and Dental Coverage Upon Retirement

1. Any CCCERA retiree or their eligible dependent who becomes age 65 on or after January 1, 2009 and who is eligible for Medicare must immediately enroll in Medicare Parts A and B.
2. Employees hired by Contra Costa County or CCCERA on or after January 1, 2009 and their eligible dependents, are eligible for retiree health/dental coverage upon completion of fifteen (15) years of service of which five (5) of those years must be as an active employee of CCCERA with no monthly premium subsidy paid by CCCERA for any health or dental plan after they separate from CCCERA employment. However, any such eligible employee who retires from CCCERA may retain continuous coverage of a CCCERA health and/or dental plan provided that:
 - (i) he or she begins to receive a monthly retirement allowance from CCCERA within 120 days of separation from CCCERA employment and
 - (ii) he or she pays the difference between the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum contribution and the premium cost of the dental plan without any CCCERA premium subsidy.
3. Employees hired by Contra Costa County on January 1, 2007 to December 31, 2008 and their eligible dependents, are eligible for retiree health/dental coverage premium subsidy upon completion of fifteen (15) years of service of which five (5) of those years must be as an active employee of CCCERA. For purposes of retiree health eligibility, one year of service is defined as one thousand (1,000) hours worked within one anniversary year.
4. Employees hired by Contra Costa County on or before December 31, 2006 and their eligible dependents, may remain in their CCCERA health/dental plan, but without CCCERA-paid life insurance coverage, if immediately before their proposed retirement the employees and dependents are either active subscribers to one of the CCCERA contracted health/dental plans or if while on authorized leave of absence without pay, they have retained continuous coverage during the leave period. CCCERA will pay the health/dental plan monthly premium established by the Board of Retirement for eligible retirees and their eligible dependents.
5. All periods of benefit eligible employment will be included in the fifteen (15) years of service calculation for purposes of health and dental coverage upon retirement.
6. Employees, who resign and file for a deferred retirement and their eligible dependents, may continue in their CCCERA group health and/or dental plan under the following conditions and limitations:
 - (i) Health and dental coverage during the deferred retirement period is totally at the expense of the employee, without any CCCERA contributions.
 - (ii) Life insurance coverage is not included.

- (iii) To continue health and dental coverage, the employee must:
 - a. be qualified for a deferred retirement under the 1937 Retirement Act provisions;
 - b. be an active member of a CCCERA group health and/or dental plan at the time of filing their deferred retirement application and elect to continue plan benefits;
 - c. be eligible for a monthly allowance from the Retirement System and direct receipt of a monthly allowance within one hundred twenty (120) days of application for deferred retirement; and
 - d. file an election to defer retirement and to continue health benefits hereunder with the CCCERA within thirty (30) days before separation from CCCERA service.

- (iv) Deferred retirees who elect continued health benefits hereunder and their eligible dependents may maintain continuous membership in their CCCERA health and/or dental plan group during the period of deferred retirement by paying the full premium for health and dental coverage on or before the 10th of each month, to the CCCERA. When the deferred retirees begin to receive retirement benefits, they will qualify for the same health and/or dental coverage pursuant to section 7 above, as similarly situated retirees who did not defer retirement.

- (v) Deferred retirees may elect retiree health benefits hereunder without electing to maintain participation in their CCCERA health and/or dental plan during their deferred retirement period. When they begin to receive retirement benefits, they will qualify for the same health and/or dental coverage pursuant to section 7 above, as similarly situated retirees who did not defer retirement.

- (vi) Employees who elect deferred retirement will not be eligible in any event for CCCERA health and/or dental plan subvention unless the member draws a monthly retirement allowance within one hundred twenty (120) days after separation from CCCERA employment.

- (vii) Deferred retirees and their eligible family members are required to meet the same eligibility provisions for retiree health/dental coverage as similarly situated retirees who did not defer retirement.

For employees who retire and are eligible to receive a medical premium subsidy that is greater than the PEMHCA minimum contribution, each month during which such retiree medical coverage continues, CCCERA will provide each such retiree with a medical expense reimbursement plan (MERP), also known as a health reimbursement arrangement (HRA), subject to Internal Revenue Code Section 105, with a monthly credit equal to the excess of (i) the relevant medical coverage monthly premium subsidy set forth in Section 17.2 for such eligible retiree and his or her eligible family members over (ii) the then current MEC.

9. **Long-Term Disability Insurance**

CCCERA will provide Long-Term Disability Insurance.

10. **State Disability Insurance**

Unrepresented employees do not contribute towards State Disability Insurance.

11. **Life Insurance**

For employees who are enrolled in the County's program of medical or dental coverage as either the primary or the dependent, term life insurance in the amount of ten thousand dollars (\$10,000) will be provided by CCCERA.

Management employees, with the exception of the Chief Executive Officer will also receive fifty-seven thousand dollars (\$57,000) in addition to the life insurance provided above. The Chief Executive Officer will receive an additional sixty thousand dollars (\$60,000) in addition to the ten thousand dollars (\$10,000) insurance provided above.

In addition to the life insurance benefits provided by CCCERA, employees may subscribe voluntarily and at their own expense for supplemental life insurance. Please refer to Human Resources for additional information.

12. **Workers Compensation Insurance**

1. For all accepted workers' compensation claims filed with CCCERA employees will receive seventy five percent (75%) of their regular monthly salary during any period of compensable temporary disability not to exceed one (1) year. If workers' compensation benefits become taxable income, CCCERA will restore the former benefit level, one hundred percent (100%) of regular monthly salary.
2. Waiting Period: There is a three (3) calendar day waiting period before workers' compensation benefits commence. If the injured worker loses any time on the date of injury, that day counts as day one (1) of the waiting period. If the injured worker does not lose time on the date of the injury, the waiting period is the first three (3) days following the date of the injury. The time the employee is scheduled to work during this waiting period will be charged to the employee's sick leave and/or vacation accruals. In order to qualify for workers' compensation the employee must be under the care of a physician. Temporary compensation is payable on the first three (3) days of disability when the injury necessitates hospitalization, or when the disability exceeds fourteen (14) days.
3. Continuing Pay: A regular employee will receive the applicable percentage of regular monthly salary in lieu of workers' compensation during any period of compensable

temporary disability not to exceed one year. "Compensable temporary disability absence" for the purpose of this Section, is any absence due to work-connected disability which qualifies for temporary disability compensation under workers' compensation law set forth in Division 4 of the California Labor Code. When any disability becomes medically permanent and stationary, the salary provided by this Section will terminate. No charge will be made against sick leave or vacation for these salary payments. Sick leave and vacation rights do not accrue for those periods during which continuing pay is received. Employees are entitled to a maximum of one (1) year of continuing pay benefits for any one injury or illness.

Continuing pay begins at the same time that temporary workers' compensation benefits commence and continues until either the member is declared medically permanent/stationary, or until one (1) year of continuing pay, whichever comes first, provided the employee remains in an active employed status. Continuing pay is automatically terminated on the date an employee is separated from CCCERA by resignation, retirement, layoff, or the employee is no longer employed by CCCERA. In these instances, employees will be paid workers' compensation benefits as prescribed by workers' compensation laws. All continuing pay must be cleared through CCCERA.

4. Physician Visits: Whenever an employee who has been injured on the job and has returned to work is required by an attending physician to leave work for treatment during working hours, the employee is allowed time off, up to three (3) hours for such treatment, without loss of pay or benefits. Said visits are to be scheduled contiguous to either the beginning or end of the scheduled workday whenever possible. This provision applies only to injuries/illnesses that have been accepted by CCCERA as work related.
5. Labor Code §4850 Exclusion: The foregoing provisions for workers' compensation and continuing pay are inapplicable in the case of employees entitled to benefits under Labor Code Section 4850.

13. Health Care Spending Account

After six (6) months of regular employment, full time and part time (20/40 or greater) employees may elect to participate in a Health Care Spending Account (HCSA) Program designated to qualify for tax savings under Section 125 of the Internal Revenue Code, but such savings are not guaranteed. The HCSA Program allows employees to set aside a predetermined amount of money from their pay, before taxes, for health care expenses not reimbursed by any other health benefit plans. HCSA dollars may be expended on any eligible medical expenses allowed by Internal Revenue Code Section 125. According to IRS regulations, any unused balance is forfeited and may not be recovered by the employee. Please refer to Human Resources for more information on the HCSA Program.

14. **Dependent Care Assistance Program**

Full time and part time (20/40 or greater) employees may elect to participate in a Dependent Care Assistance Program (DCAP) designed to qualify for tax savings under Section 129 of the Internal Revenue Code, but such savings are not guaranteed. The program allows employees to set aside up to five thousand (\$5,000) of annual salary (before taxes) per calendar year to pay for eligible dependent care (child and elder care) expenses. According to IRS regulations, any unused balance is forfeited and may not be recovered by the employee. Please refer to Human Resources for more information on DCAP.

15. **Premium Conversion Plan**

CCCERA offers the Premium Conversion Plan (PCP) designed to qualify for tax savings under Section 125 of the Internal Revenue Code, but tax savings are not guaranteed. The program allows employees to use pre-tax salary to pay health and dental premiums. Please refer to Human Resources for more information on the PCP.

16. **Computer Vision Care (CVC)**

CCCERA will pay 100% of the employee only premium for EyeMed Option 2 vision coverage and up to two hours of CCCERA paid time for exam and to obtain glasses. Employees may obtain spouse and dependent coverage at their own cost.

17. **Retirement:**

CCCERA Membership:

Contributions: Employees are responsible for the payment of one hundred percent of the employees' basic retirement benefit contributions determined annually by the Board. Employees are also responsible for the payment of the employee's contributions to the retirement cost-of-living program as determined annually by the Board. CCCERA is responsible for payment of one hundred percent of the employer's retirement contributions as determined annually by the Board.

- A. Employees who are not classified as new members under PEPRA will be enrolled in Retirement Tier 1 enhanced. For more information on retirement tiers please refer to the CCCERA member handbooks.
- B. Employees who are classified as new members under PEPRA will be enrolled in Retirement IV (3% COLA). For more information on retirement tiers please refer to the CCCERA member handbooks.
- C. CCCERA will implement Section 414(h) (2) of the Internal Revenue Code which allows CCCERA to reduce the gross monthly pay of employees by an amount equal to the employee's total contribution to the CCCERA Retirement Plan before Federal and State income taxes are withheld, and forward that amount to the CCCERA Retirement Plan. This program of deferred retirement contribution will be universal and non-voluntary as required by statute.

Deferred Compensation:

- A. CCCERA will contribute eighty-five dollars (\$85) per month to each employee who participates in CCCERA’s Deferred Compensation Plan. To be eligible for this Deferred Compensation Incentive, the employee must contribute to the deferred compensation plan as indicated below:

Employees with Current Monthly Salary of:	Qualifying Base Contribution Amount	Monthly Contribution Required to Maintain Incentive Program Eligibility
\$2,500 and below	\$250	\$50
\$2,501 – 3,334	\$500	\$50
\$3,335 – 4,167	\$750	\$50
\$4,168 – 5,000	\$1,000	\$50
\$5,001 – 5,834	\$1,500	\$100
\$5,835 – 6,667	\$2,000	\$100
\$6,668 and above	\$2,500	\$100

Employees who discontinue contributions or who contribute less than the required amount per month for a period of one (1) month or more will no longer be eligible for the eighty-five dollars (\$85) Deferred Compensation Incentive. To reestablish eligibility, employees must again make a Base Contribution Amounts as set forth above based on current monthly salary. Employees with a break in deferred compensation contributions either because of an approved medical leave or an approved financial hardship withdrawal will not be required to reestablish eligibility. Further, employees who lose eligibility due to displacement by layoff, but maintain contributions at the required level and are later employed in an eligible position, will not be required to reestablish eligibility.

- B. Regular employees hired on and after January 1, 2009 will receive one hundred and fifty dollars (\$150) per month to an employee’s account in the Contra Costa County Deferred Compensation Plan or other tax-qualified savings program designated by CCCERA, for employees who meet all of the following conditions:
1. The employee must be hired by CCCERA on or after January 1, 2009.
 2. The employee is not eligible for a monthly premium subsidy for health and/or dental upon retirement as set forth in Section 8.
 3. The employee must be appointed to a regular position. The position may be either full time or part time (designated at a minimum of 20 hours per week).
 4. The employee must have been employed by CCCERA or Contra Costa County for at least 90 calendar days.
 5. The employee must contribute a minimum of twenty-five dollars (\$25) per month to the Contra Costa County Deferred Compensation Plan, or other tax-qualified savings

program designated by CCCERA.

6. The employee must complete and sign the required enrollment form(s) for his/her deferred compensation account and submit those forms to the Benefits Services Unit of Contra Costa County.
7. The employee may not exceed the annual maximum contribution amount allowable by the United States Internal Revenue Code.
8. Employees are eligible to apply for loans from the Contra Costa County Deferred Compensation Plan loan program. For more information on the loan program refer to Human Resources.

18. General Training

CCCERA periodically provides training to employees on its harassment prevention and equal opportunity/discrimination policies. The purpose of these training sessions is to inform and remind employees of CCCERA's policies on these matters. These training sessions are mandatory.

Employees also receive safety training as part of CCCERA's Injury and Illness Prevention program.

19. Other Job-Related Training

Employees may request to attend training sessions on topics that are directly related to the employee's current job and that are likely to improve the employee's job knowledge and skills. Requests to attend training must be submitted to the employee's department manager. It is within the sole discretion of CCCERA whether or not to grant a training request.

20. Professional Development Reimbursement

To encourage personal and professional growth which is beneficial to both CCCERA and the employee, CCCERA reimburses for certain expenses incurred by employees which are related to an employee's current work assignment.

Expenses that may be eligible for reimbursement include certification programs and courses offered through accredited colleges, universities and technical schools.

Guidelines: Prior to registering for a course, the employee must provide appropriate information to Human Resources to begin the approval process.

If granted, reimbursement may be used to defray actual costs of tuition, registration, testing materials, testing fees and books only and is limited to \$2,000 per year.

Course attendance, study, class assignments and exams must be accomplished outside of the employee's regular working hours.

Reimbursement: Reimbursement will only be provided for course work in which the employee achieves a grade of C or better. Reimbursement will be provided only to

employees who are employed by CCCERA at the time CCCERA receives evidence of satisfactory completion of the course or certification exam.

If the employee does not successfully complete the course or certification exam, no reimbursement will be provided.

Exceptions: For classifications which require a certification or technical license, CCCERA will reimburse the entire cost of certification fees and membership dues without reducing the maximum annual Professional Development Reimbursement amount.

21. **Salary**

Attached hereto as Attachment A, is the salary schedule for all classifications of unrepresented employees.

22. **Overtime**

Management employees are not entitled to receive overtime pay, holiday pay, holiday compensatory, or overtime compensatory time.

23. **Differential Pay**

A. Longevity

Ten Years of Service:

Employees who have completed ten (10) years of service for Contra Costa County and/or CCCERA are eligible to receive a two and one-half percent (2.5%) longevity differential effective on the first day of the month following the month in which the employee qualifies for the ten (10) year service award.

Fifteen Years of Service:

Employees who have completed fifteen (15) years of service for Contra Costa County and/or CCCERA are eligible to receive an additional two and one-half percent (2.5%) longevity differential effective on the first day of the month following the month in which the employee qualifies for the fifteen (15) year service award.

Twenty Years of Service:

Employees in the Retirement General Counsel classification who have completed twenty (20) years of service for Contra Costa County and/or CCCERA will receive an additional two percent (2%) longevity differential effective on the first day of the month following the month in which the employee qualifies for the twenty (20) year service award.

B. Certificate Differentials

NOTE: No employee may receive more than one certificate differential at one time, regardless of the number of certificates held by that employee.

➤ Accounting Certificate Differential

Incumbents of unrepresented professional accounting, auditing or fiscal officer positions who possess one of the following active certifications will receive a differential of five percent (5%) of base monthly salary:

- (1) a Certified Public Accountant (CPA) license issued by the State of California, Department of Consumer Affairs, Board of Accountancy;
- (2) a Certified Internal Auditor (CIA) certification issued by the Institute of Internal Auditors;
- (3) a Certified Management Accountant (CMA) certification issued by the Institute of Management Accountants; or
- (4) a Certified Government Financial Manager (CGFM) certification issued by the Association of Government Accountants.

➤ Chartered Financial Analyst (CFA)

Employees who possess an active CFA certification will receive a differential of five percent (5%) of base monthly salary. Verification of eligibility for any such differential must be provided to Human Resources.

➤ Associate of the Society of Actuaries (ASA)

Employees who possess an active ASA certification will receive a differential of five percent (5%) of base monthly salary. Verification of eligibility for any such differential must be provided to Human Resources.

MEETING DATE

~~OCT 22 2015~~

AGENDA ITEM

8

MEMORANDUM

Date: September 9, 2015
To: CCCERA Board of Retirement
From: Kurt Schneider, Deputy Retirement Chief Executive Officer
Subject: Request from District to Reset UAAL Amortization to 30 Years
Recommendation: Consider the District's Request and the Actuary's Recommendation

Background

The Rodeo-Hercules Fire Protection District (the District) has requested that the Board modify its Actuarial Funding Policy and reset the Unfunded Actuarial Accrued Liability (UAAL) amortization period for Cost Group #12 to 30 years.

Recall that in June of 2014 the Board took action to adjust the District's contribution requirement at the request of the District. The 2014 action did not lower the District's contribution requirement, but rather changed the methodology in how the requirement was expressed in order to stabilize the contribution requirement for the mutual benefit of CCCERA and the District. The current request would **lower** the District's current contribution requirement and result in contribution requirements at some time in the future that will be **higher** than they would otherwise have been.

The District's Request

The District's Fire Chief, Charles Hanley, has provided a summary of the challenges the District is currently facing, the history leading up to these challenges and the future prospects of the District. Chief Hanley's letter gives the Board several things to consider. The CCCERA staff has not conducted any analysis of the District's financial situation and can offer no opinion on the District's ability to make its required contribution to CCCERA now or in the future.

The District has supplied further information requested by CCCERA including a resolution of the District's Board of Directors that makes a formal request to reset the amortization period to 30 years.

Summary

There is no statute that prohibits the Board from resetting the UAAL amortization period based on the District's request. The System's actuary, Segal Consulting (Segal), has been asked to consider the District's request and make a recommendation to the Board. Segal's

recommendation is enclosed. The Board's fiduciary counsel, Reed Smith, has reviewed the District's request and Segal's recommendation. Reed Smith's recommendation is enclosed.

Alternatives

Reset UAAL Amortization to 30 Years for Cost Group #12: Extending the amortization period to 30 years using level percent of pay will result in significant negative amortization. This is contrary to Segal's and Reed Smith's recommendations.

Reset UAAL Amortization to 18 Years for Cost Group #12: This is similar to the 30-year option in that there is no true cost savings (i.e. the benefits remain the same), but rather a cost deferral. Unlike the 30-year reset, however, this alternative does not result in negative amortization, and Segal recommends that the Board consider it.

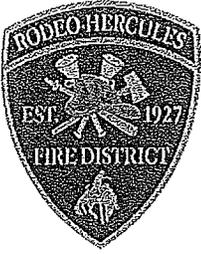
Deny the District's Request: This would mean that unless the District can find additional revenue, it may have to look elsewhere for retirement contribution relief, either through additional employee contributions or a reduction in benefits.

Enclosures

- Recommendation from Segal
- Recommendation from Reed Smith
- Letter from the District's Fire Chief outlining the request
- Resolution of the District's Board of Directors formalizing the request
- District's Business Plan
- District's Strategic Plan
- District's budget projections

Recommendation

Based on the recommendation of the System's actuary, Segal Consulting, consider an 18-year fresh start amortization period for the UAAL of Cost Group #12.



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

February 26, 2015

Kurt Schneider
CCCERA Deputy Chief Executive Officer
1355 Willow Way, Suite 221
Concord, CA 94520

RE: Rodeo Hercules Fire District Request for Extension of Amortization Period

Dear Mr. Schneider,

I write on behalf of the Rodeo Hercules Fire Protection District to request an extension of the amortization period for the District. The District is currently on an 18 year amortization period. The District requests that the amortization period be reset to 30 years. The District's request is based on financial circumstances unique to the District. Moreover, because the District's rates are separately set from those of other employers, this change in amortization period should not affect any other CCCERA employer.

Fire Protection District. The Fire Protection District is the smallest of the CCCERA employers that is in its own cost group, Cost Group No. 12. The District currently operates 2 fire stations and employs 22 firefighting personnel and a Fire Chief to protect a community of 35,000. In 2012 the Fire District closed a fire station and eliminated nine positions. This was an effort to stave off the drastic loss of over \$2 million in annual revenue (tax shifts, lower property values, redevelopment and refinery reassessments). But in downsizing, the Fire District inadvertently created an additional future pension liability triggered by recent actuarial assumptions.

District Employer Contribution Rate. As you are aware, the employer contribution rate for Safety members for the District has increased from 46% of payroll to 110% of payroll from the December 31, 2009 Actuarial Valuation to the December 31, 2012 Actuarial Valuation. This resulted in a UAAL contribution increase of 33.23% in 2014/15. This creates an overall annual required payment of \$1.4 million growing to \$1.6 million over the next five (5) years.

These changes in the District's contribution rate are attributable to a variety of factors, which I understand include losses to the fund, a lower assumed rate of return, and changes in other actuarial assumptions. The defining problem for the District, however, which is unique to the District, is that the District was forced to down size and was thus assessed retirement costs based on a lower payroll.

The District's payroll fell from \$2.45 million to approximately \$1.70 million from 2009 to 2012. This reduction in payroll caused two problems. First, the lower payroll caused the District to pay lower contributions to CCCERA than expected, increasing UAAL over that time period. Second, the increase in the UAAL caused an increase in the contribution rate, which was increased further because it was spread over a smaller payroll. Thus, it is an unfortunate irony that when the District acted to save money by downsizing, it inadvertently increased its annual retirement costs.

In mid-2014, CCCERA recognized the unique issues faced by the District when it authorized the District to pay the UAAL amount owed for that year in dollars as opposed to a percentage of payroll. The District was in the process of hiring new employees using grant money, so payment of employer contributions based on percentage of payroll would have caused the over collection of UAAL payments. Although the District greatly appreciates CCCERA's decision to collect the District's UAAL as a dollar amount, as opposed to a percentage of payroll, the District's financial condition will make it unable to pay the dollar amount in fiscal year 2015-16.

District's Current Financial Condition. As stated above, the District is a small employer and relies on limited staff to protect 35,000 citizens from two fire stations. In short, the District has done all it can to reduce costs in order to pay the higher contribution rates.

The District has sought grant money, but those one-time funds are tied to opening a fire station. The new employees are paying ½ the normal cost, are in the new PEPR tier and receive overall lesser benefits and salaries.

Due to California constitutional requirements, the Fire District has limited ability to raise replacement revenues. In 2014, specially benefited property owners within the District passed a property related assessment, which is estimated to raise approximately \$900,000 annually. However, that ballot proceeding is currently in litigation and the funds are held in abeyance until the issue is resolved. In any event, utilizing that funding to cover the annual contribution is contrary to the tax payers desire to add fire protection.

The level of employer contributions to CCCERA is not sustainable for the Fire District. In FY 2014/15, the District will deplete nearly all of its reserves to pay the UAAL contribution. In FY 2015/2016, the District will not be able to meet its monthly obligation. This is due in large part to the application of a formula that allocates base property tax which allows the Phillips 66 Refinery to successfully reduce its annual tax obligation, resulting in a reduction of revenue to the District of \$1 Million annually (refinery related tax revenue was \$1.4 million in 2012, \$1 million in 2013 and \$400,000 in 2014). Another contributing factor is the involuntary tax shift to the former City of Hercules Merged Redevelopment Area (RDA related revenue loss was \$700,000 in 2013/14, \$1.1 Million in 2014/15). As a result of these revenue shifts and losses, the District would default on the \$1,429,754 MOY. Once again this level of contribution is unsustainable.

I stress that the District is in a unique situation; the District is small, not pooled with any other employer, and it was disproportionately subject to a large decrease in payroll due to economic conditions. As with the decision to authorize payment of UAAL in dollars as opposed to a percentage contribution, the unique situation of the District justifies an extension to the amortization schedule. This change does not place CCCERA at risk in any respect. In fact, this change will promote the financial health of the District and thus enable it to pay CCCERA the necessary employer contributions. I see this proposal as a simple restructuring of debt to enable the District to continue its operations.

The new amortization schedule provides for structured payments that are sustainable. For example, a new schedule will allow the District to meet its annual obligation for this year, which is assisted by an anticipated increase in property values and future revenues derived from several very large construction projects in the City of Hercules that are outside of the former Redevelopment Area including a two story Safeway and adjoining shopping center, a mixed use multi-story market rate apartment building and several new housing developments that are in advanced stages of construction. To sum, every bit helps me and the District manage its financial situation. I've taken the liberty of providing a comparison table to assist with your analysis and recommendation on this matter.

Current Funding Policy		
UAAL	Annual Payment (MOY)	Pct. of Payroll
15,075,913	1,411,801	87%
13,914,647	1,409,337	84%
12,739,918	1,411,823	81%
11,684,859	1,429,754	79%
10,568,575	1,450,905	77%
9,633,248	1,493,897	76%
8,754,203	1,551,074	76%
7,782,756	1,612,794	76%
6,683,115	1,677,417	76%
5,435,415	1,126,817	49%
4,328,813	1,146,948	48%
3,257,197	1,177,943	47%
2,248,194	1,222,932	47%
1,138,152	1,125,649	42%
-20,840	829,124	30%

Reset to 30 Years		
UAAL	Annual Payment (MOY)	Pct. of Payroll
15,075,913	787,212	49%
14,559,623	759,767	45%
14,102,428	736,267	42%
13,843,758	727,179	40%
13,609,504	720,227	38%
13,649,173	733,989	37%
13,845,994	760,774	37%
14,059,796	790,880	37%
14,263,985	822,625	37%
14,448,590	855,528	37%
14,275,587	864,808	36%
14,216,460	884,518	35%
14,333,767	920,552	36%
14,423,041	958,076	36%
14,480,789	997,150	36%

Thank you in advance for your consideration and we welcome your response and guidance.

Respectfully,

Charles Hanley

Charles Hanley
 FIRE CHIEF
 Rodeo Hercules Fire Protection District
 1680 Refugio Valley Road
 Hercules, CA 94547

RESOLUTION 2015-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RODEO HERCULES FIRE DISTRICT TO REQUEST THAT THE BOARD OF DIRECTORS FOR THE CONTRA COSTA COUNTY EMPLOYEES RETIREMENT ASSOCIATION (CCCERA) AMEND THE CCCERA ACTUARIAL FUNDING POLICY ADOPTED FEBRUARY 26, 2014 TO EXTEND THE AMORTIZATION PERIOD OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY AS APPLIED TO THE RODEO HERCULES FIRE DISTRICT, AND AUTHORIZE THE FIRE CHIEF TO NEGOTIATE AND EXECUTE ALL DOCUMENTS TO EFFECT SAID ADJUSTMENT AND EXTENSION OF THE AMORTIZATION PERIOD

WHEREAS, the Rodeo Hercules Fire District is a public agency located in the County of Contra Costa, State of California, and

WHEREAS, the District is a member, and its employees are members, of the Contra Costa County Employees Retirement Association (CCCERA) to provide, amongst other services, pension benefits to the District's employees; and

WHEREAS, on February 26, 2015, at the direction of the Board of Directors, the Fire Chief requested that CCCERA extend the actuarial assumption period applicable to the District for the payment of Unfunded Actuarial Accrued Liability from 18 years to 30 years; and

WHEREAS, this request was based upon numerous factors, including but not limited to reductions in revenue to the District because of adjustments to the assessed valuation of the Phillips 66 refinery and continued loss of revenue pursuant to tax shifts brought on by the State through the dissolution of redevelopment, and

WHEREAS, those factors resulted in the District unilaterally taking cost saving and revenue raising measures to address the District's financial condition including the closure of a fire station, reduction of work force, and acceptance of a SAFER grant to fund positions and re-open a fire station; the requested action in this resolution will further assist the District to address its financial condition; and

WHEREAS, on March 17, 2015, CCCERA responded to the District's request by instructing that the District Board should make a formal request to the CCCERA Board of Directors to extend the UAAL amortization period applicable to the District.

NOW THEREFORE, the Board of Directors of the Rodeo Hercules Fire District RESOLVE AS FOLLOWS:

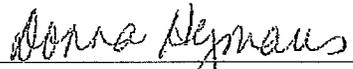
1. This this resolution is evidence of formal action by the Board of Directors for the District to request that the Board of Directors for the Contra Costa County Employees Retirement Association consider an amendment to the Association's Actuarial Funding Policy to extend the UAAL amortization period applicable to the District from 18 years to 30 years.

2. That the Fire Chief is authorized to negotiate, and execute all documents necessary to effect such an extension.

3. That the Fire Chief shall transmit the District's revenue projections for the next five years.

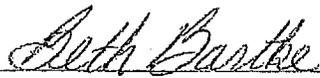
AYES: Bartke, Williams, Mills, Prather, Wheeler
NOES: None
ABSENT: None

IN WITNESS of this action, I sign this document on April 8, 2015.



Donna Heymans, Clerk of the Board

APPROVED:



Beth Bartke, Board Chair



Richard Pio Roda, General Counsel



100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.283.8260 www.segalco.com

VIA E-MAIL ONLY

July 15, 2015

Ms. Gail Strohl
Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association
Rodeo Hercules Fire Protection District Request for Extension of Amortization
Period for Unfunded Actuarial Accrued Liability (UAAL)**

Dear Gail:

As requested, we are providing information regarding a request from Rodeo Hercules Fire Protection District ("the District") for an extension of the amortization period for UAAL. Specifically, they are requesting a fresh start 30-year amortization period for their current UAAL.

Background

Beginning with the December 31, 2008 Actuarial Valuation, CCCERA began using multiple amortization "layers" for each different source of UAAL. The remaining balance of the UAAL through December 31, 2007 continued to be amortized over a decreasing period with eight years remaining as of December 31, 2014. Any change in the UAAL that arises after December 31, 2007 is amortized over its own separate declining 18-year period.

In 2014, the Retirement Board reaffirmed use of the 18-year amortization period, but did make a change to use a 10-year amortization period for any UAAL due to plan amendments (with the exception of a change due to retirement incentives, which is to be funded in full upon adoption of the incentive). This continued use of an 18-year amortization period for actuarial experience gains and losses or assumption changes was done after an extensive review of funding policy. In fact, an actual funding policy document was developed and adopted in 2014 as a result of that review.

The District's UAAL and Contribution Rates

The District is the only employer in Cost Group #12 in the annual funding actuarial valuation. Consistent with current policy, their UAAL is amortized in layers over various periods that range from 8 years to 18 years as of December 31, 2014. The District's total UAAL as of December 31, 2014 is about \$15 million. The UAAL amortization layers and the periods remaining for each layer as of December 31, 2014 are shown on Attachment #1, which is taken from Exhibit J of the December 31, 2014 actuarial valuation report (see page 78).

The District's employer contribution rates (as a percent of payroll) from the last two actuarial valuations are shown in the table below:

Valuation Date	December 31, 2014	December 31, 2013
Normal Cost	21.92%	23.01%
UAAL	67.35%	87.22%
Total	89.27%	110.23%

The large decrease in the District's UAAL rate was due to a significant increase in their payroll between the two valuation dates. This payroll increase is why the District requested that their UAAL contribution starting with the 2014/15 fiscal year be determined as a dollar amount rather than on the rates above. This was to prevent the increase in the amount of UAAL dollar contributions from the District that would have resulted from applying the prior rate (reflecting the earlier lower payroll) to the higher actual payroll. We understand that this may be a temporary increase in payroll, and determining the District's UAAL contribution as a dollar amount will prevent a decrease in the UAAL dollar contributions from the District that would result from applying the temporarily low rate (reflecting the temporarily higher payroll) to the ultimately decreased payroll. The Board approved this request in 2014.

Please note that the current request does not revisit or reopen the issue of determining the District's UAAL payments as a dollar amount.

Discussion

From an actuarial perspective, we would recommend against a 30-year fresh start amortization of all of the District's UAAL. This is based on the reasoning provided during our review and development of CCCERA's actuarial funding policy. Many of those reasons were also part of guidelines regarding actuarial funding policies issued by the California Actuarial Advisory Panel (CAAP) and the Conference of Consulting Actuaries Public Plan Community (CCA PPC).

We note one of the goals shown in CCCERA's actuarial funding policy:

To seek reasonable and equitable allocation of the cost of benefits over time including the goal that annual contribution should, to the extent reasonably possible, maintain a close relationship to both the expected cost of each year of service and to variations around that expected cost.

The current amortization policy of using 18-year layers is consistent with that goal and also avoids negative amortization. Negative amortization (which can only occur under level percent of pay amortization) is a situation where the UAAL increases during the early years of the amortization period even though contributions are being made to amortize the UAAL. This happens because with level percent of pay amortization, the lower early payments can actually be less than interest on the outstanding balance, so that in the early years outstanding balance increases instead of decreases. Note that this only happens when the amortization period is longer than about 18 years. Based on the previous actions taken by the Retirement Board in 2009 and 2014 and our related discussions with them, we understand that the Board specifically intended to use an amortization period that has no negative amortization.

In addition, the guidance developed by the CAAP and the CCA PPC categorizes a 30-year amortization period as a non-recommended practice due to the fact that it is inconsistent with the policy goal stated above and the large amount of negative amortization that occurs.

Attachment #2 shows the District's projected UAAL payments under both the current amortization policy (red diamonds) and the requested 30-year fresh start amortization period (green squares). Attachment #3 shows the projected outstanding balance of the District's UAAL under the same amortization alternatives. No future actuarial gains or losses are assumed in this projection. Attachment #3 shows that negative amortization occurs during the first eleven years of the 30-year amortization and that the outstanding balance only falls below the beginning value in the last ten years.

Proposed 18-Year Fresh Start Amortization Period

If the Board wishes to consider acting on the District's request, we would recommend for consideration an 18-year fresh start amortization period for the District's UAAL. This would not result in negative amortization and would be consistent with the goals of the funding policy. Attachments #2 and #3 also show the projected UAAL payments and the projected outstanding balance of the District's UAAL under an 18-year fresh start amortization period (blue circles). Note that since this employer is in their own cost group, this should not have any impact on other employers.

As shown in Attachment #2, based on the December 31, 2014 actuarial valuation, an 18-year fresh start amortization (blue circles) of the District's UAAL would result in a decrease in the District's contribution rate of about 17% of payroll as compared to a decrease of about 32% of payroll under the 30-year fresh start amortization period. Attachment #3 shows that the 18-year fresh start amortization period would also result in the current UAAL being amortized over roughly the same time period as the current amortization layers.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

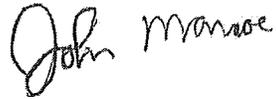
Ms. Gail Strohl
July 15, 2015
Page 4

We look forward to discussing this information with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Angelo". The signature is fluid and cursive, with a large initial "P" and "A".

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary

A handwritten signature in black ink, appearing to read "John Monroe". The signature is cursive, with a large initial "J" and "M".

John Monroe, ASA, MAAA, EA
Vice President & Actuary

JZM/lsm
Enclosures

cc: Kurt Schneider

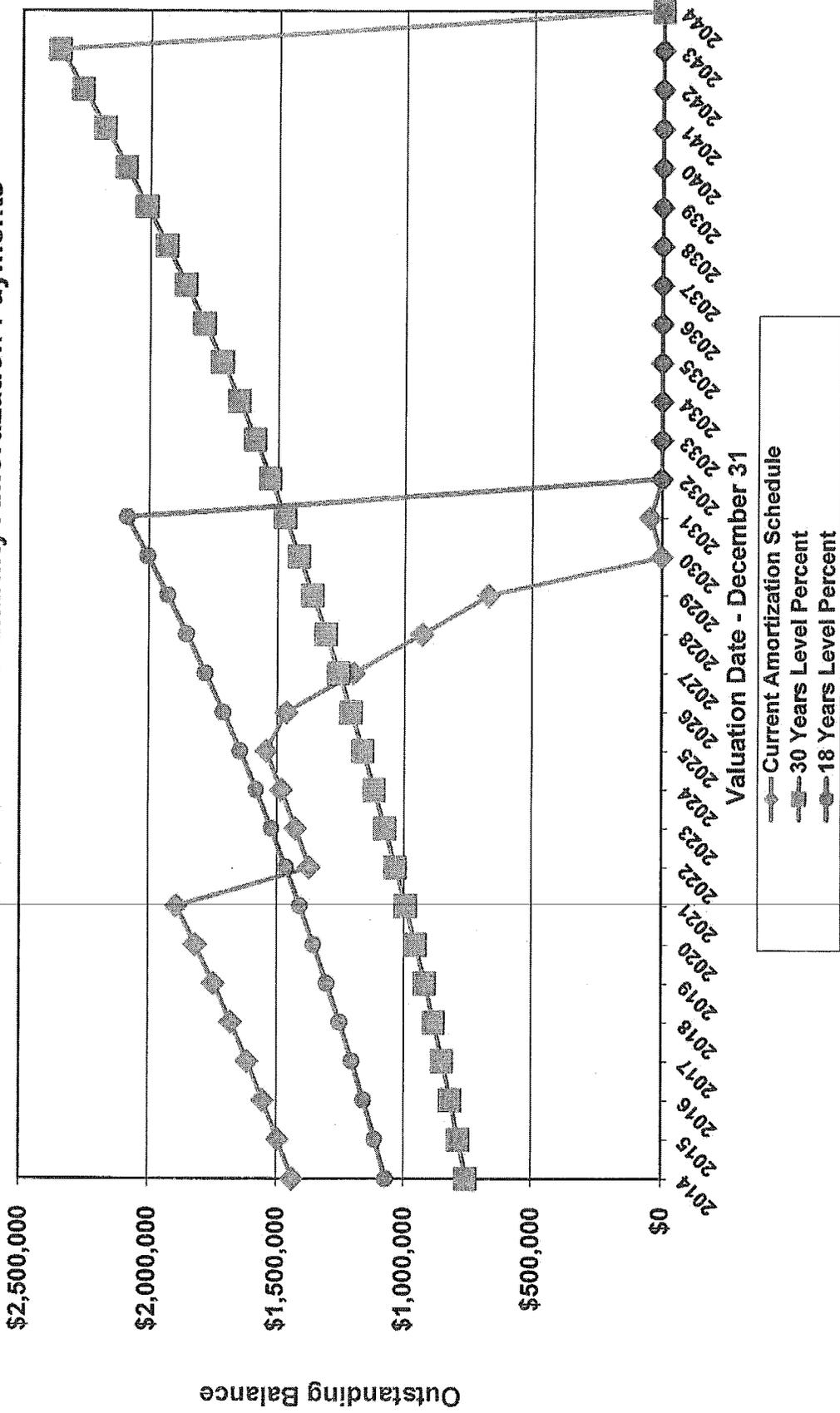
Attachment #1

EXHIBIT J (continued)
Table of Amortization Bases

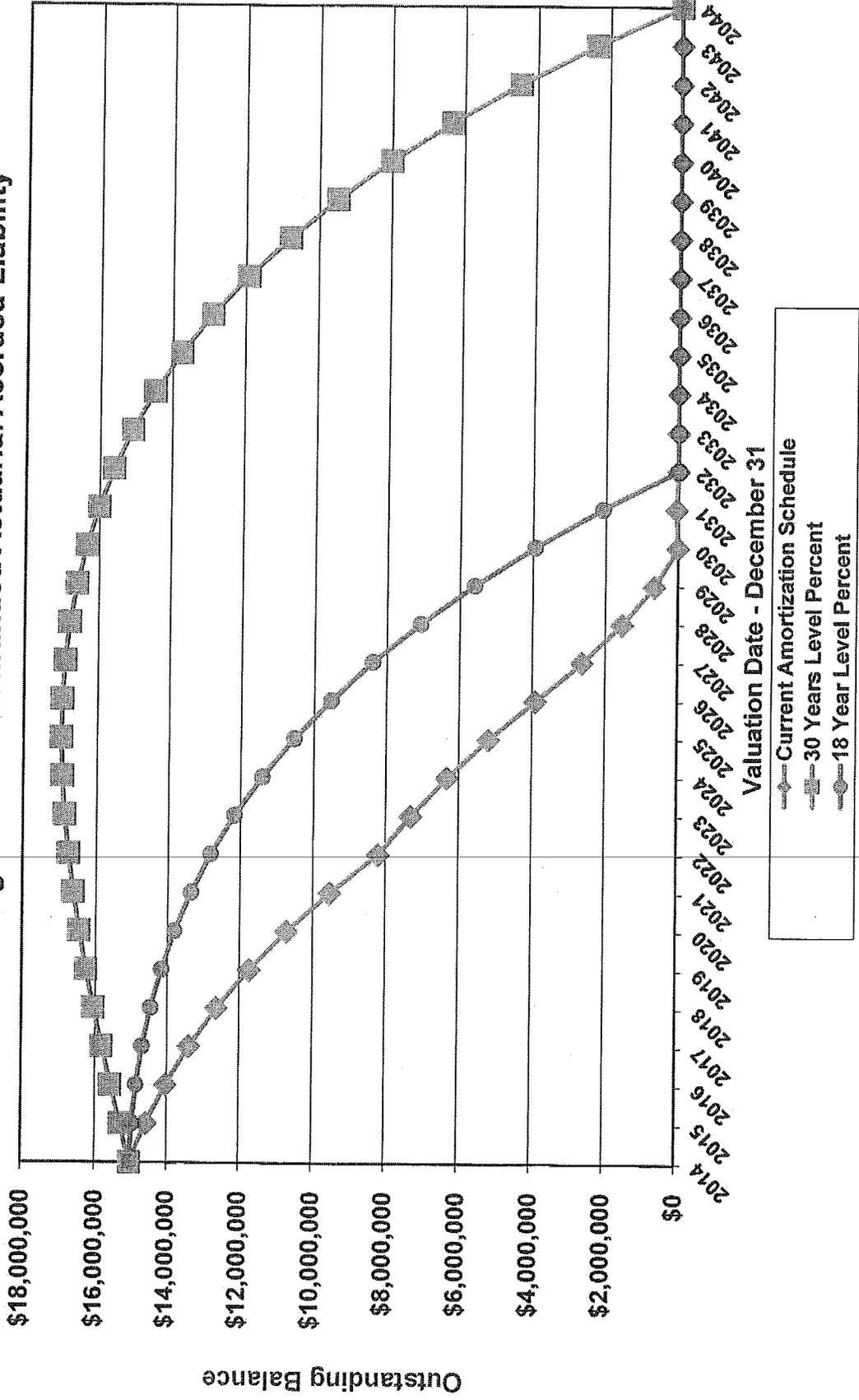
	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment ⁽¹⁾
Cost Group #12	December 31, 2007	Restart of Amortization	\$3,960,000	\$3,129,342	8	\$451,342
Rodeo-Hercules Fire	December 31, 2008	Actuarial (Gain)/Loss	957,150	891,220	12	90,846
Protection District	December 31, 2009	Actuarial (Gain)/Loss	2,872,360	2,736,403	13	261,212
	December 31, 2009	Assumption Change ⁽²⁾	1,154,000	1,099,378	13	104,945
	December 31, 2009	Depooling Implementation	(1,809,374)	(1,723,731)	13	(164,544)
	December 31, 2010	Actuarial (Gain)/Loss	1,502,503	1,456,250	14	130,944
	December 31, 2010	Assumption Change ⁽³⁾	662,085	641,703	14	57,701
	December 31, 2011	Actuarial (Gain)/Loss	2,067,217	2,028,164	15	172,654
	December 31, 2012	Actuarial (Gain)/Loss	2,246,131	2,221,024	16	179,784
	December 31, 2012	Assumption Change ⁽²⁾	3,018,796	2,985,053	16	241,629
	December 31, 2013	Actuarial (Gain)/Loss	413,088	411,469	17	31,793
	December 31, 2013	Assumption Change ⁽²⁾	(1,169,821)	(1,165,237)	17	(90,033)
	December 31, 2014	Actuarial (Gain)/Loss	315,937	<u>315,937</u>	18	<u>23,380</u>
Total for Cost Group #12				\$15,026,974		\$1,491,653

Note: Results may not add due to rounding.

Attachment #2
Rodeo-Hercules Fire Protection District
Unfunded Actuarial Accrued Liability Amortization Payments



Attachment #3
 Rodeo-Hercules Fire Protection District
 Outstanding Balance of Unfunded Actuarial Accrued Liability



From: Harvey L. Leiderman
Direct Phone: +1 415 659 5914
Email: HLeiderman@reedsmith.com

Reed Smith LLP
101 Second Street
Suite 1800
San Francisco, CA 94105-3659
+1 415 543 8700
Fax +1 415 391 8269
reedsmith.com

By Electronic Mail

To: Board of Retirement
Contra Costa County Employees' Retirement Association

Date: July 22, 2015

Subject: Rodeo Hercules Fire Protection District
Request for Extension of UAAL Amortization Period

The Rodeo Hercules Fire Protection District ("District") is a participating plan sponsor in the Contra Costa County Employees' Retirement Association ("CCCERA"). By letter to Kurt Schneider of CCCERA, dated February 26, 2015, the District has requested that the Board re-set the amortization period for satisfaction of the District's current unfunded actuarial accrued liability ("UAAL") attributable to the cost of providing retirement benefits promised to its employees.

The basis of the District's request is its anticipated inability to pay the required employer contributions due to CCCERA, commencing as of July 1, 2015 and thereafter.

You have asked us to advise you on whether it would be a prudent exercise of the Board's authority to agree to the District's request.

THE LEGAL CONTEXT

The Board has the absolute right and responsibility to "administer the system in a manner that will assure prompt delivery of benefits...to participants and their beneficiaries." CA Const. Art. XVI, sec. 17(a). To accomplish that goal, the Board has been granted the "sole and exclusive power to provide for actuarial services in order to assure the competency of the...system." *Id.*, subd. (e).

To carry out its constitutional mandate, the Board is authorized to engage an independent actuary, who conducts periodic actuarial valuations, evaluates the assets and liabilities of the fund and recommends annual employer and employee contributions that must be made to meet the obligations owed. County Employees' Retirement Law of 1937, Govt. Code sec. 31450, *et seq.* ("CERL"), section 31453. Once established, the Board notifies the County and each participating district of the appropriations to be made and each such employer must comply. CERL sec. 31454. The contributions may be stated as a dollar amount or as a rate to be applied to an employer's expected payroll. CERL sec. 31453.5. The Board may, but is not required to, amortize the UAAL over a period not to exceed 30 years. *Id.*

In October, 2009, following a period in which different CCCERA participating employers elected different retirement benefit formulas for their employees, the Board determined that it was appropriate to "de-pool" CCCERA's participating employers and more closely align each employer's contributions to the benefits that each employer promised to its own employees.¹ For accounting and actuarial purposes, each employer with a numerically significant headcount was placed in its own unique "cost group," and the contributions to be paid by each cost group could differ depending on the benefit formula and demographics of that particular cost group. The District was placed in its own "Cost Group 12."

Consistent with its mandate, the Board has set the contributions to be paid by the District based on the District's unique pension obligations to its employees and retirees, and its own unique demographics. In this manner the Board has maintained a rational nexus between each employer's contributions and its own generated liabilities.

The law affords the Board wide discretion in establishing actuarially based contributions, on the recommendation of its independent actuary. The actuary, in turn, bases its judgment as to its recommendations on its own standards of practice. So long as the actuary certifies that a particular methodology is consistent with accepted actuarial standards of practice, the Board's exercise of discretion should withstand any challenge.

The Board's exercise of discretion is entitled to considerable deference, and will only be overturned if it can be shown that the Board acted "so palpably unreasonable and arbitrary as to indicate an abuse of discretion as a matter of law." *California Teachers Assn. v. Ingwerson* (1996) 46 Cal. App. 4th 860, 867. The California Supreme Court has stated: "In determining whether an abuse of discretion has occurred, a court may not substitute its judgment for that of the administrative board, and if reasonable minds may disagree as to the wisdom of the board's action, its determination must be upheld." *Manjares v. Newton* (1966) 64 Cal. 2nd 365, 370-71. In a slightly different context involving a county retirement board's immunity from liability, a recent appellate court decision explains:

An act or omission is considered discretionary (and subject to immunity) where it involves planning and policymaking. Immunity is considered appropriate for those basic policy decisions which have been expressly committed to coordinate branches of government, because judicial interference with such decisions would be unseemly. To be entitled to immunity the state must make a showing that such a policy decision, consciously balancing risks and advantages, took place. By contrast, lower-level, or ministerial, decisions that merely implement a basic policy already formulated are not entitled to immunity.

* * *

[Article XVI] Section 17 imposes various fiduciary duties on the board. Given the breadth of those duties, section 17 necessarily vests the board with discretion in the manner in which it fulfills those duties. The decision [at issue] necessarily requires a

¹ "De-pooling" also accommodated the ability of the County and district employers to have the proceeds of their individual pension obligation bonds be applied to reduce their separate UAAL obligations, and not confer a windfall on other employers with whom their funds might be "pooled."

judgment based on an evaluation of the merits.... The decision, requiring as it does, comparisons, choices, judgments, and evaluations, comprises the very essence of the exercise of 'discretion' and we conclude that such decisions are immunized..

Nasrawi v. Buck Consultants (2014) 231 Cal. App. 4th 328, 341-42.

Under the Constitution, to be "prudent," the Board's exercise of discretion is measured against "the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims." CA. Constitution, Art. XVI sec. 17(c).

We believe that a prudent trustee acting in response to the District's request would necessarily examine the District's current financial condition and its ability to meet its obligations to the system in the future, and determine whether the District can show that with the relief it seeks, it will be able to "right the ship" financially and meet its obligations to the system as they come due over the long term.

EVALUATION OF THE DISTRICT'S REQUEST

Since receipt of the District's letter, CCCERA staff has communicated with the District to obtain additional financial information, in an effort to better understand the District's financial condition and prognosis. The District has provided some five-year cash flow projections, but no business plan that clearly demonstrates that it is facing only a short-term revenue deficit. The District has not demonstrated an ability in the future to make up for the delayed contributions that would be due to CCCERA if its UAAL amortization were to be extended out over the requested 30 year period. As indicated in the July 15, 2015 analysis prepared by the actuary, Segal Consulting, moving from the current 18 year layered amortization schedule to a restated and consolidated 30 year schedule would result in upwards of 14 years before the first penny of today's UAAL was paid. Let alone any UAAL that might be generated in the future. For the next 14 years, interest-only would be paid on the current debt, and the current debt would grow, not shrink.²

We have previously counseled the Board that it has some reasonable flexibility in accommodating a plan sponsor's short-term financial distress by using acceptable actuarial methodologies to smooth volatility in required contributions. The present request, however, is more a plea to excuse a debt than to smooth over unanticipated short-term spikes in contributions. While the District's fiscal distress is real and palpable, that is not the responsibility of the Board to solve. The Board's singular purpose is to timely collect the contributions necessary to pay for the benefits the District promised its employees.

² Although the Board has a subordinate Constitutional obligation to "minimize employer contributions," (CA Const. Art. XVI sec. 17(b)), granting the District's request would virtually double its required contributions over time, not "minimize" them.

Without a demonstrable ability to resume paying its full pension obligations in the not-too-distant-future, or a strategy to increase its revenue streams, the District is simply asking for debt relief, which the Board has no legal basis to grant. The District has not shown how extending further "credit" to it will in any way jump-start it on the road to financial stability. In fact, even in the short-term, the District's projections point only to continued fiscal peril. Ultimately the burden of the District's inability or unwillingness to right itself financially will inevitably fall on the County (the largest participating employer in the system) and its taxpayers. While the Board has "de-pooled" employers for contribution purposes, CCCERA members and beneficiaries are part of a unified defined benefit plan whose assets must be made available to pay all of the obligations of the system. If the District defaults, most of the consequences will fall on the County.

CONCLUSION

Based upon the material received from the District, the actuary's valuation report as of December 31, 2014, the actuary's July 15, 2015 letter, and applicable law, we cannot recommend that the Board extend the District's entire UAAL amortization for 30 years as a prudent exercise of the Board's authority.

Thank you for the opportunity to advise you on this matter.



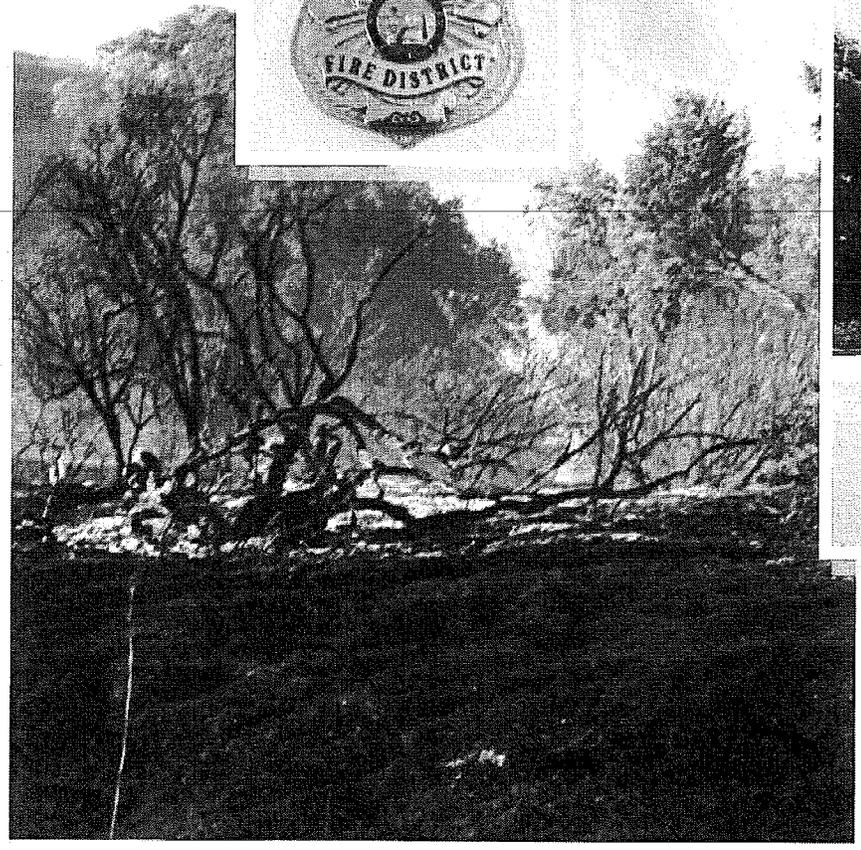
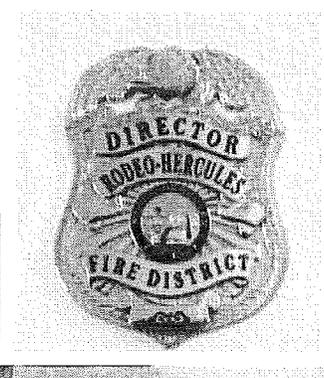
RODEO HERCULES FIRE DISTRICT

MISSION

VALUES

GOALS

- Administration
- Operations
- Prevention
- Focus Areas
- Strategic Initiatives



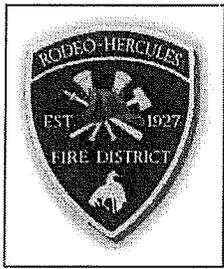
2012-2016

VISION

It is the vision of this organization to provide leadership, promote change, build relationships and continuously seek improvement. We demand the highest performance from ourselves and strive to meet the expectations of our citizens. Through these efforts, our goal simply stated is to make the community a safer place.



RODEO HERCULES FIRE DISTRICT



RODEO HERCULES FIRE DISTRICT

B U S I N E S S P L A N

T A B L E O F C O N T E N T S

MISSION, VALUES, GOALS

Focus Area 2012: Administration, Operations, Prevention

- Initiative (Goal) – Ballot Measure & Board Election
- Initiative (Goal) – Fire Station Master Plan
- Initiative (Goal) – Deployment Analysis
- Initiative (Goal) – Truck Academy
- Initiative (Goal) – Promotional Examinations
- Initiative (Goal) – Prevention Program Maintenance

Focus Area 2013: Administration, Operations, Prevention

- Initiative (Goal) – Balanced Budget
- Initiative (Goal) – Ballot Measure
- Initiative (Goal) – Recruit Academy
- Initiative (Goal) – Vehicle Replacement Program
- Initiative (Goal) – Hire Fire Prevention Staff

Focus Area 2014: Administration, Operations, Prevention

- Initiative (Goal) – Migration to CAFR
- Initiative (Goal) – Election
- Initiative (Goal) – Promotional Examinations
- Initiative (Goal) – Non-Resident Reserve Program
- Initiative (Goal) – Firefighter Careers Academy
- Initiative (Goal) – Fire Code Adoption

Focus Area 2015: Administration, Operations, Prevention

- Initiative (Goal) – Review/Replacement of Information Technology Equipment
- Initiative (Goal) – Implementation of RMS and Telestaff
- Initiative (Goal) – Personal Protective Equipment (PPE) Replacement
- Initiative (Goal) – Investigation Training

Focus Area 2016: Administration, Operations, Prevention

- Initiative (Goal) – Succession Plan
- Initiative (Goal) – Promotional Examinations
- Initiative (Goal) – Election
- Initiative (Goal) – Begin Construction of New Fire Station





RODEO HERCULES FIRE DISTRICT

MISSION STATEMENT

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



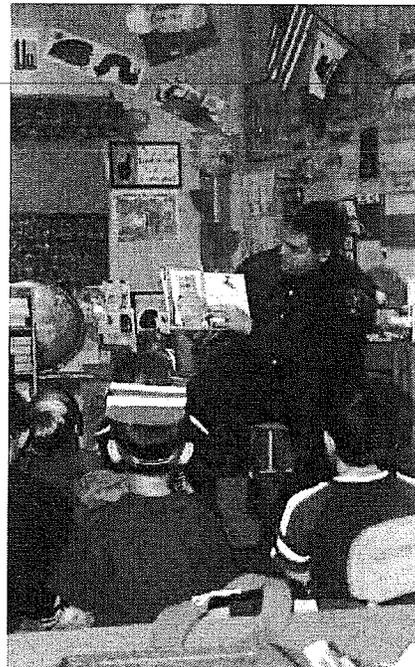
**THE RODEO HERCULES FIRE DISTRICT
DELIVERS SERVICE TO OVER 35,000
PEOPLE IN THE COMMUNITIES OF RODEO,
HERCULES AND UNINCORPORATED
CONTRA COSTA COUNTY**

VALUES

To that end we value

- Service to the community
- Public Trust
- Professionalism
- Educated Work Force
- Compassion
- Team Work
- Safety, Health & Welfare of the Organization

**THROUGH A CONTRACT WITH THE CITY
OF PINOLE, THE FIRE DISTRICT
PROVIDES FIRE CHIEF AND
ADMINISTRATIVE SERVICES TO THE
PINOLE FIRE DEPARTMENT**



RHFD FOCUS AREA 2012:

ADMINISTRATION, OPERATIONS, PREVENTION

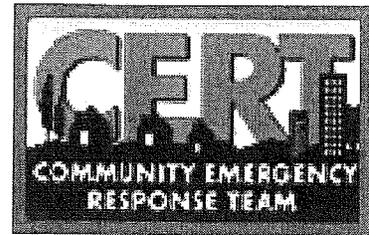
STRATEGY 2012.1 BALLOT MEASURE

Develop full text, staff report, argument, resolution & ordinance for a revenue measure to create fiscal stability for the organization and ensure the Fire District will continue to operate to fully staff fire companies to meet the needs of the community.

RESPONSIBLE: FIRE CHIEF, CONSULTANT, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER, BOARD CHAIR

COMPLETION: JUNE 2012

PRIORITY: HIGH



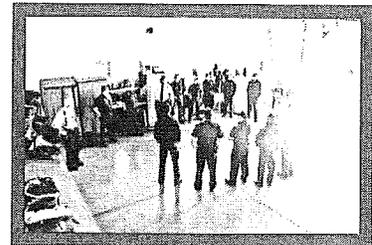
STRATEGY 2012.2 WORKSHOP

Develop options, PowerPoint presentation, community outreach mailer and frequently asked questions (FAQs) for a Board of Directors workshop specifically intended to review revenue options available to the Fire District in 2012-13.

RESPONSIBLE: FIRE CHIEF, CONSULTANT, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER,

COMPLETION: JUNE 2012

PRIORITY: HIGH



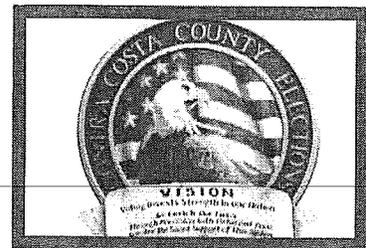
STRATEGY 2012.3 BOARD ELECTION

Distribute election requirements, monitor Board of Directors and Fire District responsibilities, develop resolution and request consolidation with 2012 General Election

RESPONSIBLE: FIRE CHIEF, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER,

COMPLETION: NOVEMBER 2012

PRIORITY: HIGH



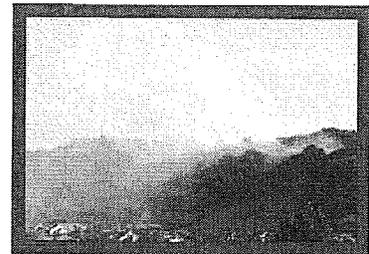
STRATEGY 2012.4 MASTER PLAN

Perform a needs assessment, determine service requirements, establish proposed improvements, create Cost Benefit Analysis, identify projected future maintenance and establish a Capital Improvement Program.

RESPONSIBLE: FIRE CHIEF, CONSULTANT, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF

COMPLETION: JUNE 2013

PRIORITY: HIGH



A D M I N I S T R A T I O N , O P E R A T I O N S , P R E V E N T I O N

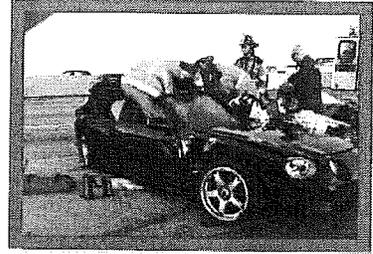
STRATEGY 2012.5 DEPLOYMENT ANALYSIS

Designate a program manager, identify critical tasks, measure historical emergency response patterns and establish performance measures within the designated boundaries of the Fire District to provide a means for decision makers to assess response effectiveness and determine optimal locations.

**RESPONSIBLE: FIRE CHIEF, BATTALION CHIEF,
ADMINISTRATIVE SERVICES OFFICER**

COMPLETION: DECEMBER 2013

PRIORITY: HIGH

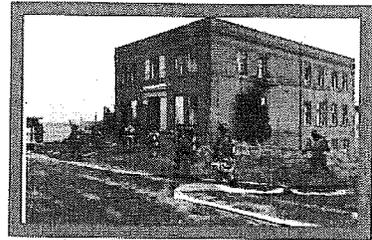
**STRATEGY 2012.6 TRUCK ACADEMY**

Develop an instructor cadre, lesson plans, training material, props, student behavioral outcomes and deliver a comprehensive battalion wide truck academy including essential tasks, primary functions, support functions and effective use of tools and apparatus.

RESPONSIBLE: FIRE CHIEF, BATTALION CHIEF

COMPLETION: JUNE 2013

PRIORITY: HIGH

**STRATEGY 2012.7 PROMOTIONAL EXAMS**

Conduct examinations for the following positions: Battalion Chief, Fire Captain, Engineer and Firefighter in order to fill vacancies within the Fire District, in compliance with applicable laws and procedures.

**RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES
OFFICER, BATTALION CHIEF, FIRE CAPTAIN (S)**

COMPLETION: DECEMBER 2012

PRIORITY: HIGH

**STRATEGY 2012.8 FIRE PREVENTION**

Modify the existing Company Inspection Program for one on duty crew, continue code enforcement, plan check and permits/fee collection utilizing existing staff and part time fire inspectors and contract with Contra Costa County Fire Protection District for fire investigation services on a per hour basis.

**RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE
SERVICES OFFICER, FIRE INSPECTOR**

COMPLETION: JUNE 2012

PRIORITY: HIGH



ADMINISTRATION, OPERATIONS, PREVENTION

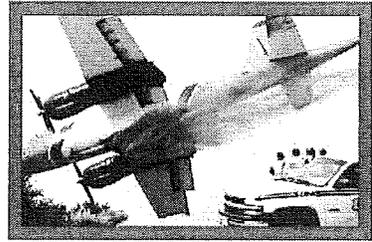
STRATEGY 2013.1 BUDGET

Develop a sustainable, cyclically balanced budget, enabling the Fire District to operate at full strength, with a plan to restore sufficient reserves over time to carry the Fire District through dry periods.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BOARD OF DIRECTORS

COMPLETION: JUNE 2013

PRIORITY: HIGH

**STRATEGY 2013.2 BALLOT MEASURE**

Following the direction and legislative action of the Board of Directors prepare a ballot measure for a consolidated election parcel tax, "special mail" parcel tax or proposition 218(XIIID) benefit assessment for spring of 2013.

RESPONSIBLE: FIRE CHIEF, CONSULTANT, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER, BOARD OF DIRECTORS

COMPLETION: JANUARY 2013

PRIORITY: HIGH

**STRATEGY 2013.3 RECRUIT ACADEMY**

Conduct a 636 hour Recruit Training Academy that will include comprehensive classroom instruction as well as training in firefighting techniques and equipment use. The Recruit Training Academy is pass/fail and recruits are evaluated on a daily basis.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: JUNE 2013

PRIORITY: HIGH

**STRATEGY 2013.4 VEHICLE REPLACEMENT**

Implement the elements and recommendations of the Fleet Management Study including best practices for apparatus replacement, repair, troubleshooting and preventive maintenance that are unique to fire apparatus. Develop specifications and seek out grants, public/private partnerships, alternative revenue streams and/or specified funding sources.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF

COMPLETION: JUNE 2014

PRIORITY: HIGH



ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2013.1 PREVENTION STAFF

Conduct a recruitment for full time or half time fire prevention position to perform plan checks, code enforcement, develop and present public education presentations and oversee the company inspection program.



RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER

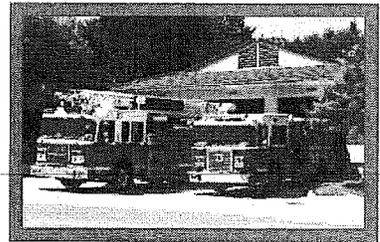
COMPLETION: DECEMBER 2013

PRIORITY: MEDIUM

ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2014.1 MIGRATION TO CAFR

The Fire District is audited annually and follows generally accepted accounting principles (GAAP) for its financial and budgetary practices. A CAFR is a conforming and complete set of financial documents that represents what has occurred in the agency over several decades.



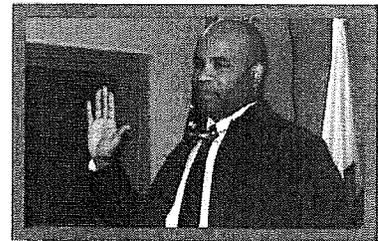
RESPONSIBLE: ADMINISTRATIVE SERVICES OFFICER

COMPLETION: JUNE 2015

PRIORITY: MEDIUM

STRATEGY 2014.2 BOARD ELECTION

Distribute election requirements, monitor Board of Directors and Fire District responsibilities, develop resolution and request consolidation with 2014 General Election



RESPONSIBLE: FIRE CHIEF, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER,

COMPLETION: NOVEMBER 2014

PRIORITY: HIGH

ADMINISTRATION, OPERATIONS, PREVENTION

STRATEGY 2014.3 PROMOTIONAL EXAMS

Conduct examinations for the following positions: Battalion Chief, Fire Captain, Engineer and Firefighter in order to fill vacancies within the Fire District, in compliance with applicable laws and procedures.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: DECEMBER 2014

PRIORITY: HIGH

**STRATEGY 2014.4 RESERVE PROGRAM**

Establishment of a Non-Resident Reserve Program to replace the existing Reserve Firefighter Program and remove residency requirements. Under direct supervision Reserve Firefighters assist Fire District personnel with some firefighting and emergency medical activities.

RESPONSIBLE: FIRE CHIEF, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: JANUARY 2014

PRIORITY: HIGH

**STRATEGY 2014.5 CAREERS ACADEMY**

Develop curriculum and conduct a 40 hour Careers Academy that will include classroom instruction as well as an introduction to firefighting techniques and equipment use. The Careers Academy is a high school based program and attendees are evaluated on a consistent basis.

RESPONSIBLE: FIRE CHIEF, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: JUNE 2014

PRIORITY: MEDIUM

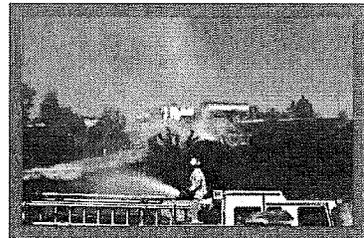
**STRATEGY 2014.6 FIRE CODE ADOPTION**

Adoption of fire codes and standards, as well as increased public awareness of safety practices, have resulted in substantial reductions in loss of life and property. The Fire District works with community partners to adopt and amend the latest version of the California Fire Code in a consistent manner to ensure uniform enforcement throughout Contra Costa County.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, FIRE PREVENTION

COMPLETION: JANUARY 2015

PRIORITY: HIGH



ADMINISTRATION, OPERATIONS, PREVENTION

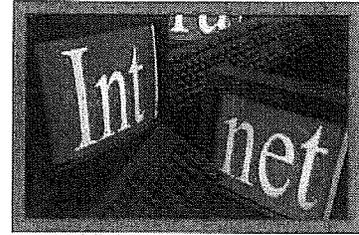
STRATEGY 2015.1 INFO TECHNOLOGY

Develop policies and procedures for review, upgrade and replacement as necessary of outdated computer equipment and work stations to allow for more predictable on-going costs. This will ensure we are including the predicted software/hardware life cycle when making budget decisions and appropriations.

RESPONSIBLE: ADMINISTRATIVE SERVICES OFFICER

COMPLETION: DECEMBER 2015

PRIORITY: HIGH



STRATEGY 2015.2 RMS & TELESTAFF

An integrated computer based Record Management System and a web accessible staffing program is operationally more efficient and allows consistent flow of information to electronically populate critical legal documents, allows consistent accountability and resource management.

RESPONSIBLE: ADMINISTRATIVE SERVICES OFFICER

COMPLETION: JANUARY 2015

PRIORITY: MEDIUM



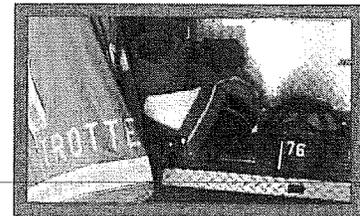
STRATEGY 2015.3 PPE

The Fire District is responsible for the repair and replacement of vital firefighting Personal Protective Equipment (PPE). Employees rely on these garments to protect them from the harmful effects of high temperature environments and the harmful products of combustion.

RESPONSIBLE: FIRE CHIEF, BATTALION CHIEF, FIRE CAPTAIN (S)

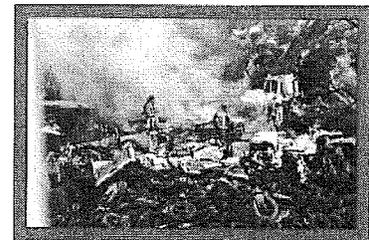
COMPLETION: JUNE 2015

PRIORITY: HIGH



STRATEGY 2015.4 FIRE INVESTIGATION

The Fire District is responsible for the investigation and cause determination of all fires within its boundaries. Currently the Fire District relies on Contra Costa County Fire Protection District to investigate fires within the communities of Rodeo and Hercules. Fire investigation training will allow Fire District personnel to perform this function.



RESPONSIBLE: FIRE CHIEF, FIRE PREVENTION

COMPLETION: DECEMBER 2015

PRIORITY: MEDIUM

ADMINISTRATION, OPERATIONS, PREVENTION

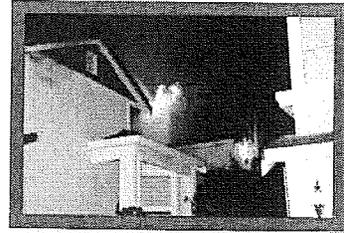
STRATEGY 2016.1 SUCCESSION PLAN

Develop a comprehensive succession plan and employee development program that provides for a consistent transition of responsibility with the three (3) functional areas of the Fire District (Administration, Operations, Prevention).

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: DECEMBER 2016

PRIORITY: HIGH

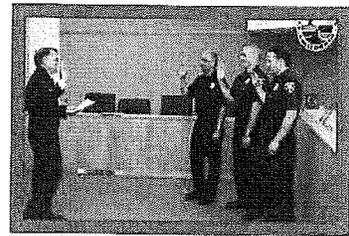
**STRATEGY 2016.2 PROMOTIONAL EXAMS**

Conduct examinations for the following positions: Battalion Chief, Fire Captain, Engineer and Firefighter in order to fill vacancies within the Fire District, in compliance with applicable laws and procedures.

RESPONSIBLE: FIRE CHIEF, ADMINISTRATIVE SERVICES OFFICER, BATTALION CHIEF, FIRE CAPTAIN (S)

COMPLETION: DECEMBER 2016

PRIORITY: HIGH

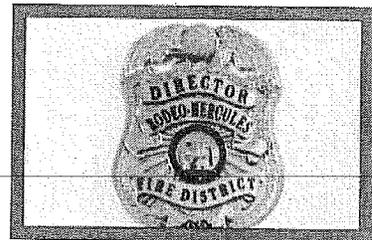
**STRATEGY 2016.3 BOARD ELECTION**

Distribute election requirements, monitor Board of Directors and Fire District responsibilities, develop resolution and request consolidation with 2016 General Election

RESPONSIBLE: FIRE CHIEF, GENERAL COUNSEL, ADMINISTRATIVE SERVICES OFFICER,

COMPLETION: NOVEMBER 2016

PRIORITY: HIGH

**STRATEGY 2014.6 NEW FIRE STATION**

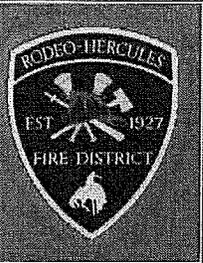
Complete environmental assessment, develop plans and specifications and ensure funding for the construction of a new fire station to replace a fire station constructed in 1927. Technology will be utilized to optimize a new facility that would consolidate all Fire District operations on one centralized campus and allow for better response times and service to the communities of Rodeo and Hercules.

RESPONSIBLE: FIRE CHIEF, BOARD OF DIRECTORS

COMPLETION: OCTOBER 2017

PRIORITY: HIGH





RODEO HERCULES FIRE DISTRICT



RODEO HERCULES FIRE DISTRICT

1680 Refugio Valley Road , Hercules CA 94547

510-799-4561

RODEO-HERCULES FIRE PROTECTION DISTRICT

SAFER GRANT FUNDING

2015-16 (7802)

11-Feb-15

<u>SALARIES & BENEFITS</u>	1st year (14/15)	2nd year (15/16)	3rd Year (16/17)	
	Final	Final	Veterans	
Holiday	\$34,713	\$39,053	\$15,428	0
Salary	\$405,000	\$463,500	\$257,836	
Unemployment	\$0	\$0	\$0	
Medic	\$27,893	\$27,890	\$9,297	
FLSA	\$12,048	\$13,421	\$5,604	
FICA	\$8,100	\$9,270	\$4,032	
Retirement	\$467,611	\$504,201	\$260,213	
Group Insurance	\$138,336	\$147,463	\$67,547	
Uniform	\$5,940	\$5,940	\$2,640	
W/C	\$71,151	\$76,464	\$35,683	
TOTAL:	\$1,170,792	\$1,287,202	\$658,280	

RODEO-HERCULES FIRE PROTECTION DISTRICT
 FY 2014/2015 FINANCIAL REPORT FOR YEAR-END JUNE 30, 2015

28-May-15

	District Operations 3011(7800)	2014 Fire Assessment 3012	SAFER Grant No. 2 3020(7802)	Capital Projects No. 1 3021(7801)	Hercules Dev Fees 3022(7822)	Rodeo Dev Fees 8514	Memorandum Totals
FUND BALANCES AS OF JULY 1, 2014	\$1,008,677	\$0	\$1,750	\$258,888	\$350	\$14,350	\$1,284,015
REVENUES							
Taxes (minus Hercules Pass-Thru)	\$2,674,487						
Intergovernmental Revenue	\$250,189						
Homeowners Tax Relief	\$40,000						
Charges for Service	\$104,500						
Special Tax/Fire (Benefit Assessment)	\$1,335,996						
Phillips 66 - Capital				\$50,000			
'2014 Benefit Assessment		\$946,292	\$1,170,792				
SAFER Grant Revenue							
TOTAL SOURCES OF REVENUE	\$4,405,172	\$946,292	\$1,170,792	\$50,000	\$0	\$0	\$6,572,256
EXPENDITURES							
Salaries and Benefits	\$5,409,237						
Services and Supplies	\$5,409,237	\$8,643	\$1,170,792	\$158,105			
Apparatus/Equipment Purchase							
Levy Code Fee		\$8,643	\$1,170,792	\$158,105	\$0	\$0	\$6,746,777
TOTAL EXPENDITURES	\$10,818,474	\$17,286	\$2,341,584	\$316,210	\$0	\$0	\$13,573,554
INTERNAL TRANSFERS							
Reserve for Safer Grant	-\$200,000		\$200,000				
Reserve for Safer Grant	\$200,000		-\$200,000				
2014 Benefit Assessment Defense	\$98,972	-\$98,972					
TOTAL TRANSFERS	\$98,972	-\$98,972	\$0	\$0	\$0	\$0	\$0
ANNUAL SURPLUS (DEFICIT)	-\$1,103,037	\$1,036,621	\$0	-\$108,105	\$0	\$0	-\$174,521
FUND BALANCES AS OF JUNE 30, 2015	\$103,584	\$838,677	\$1,750	\$150,783	\$350	\$14,350	\$1,109,495
FUND BALANCES AS OF JUNE 30, 2015	\$103,584	\$838,677	\$1,750	\$150,783	\$350	\$14,350	\$1,109,495

RODEO-HERCULES FIRE PROTECTION DISTRICT
 FY 2015/2016 FINANCIAL REPORT FOR YEAR-END JUNE 30, 2016

28-May-15

	District Operations 3011(7800)	Fire Assessment 3012	SAFER Grant No. 2 3020(7802)	Capital Projects No. 1 3021(7801)	Hercules Dev Fees 3022(7822)	Rodeo Dev Fees 8514	Memorandum Totals
FUND BALANCES AS OF JULY 1, 2015	\$103,584	\$838,677	\$1,750	\$158,783	\$350	\$14,350	\$1,109,494

REVENUES

Taxes (minus Hercules Pass-Thru) (9% estimated increase)	\$2,915,191						
Intergovernmental Revenue	\$250,189						
Homeowners Tax Relief	\$40,000						
Charges for Service	\$104,500				\$100,000		
Special Tax/Fire (Benefit Assessment)	\$1,335,996						
Phillips 66 - Capital				\$50,000			
'2014 Benefit Assessment		\$947,106					
SAFER Grant Revenue		\$1,287,202					
TOTAL SOURCES OF REVENUE	\$4,645,876	\$947,106	\$1,287,202	\$50,000	\$100,000	\$0	\$7,030,183

EXPENDITURES

Salaries and Benefits (With new amortization)	\$3,978,627						
Services and Supplies	\$756,837						
Apparatus/Equipment Purchase				\$137,213			
Investment Services							
TOTAL EXPENDITURES	\$4,735,464	\$0	\$1,287,202	\$137,213	\$0	\$0	\$6,159,879

INTERNAL TRANSFERS

TOTAL TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL SURPLUS (DEFICIT)	-\$89,588	\$947,106	\$0	-\$87,213	\$100,000	\$0	\$870,304
FUND BALANCES AS OF JUNE 30, 2016	\$13,996	\$1,785,783	\$1,750	\$63,570	\$100,350	\$14,350	\$1,979,798

FUND BALANCES AS OF JUNE 30, 2016

1516Final
05/28/15

RODEO-HERCULES FIRE PROTECTION DISTRICT
 FY 2016/2017 FINANCIAL REPORT FOR YEAR-END JUNE 30, 2017

28-May-15

	District Operations 3011(7800)	Fire Assessment 3012	SAFER Grant No. 2 3020(7802)	Capital Projects No. 1 3021(7801)	Hercules Dev Fees 3022(7822)	Rodeo Dev Fees 8514	Memorandum Totals
FUND BALANCES AS OF JULY 1, 2016	\$13,996	\$1,785,783	\$1,750	\$63,570	\$100,350	\$14,350	\$1,979,799
REVENUES							
Taxes (minus Hercules Pass-Thru) (4% estimated increase)	\$3,031,799						
Intergovernmental Revenue	\$250,189						
Homeowners Tax Relief	\$40,000						
Charges for Service	\$104,500				\$100,000		
Special Tax/Fire (Benefit Assessment)	\$1,335,996						
Phillips 66 - Capital				\$50,000			
'2014 Benefit Assessment		\$947,106 *					
SAFER Grant Revenue			\$658,580				
TOTAL SOURCES OF REVENUE	\$4,762,484	\$947,106	\$658,580	\$50,000	\$100,000	\$0	\$6,518,169
EXPENDITURES							
Salaries and Benefits (With new amortization)	\$3,978,627						
Services and Supplies	\$756,837						
Apparatus/Equipment Purchase				\$137,213			
Investment Services							
TOTAL EXPENDITURES	\$4,735,464	\$0	\$658,580	\$137,213	\$0	\$0	\$5,531,257
INTERNAL TRANSFERS							
TOTAL TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL SURPLUS (DEFICIT)	\$27,020	\$947,106	\$0	-\$87,213	\$100,000	\$0	\$986,912
FUND BALANCES AS OF JUNE 30, 2017	\$41,016	\$2,732,889	\$1,750	-\$23,643	\$200,350	\$14,350	\$2,966,711
FUND BALANCES AS OF JUNE 30, 2017	\$41,016	\$2,732,889	\$1,750	-\$23,643	\$200,350	\$14,350	\$2,966,711

05/28/15

*Does not include the allowable 4% CPI annual increase

RODEO-HERCULES FIRE PROTECTION DISTRICT
 FY 2017/2018 FINANCIAL REPORT FOR YEAR-END JUNE 30, 2018

28-May-15

	District Operations 3011(7800)	Fire Assessment 3012	SAFER Grant No. 2 3020(7802)	Capital Projects No. 1 3021(7801)	Hercules Dev Fees 3022(7822)	Rodeo Dev Fees 8514	Memorandum Totals
FUND BALANCES AS OF JULY 1, 2017	\$41,016	\$2,732,889	\$1,750	-\$23,643	\$200,350	\$14,350	\$2,966,712
REVENUES							
Taxes (minus Hercules Pass-Thru) (4% estimated increase)	\$3,153,071						
Intergovernmental Revenue	\$250,189						
Homeowners Tax Relief	\$40,000						
Charges for Service	\$104,500				\$100,000		
Special Tax/Fire (Benefit Assessment)	\$1,335,996						
Phillips 66 - Capital				\$50,000			
'2014 Benefit Assessment		\$947,106 *					
SAFER Grant Revenue			\$0	\$50,000	\$100,000	\$0	\$5,980,862
TOTAL SOURCES OF REVENUE	\$4,883,756	\$947,106	\$0	\$50,000	\$100,000	\$0	\$5,980,862
EXPENDITURES							
Salaries and Benefits (With new amortization)	\$3,978,627						
Services and Supplies	\$756,837			\$137,213			
Apparatus/Equipment Purchase							
Investment Services							
TOTAL EXPENDITURES	\$4,735,464	\$0	\$0	\$137,213	\$0	\$0	\$4,872,677
INTERNAL TRANSFERS							
TOTAL TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL SURPLUS (DEFICIT)	\$148,292	\$947,106	\$0	-\$87,213	\$100,000	\$0	\$1,108,185
FUND BALANCES AS OF JUNE 30, 2018	\$189,308	\$3,679,995	\$1,750	-\$110,856	\$300,350	\$14,350	\$4,074,897
FUND BALANCES AS OF JUNE 30, 2018	\$189,308	\$3,679,995	\$1,750	-\$110,856	\$300,350	\$14,350	\$4,074,897

05/28/15

*Does not include the allowable 4% CPI annual increase

RODEO-HERCULES FIRE PROTECTION DISTRICT
 FY 2018/2019 FINANCIAL REPORT FOR YEAR-END JUNE 30, 2019

28-May-15

District Operations	Fire Assessment	SAFER Grant No. 2	Capital Projects No. 1	Hercules Dev Fees	Rodeo Dev Fees	Memorandum
3011(7800)	3012	3020(7802)	3021(7801)	3022(7822)	8514	Totals
\$189,308	\$3,679,995	\$1,750	-\$110,856	\$300,350	\$14,350	\$4,074,897

FUND BALANCES AS OF JULY 1, 2018

REVENUES

Taxes (minus Hercules Pass-Thru) (4% estimated increase)	\$3,279,194
Intergovernmental Revenue	\$250,189
Homeowners Tax Relief	\$40,000
Charges for Service	\$104,500
Special Tax/Fire (Benefit Assessment)	\$1,335,996
Phillips 66 - Capital	
'2014 Benefit Assessment	\$947,106 *
SAFER Grant Revenue	\$0
TOTAL SOURCES OF REVENUE	\$4,762,484

EXPENDITURES

Salaries and Benefits (With new amortization)	\$3,978,627
Services and Supplies	\$756,837
Apparatus/Equipment Purchase	
Investment Services	\$137,213
TOTAL EXPENDITURES	\$4,735,464

INTERNAL TRANSFERS

TOTAL TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL SURPLUS (DEFICIT)	\$27,020	\$947,106	-\$87,213	\$100,000	\$0	\$986,912
FUND BALANCES AS OF JUNE 30, 2019	\$216,328	\$4,627,101	-\$198,069	\$400,350	\$14,350	\$5,061,809

FUND BALANCES AS OF JUNE 30, 2019

District Operations	Fire Assessment	SAFER Grant No. 2	Capital Projects No. 1	Hercules Dev Fees	Rodeo Dev Fees	Memorandum
3011(7800)	3012	3020(7802)	3021(7801)	3022(7822)	8514	Totals
\$41,016	\$3,679,995	\$1,750	-\$198,069	\$400,350	\$14,350	\$3,939,391

05/28/15

*Does not include the allowable 4% CPI annual increase

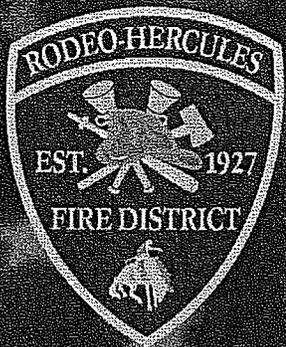
Five Year Revenue Projection
01-Apr-15

2014/15 REVENUES

	District Operations 3011(7800)	SAFER Grant No. 2 3020(7802)	Capital Projects No. 1 3021(7801)	Hercules Dev Fees 3022(7822)	Rodeo Dev Fees 8514	Memorandum Totals
Taxes (minus Hercules Pass-Thru)	\$2,639,487					
Intergovernmental Revenue	\$250,189					
Homeowners Tax Relief	\$40,000					
Charges for Service	\$104,500					
Prop 218 Benefit Assessment	\$2,282,288		\$50,000			
Phillips 66 - Capital						
Developer Impact Fees		\$1,170,792		\$100,000		
SAFER Grant Revenue						

TOTAL SOURCES OF REVENUE

2014/15 Projected Revenues	\$5,316,464	\$1,170,792	\$50,000	\$100,000	\$0	\$6,637,256
2015/16 Projected Revenues	\$5,529,123	\$1,287,202	\$50,000	\$100,000	\$0	\$6,966,325
2016/17 Projected Revenues	\$5,750,287	\$658,280	\$50,000	\$100,000	\$0	\$6,558,567
2017/18 Projected Revenues	\$5,950,299	\$0	\$50,000	\$100,000	\$0	\$6,130,299
2018/19 Projected Revenues	\$6,219,511	\$0	\$0	\$0	\$0	\$6,219,511



STRATEGIC PLAN

2012



RODEO HERCULES FIRE DISTRICT

Executive Summary

Rodeo Hercules Fire District

STRATEGIC PLAN 2012



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- RHFD Tomorrow /Vision
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- Fire Prevention
- Accomplishments/Goals
- Appendices

The 2012 strategic plan is the first long range planning document to be developed for the Rodeo Hercules Fire District.

It was written by members of the District representing all ranks, labor and management, sworn and non-sworn.

This plan is intended to be a 5 year guide for the development of our District. It will serve to inform District members, policy makers and the public about our preparations for the future while at the same time serve as an integral part of fiscal planning.

This document will be reviewed on an annual basis and revised as required. It should be considered as part of the Fire District's appropriation justification during the budgetary process.

The Mission, Values and Vision of the District should be reviewed and revised, as necessary, to reflect the purpose and direction of the Rodeo Hercules Fire District for the next 5 years and beyond.

The plan provides historical information about the District and demographic details for the existing fire station response areas that currently serve the needs of the community.

This plan provides an overview of each of the three distinct functions: Administration, Operations and Fire Prevention. Specific goals are included for each functional area.

Between 2010 and 2012 the District sought out and received over \$500,000 in grant awards. The District will continue to apply for Local, State and Federal funds as they become available to offset the cost of firefighting personnel and equipment.

Contract and Mutual Aid Agreements with our Fire Service cooperators are detailed in the Appendices.

MISSION STATEMENT

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

CORE VALUES

To that end we value:

- Service to the Community
- Public Trust
- Professionalism
- Educated Work Force
- Compassion
- Team Work
- Safety, Health & Welfare of the Organization

OFFICE of the Fire Chief

I am pleased to present the 2012 Strategic Plan for the Rodeo Hercules Fire District.

This document provides us with a road map for the next five years. It is a collaborative effort between labor and management with input from all ranks within the Fire District. Our agency is committed to a fresh perspective and enterprising methods to meet future challenges. Our pledge is to improved services and processes.



In 2011 alone, our members responded to over 2000 calls for service, including fires, rescues, trauma and cardiac events. They also assisted in significant wildland incidents and other mutual aid calls, helping our neighbors in Western Contra Costa and Northern and Southern California.

In 2011 we signed a contract with the City of Pinole to oversee their fire-fighting operations. This arrangement is an example of our dedication to a public partnership that resulted in an efficient fire protection model. We are confident these efforts will serve us well in the future.

The Fire District participates in a geographic response area known as Battalion 7. This is a regional cooperative agreement between our agencies and Contra Costa County Fire Protection District. This resource sharing arrangement provides a 24 hour battalion chief and staffed fire stations to respond into Rodeo, Hercules, Pinole, El

Sobrante, San Pablo and North Richmond. We will continue to work with our community partners to provide the highest level of safety to the neighborhoods we proudly serve.

Our ongoing relationship with Conoco Phillips Refinery provides specialized training opportunities, equipment replacement and other subsidies. Their cooperation and assistance continues to be a shared benefit to all.

The District and the City of Pinole were awarded nearly \$1,000,000 in grants that allow us to develop and train personnel, make facility improvements, and continue our co-sharing agreement.

Additionally Alameda and Contra Costa counties are linking their public safety communication systems. This funding will help us make required improvements to *the interoperability and capability of our emergency radios.*

Our CERT (Community Emergency Response Team) program is a vigorous program led by dedicated local volunteers and continues to be a hallmark of success. Over 250 citizens received training in first aid, disaster preparedness, fire safety and crisis team organization. They stand ready to assist and support emergency operations.

I am encouraged and excited by the level of energy our highly motivated personnel have contributed to this strategic planning effort. It is a testimony to the long history of this fine organization and the men and women that have made lasting contributions to its continued success. We serve with **Pride, Excellence and Professionalism.**

FREQUENTLY Asked Questions:

Q. Does the Fire District provide paramedic service?

A. Yes. Through an agreement with Contra Costa County, each on duty fire company is staffed with one paramedic.

Q. Does the Fire District refill extinguishers?

A. You may drop off your fire extinguisher at the fire station and a certified technician will refill the extinguisher.

Q. If I have a fire can I get a copy of the incident report?

A. The Business Office can provide you with a copy of the report for a nominal fee.

Q. Does the Fire District have a hazard abatement program?

A. Yes. The Fire District works cooperatively with the City of Hercules and Contra Costa County to ensure that flammable vegetation is removed from around homes.

Q. Does the Fire District have volunteers?

A. Yes. The Fire District maintains a corps of reserve fire-fighters and a CERT program

Q. Does the Fire District provide blood pressure screening?

A. Yes. The Fire District provides blood pressure screening, CPR training and our partners the Pinole Fire Department will install Child Safety Seats.

Q. What is Christmas Coalition.

A. Community groups come together to help the local underprivileged during the holidays.

RHFD History

STRATEGIC PLAN 2012

RODEO—The Town of Rodeo was founded on the Ygnacio Martinez Rancho El Pinole estate in 1865 and was the home of the old Union Stockyard Company and the Rodeo-to-Vallejo Ferry. In 1896 the Union Oil Co. established a still in Rodeo that continues today as the Conoco Phillips San Francisco Refinery. In 1906 like many Greater Bay Communities, Rodeo was severely damaged by the “earthquake” and was rebuilt.

Rodeo was later referred to as Baseball Town, USA in honor of its legendary native son, and Hall of Fame pitcher, Lefty Gomez of the New York Yankees.

FIRE DISTRICT—The first Fire Chief was Mr. Frank Delmonte. He and his men fought fires with buckets of water. Chief Delmonte was succeeded by Chief Sam Kramer and later by Chief Tom Lewis who would lead the department with a hand-drawn hose cart.

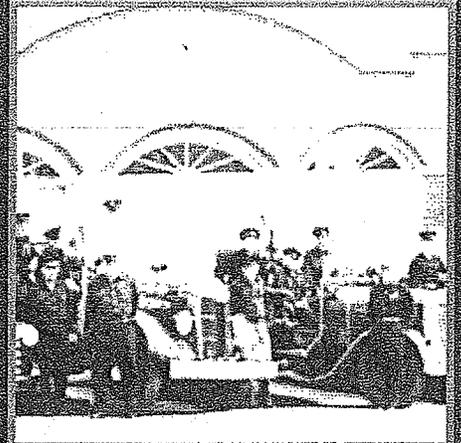
In 1927, under Fire Chief E. Gomez, the original brick fire house on Third Street in Rodeo was constructed. The new fire house became a focal point for the all-volunteer fire department, the community, and many civic organizations. 1937, the official Rodeo Fire District was formed. In 1946, the Board of Commissioners, led by then Fire Chief Lloyd Cooper, approved an order to have a firefighter on duty at all times, to give added protection to the community.

In 1965, Arthur Cooper became the first paid Fire Chief for the Rodeo Fire Protection District and the order was given to hire more full time staff.

Throughout the years, it has been the community; the Board of Directors; and the firefighters who have pulled together to support the Fire District. One example of community support given was when Mr. Ernie Van Alstyne organized a fund-raiser to purchase the District a Hurst “Jaws of Life” and the District received the life-saving device in October of 1976.

In the 1983 the District doubled its personnel, boundaries were expanded to cover the City of Hercules and the Rodeo Hercules Fire Protection District was created. In 1991, the City of Hercules built its first permanent fire station. In 2004 paramedic service was added and recently an agreement was reached with the City of Pinole for the Fire Chief to command both the Fire District and the Pinole Fire Department.

Today, RHFD serves an area of 32 sq. miles with a population of 34,000. The District protects an oil refinery, marine terminals, fuel pipelines, wildland interface, a large industrial park, two rail lines, and two major freeway corridors. It is governed by a five member Board of Directors, under §13800 of the CA Health & Safety Code.



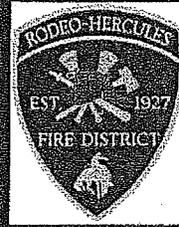
MERCULES—In 1881, the Hercules Powder Plant opened and began producing dynamite. Hercules, the Greek mythological hero, was chosen as the name of the product to demonstrate the strength of the dynamite. In December 1900, the town became incorporated and the name Hercules was the obvious choice. The first City Council passed ordinances to ensure the success of their products. In 1913 the plant added black powder to its production.

During World War II the Hercules Powder Co. was the third largest producer of explosives in the United States. Post war production turned to dynamite and fertilizer until the plant closed in 1977. The Pacific refinery opened in Hercules in 1966 and ceased refinery operations in 1995. In 1970 the total population was 270 and as of the 2010 census is estimated to be 25,000. The Fire Dist. has been continuously providing fire protection to the City since 1983.

RHFD Tomorrow

Rodeo Hercules Fire District

STRATEGIC PLAN 2012



A vision statement is an objective view of our current status, maps out an ideal future of the organization and defines progress through measurable goals and objectives.

The Rodeo Hercules Fire District has a distinguished history that serves as the foundation for the future development of the organization. Progress will occur by addressing strategic challenges with innovative and effective solutions.

The communities served by the Fire District have experienced significant growth over the past two decades.

These population increases have resulted in 200% rise in emergency responses. These "traditional" responses include emergency medical, wildland and structure fires, technical rescues, hazardous material incidents, and public service calls.

Western Contra Costa County has also seen a large increase in number of homes built in the "urban interface".

Wildland fires in these areas pose a significant threat to our community and our citizens. These types of incidents also require a large scale commitment of equipment and personnel.

As we constructed our Strategic Plan, we have found that in addition to growth, there are several factors influencing the future direction of our Organization.

These relevant issues include: Demographic Shifts, Economic/Financial, Governance, Legal & Regulatory Outlook, Industry Standards, Technology, Analysis of Service Delivery, Deployment Model, Employee Development/Succession Planning, and Contract Service Areas/Partnerships.

These considerations provide us with the parameters to ensure that we are providing for our community needs well into the future.

VISION STATEMENT

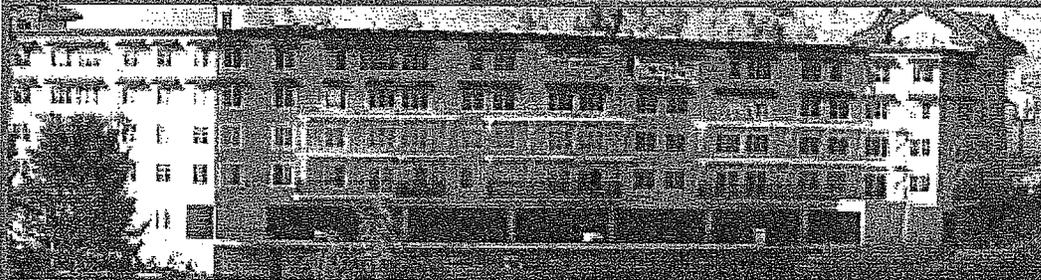
It is the vision of this organization to provide leadership, promote change, build relationships and continuously seek improvement. We demand the highest performance from ourselves and strive to meet the expectations of our citizens. Through these efforts, our goal simply stated is to make the community a safer place.

BOARD OF DIRECTORS

Beth Bartke
John Mills
Manley Moulton
Bill Prather
Raemona Williams

RHFD Tomorrow

Rodeo Hercules Fire District STRATEGIC PLAN 2012



KEY ISSUES Demographic Shifts

The Rodeo Hercules Fire District has had a growth of nearly 18,000 residents since a second fire company was staffed in the City of Hercules.

While the community of Rodeo has been relatively stable at 8700 inhabitants, the City of Hercules has had an increase in population and significant building activity since the year 2000. The current population of 25,000 is expected to increase to 27,500 by 2020. This is a 48% increase over a 20 year period. Trends in population show two specific increases:

Aging Population: There is a greater need for services for citizens over 65 years old. Three large senior living facilities are located within the Fire District and are heavily dependent on the services we provide. Many elderly citizens have limited mobility, making it necessary to have additional fire resources on scene more quickly for rescue and rapid fire suppression. Also, there is an increased need for emergency response to medical emergencies. Paramedic staffed engine companies provide a higher level of care for people with cardiac

problems, trauma, and strokes.

Diverse Community: There has been an increase in the number households in the Fire District where English is a second language. It is important that we ensure all of our citizens are familiar with the resources available to them. The Fire District utilizes a "Translator Service" to assist where communication is a concern. The Fire District participates in many community events in an effort to contact as many citizens as possible in our increasingly diverse community.

KEY ISSUES

Economic/Financial

Economic challenges and opportunities are an important factor in providing Fire District services. Some of these include:

- Establishing a revenue stream adequate to fund services
- Legal restrictions on the ability to raise additional revenue
- Budget reductions create impacts to service delivery
- Reliance on grant funding
- Decrease in property values and new construction
- Diversion of tax increment
- Employee costs
- Reimbursement for mutual aid response
- Fee based cost recovery programs
- Contracts for service

KEY ISSUES Governance

The Rodeo Hercules Fire District is an independent Fire District organized under §13800 of the Health and Safety Code. Special districts are units of local government established by the residents of an area to provide some (focused) service not provided by the county or city.

In contrast to the broad constitutional and legal authority under which counties and cities operate, the authority of special districts is restricted to specifically enumerated powers and purposes. Special Districts have the corporate power and tax power but rarely the police power of municipalities or counties. The Rodeo Hercules Fire District is governed under Board of Directors/Administrator form.

RHFD Tomorrow

Rodeo Hercules Fire District STRATEGIC PLAN 2012

KEY ISSUES

Industry Standards

In the absence of existing laws, regulation or statutes, fire agencies are compelled to rely on recognized consensus for guidance:

- ISO (Insurance Services Office): Sets insurance rates for communities based on formulas including : staffing , apparatus, water systems, training, response times, and equipment.
- NFPA (National Fire Protection Association): This organization sets national standards for fire agencies including:
 - NFPA 1001 Firefighter Professional Qualifications
 - NFPA 1021 Fire Officer Professional Qualifications
 - NFPA 1500 Fire Department Occupational Safety and Health Program
 - NFPA 1581 Fire Department Infection Control Program
 - NFPA 471 Responding to Hazardous Material Incidents
- ANSI (American National Standards Institute) SCBA

KEY ISSUES Legal/Regulatory Outlook

There are several laws, regulations, and standards that determine the minimum requirements the District must maintain in order to sustain operations, training, administration, and prevention. These include:

Federal

- OSHA 29 CFR Section 1910: Regulations on training and responses to hazardous material incidents; includes respiratory protection requirements to meet the "Two In/Two Out" regulation
- Office of Homeland Security: Requirements for Emergency Response to Terrorism and Weapons of Mass Destruction training for first responders
- Sara Title III /CERCLA - Community Right-to-Know Act & HAZMAT response, clean up and disposal
- Title VII - Civil Rights Act of 1964 requires employers not to discriminate and to eliminate the presence of past discrimination
- American with Disabilities Act: Requirements of reasonable accommodation

State

- California Fire Codes: The Fire District, along with all agencies in Contra Costa County, has adopted these codes. The State Fire Marshal's Office defers many of the regulation enforcement to local agencies.

- Essential Services Building Act (Section 16000 - 16023 Health & Safety Code): Requires minimum earthquake standards for essential buildings such as fire stations
- Emergency Medical Services Authority (Title 22) Minimum requirements for emergency medical certifications
- Health & Safety Programs (SB198)/ Injury and Illness Prevention Program (Title 8 CCR: 3203) Requirements for employers to establish and maintain this program
- SEMS/NIMS: Requires use of the Incident Command System
- Labor Code sections 4553 and 4553.1: Willful misconduct of employers regarding safety regulations

KEY ISSUES Technology

Interoperability/Consolidated Dispatch: Most of Contra Costa's Fire and EMS resources are dispatched through a single PSAP (Public Safety Answering Point).

EBRCS Regional Communications System between Contra Costa and Alameda Counties. The system will allow interoperable voice communications that will improve public safety services under emergency situations.

MDC (Mobile Data Computer) and **AVL** (Advanced Vehicle Locator): Located on each apparatus to ensure efficient and accurate response.

RMS (Record Management System) Data collection for incident reporting, training, & record keeping.

SCBA (Self Contained Breathing Apparatus) and **PASS** (Personal Alarm Safety Systems) devices: Integrated system to alert crews of downed firefighters.

TIC (Thermal Imaging Cameras): Cameras that use infrared technology in smoky or dark conditions to find victims and fires in hidden spaces.

RHFD Tomorrow

Rodeo Hercules Fire District STRATEGIC PLAN 2012



KEY ISSUES Analysis of Service Delivery

The Rodeo Hercules Fire District responds to emergencies based on recognized procedures for consequence management.

An incident such as a vehicle fire or medical aid would warrant a response from one fire engine, whereas a traffic collision on a freeway dispatches three units and a structure fire sends four engines, a ladder truck and two battalion chiefs.

Incident types are preprogrammed into the CAD system and the dispatch matrix recommends the closest due units from the Fire District and surrounding jurisdictions. This includes fire engines and aerial ladder trucks as well as specialty apparatus such as the Hazardous Materials Response Team, Helicopters or Swift Water Rescue personnel and equipment.

Growth of the City of Hercules and the economic downturn have had a significant effect on the ability of this agency to "go it alone". The overall increase in demand for service continues to compromise the ability of the Fire District to meet desired emergency response outcomes. The

situation will gradually worsen as any further degradation of capability occurs. Future annexations, buildout and infill projections outlined in the General Plan will likely compound the problem. The Rodeo Hercules Fire District, through a layering of automatic and mutual aid agreements, has an excellent record in preventing large loss fires through quick fire response.

Case histories in western Contra Costa County, point to the importance of response times in saving lives and property. Recent studies show how quickly a fire can spread with catastrophic results unless it is quickly extinguished. This is due in part to balloon frame buildings, older post war bungalows with flat roofs and barred horizontal openings, modern lightweight engineered construction methods and the fuel loading created by personal possessions.

It has also been documented that immediate medical attention by first responder paramedics can be lifesaving when seconds count.

KEY ISSUES

Deployment Model

Fire Stations in the Rodeo Hercules Fire District were deployed along settlement lines, on the basis of presumed need, obligation or by using one or more of several accepted methods of quantitative analysis.

Authorities used existing or previously existing instruments recommended by the National Fire Protection Association (NFPA), Insurance Services Organization (ISO), International City Managers Association (ICMA), and the Pacific Rating Bureau (predecessor of ISO).

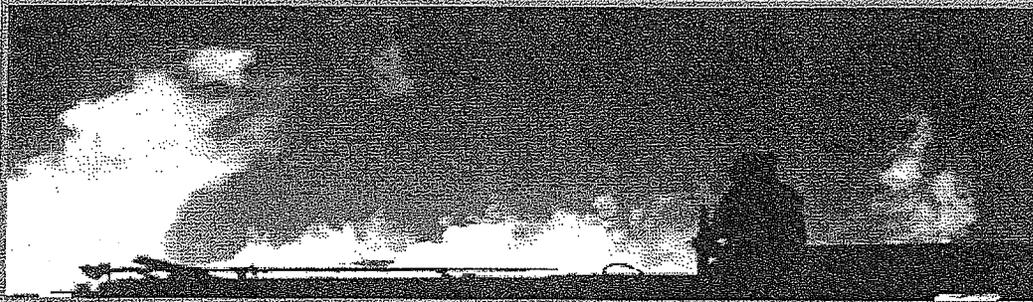
The current fire station locations were based on distance rather than response times. Due to the relative size of the communities, the perceived threat from heavy industry and the proximity to town centers, no mathematical model was used to optimize fire station locations. Available property, transportation networks, topographic features and funding sources contributed toward the final decision.

Historical regression continues to be the primary analytic tool for determining fire department response performance. A 20 year decomposition analysis of annual run volume will likely show demand for service increased in the Fire District.

That trend is predicted to continue for some time.

RHFD Tomorrow

Rodeo Hercules Fire District STRATEGIC PLAN 2012



KEY ISSUES Contract Service Areas/Partnerships

To better serve the taxpayers in western Contra Costa County, local fire agencies have entered into a number of agreements to bolster limited services.

The departments involved include Pinole Fire Department, Rodeo Hercules Fire District, Crockett-Carquinez Fire Department, Contra Costa County Fire Protection District and Richmond and El Cerrito Fire Departments.

These agreements generally serve one of two purposes: either sending the closest staffed apparatus or preventing a serious wildland/interface fire. They also curb border disputes in the time of emergency and provide required Incident Command System (ICS) positions on fires and other prolonged events.

Additionally, each community has target hazards (hi-rise, refinery, marine terminal, vegetation, manufacturing, etc...) that they cannot handle with their existing resources. Without help, control efforts are dangerous and futile.

As an extension of the California Master Mutual Aid Agreement, these arrangements are prudent

methods to aid communities in difficult times.

The City of Pinole (Administered by the Fire Chief) provides fire and rescue services for the Tara Hills, Bayview, Montara Bay and the Alhambra Valley corridor (formerly the Pinole Fire District). This is a cooperative agreement with the Contra Costa County Fire Protection District (CON Fire).

The District provides fire and rescue services to CON Fire and CAL Fire along the Highway 4 Corridor including unincorporated Martinez through a series of automatic aid and mutual threat zone agreements.

As previously stated, the Fire District is dispatched by Contra Costa County Regional Fire Communications Center, we also provide 24 hour battalion coverage along with CON Fire and the City of Pinole and share a Fire Chief and Administration with the City of Pinole.

CON Fire, Pinole and RHFD Fire train together on a scheduled monthly basis. Station 76 in Hercules serves as the Training Center for Battalion 7.

KEY ISSUES

Succession Planning

Succession planning is the process of developing personnel in order to fill key leadership positions in the organization.

Employee development increases the pool of experienced and capable employees and prepares them to advance as promotions and roles as become available.

In smaller organizations, with limited advancement, it is critical to develop personnel within their existing roles. This serves the purpose of supporting personal growth, meeting organizational needs and providing opportunities for employees to make meaningful contributions.

Some of the areas the Fire District is committed to include:

- Defining competencies
- Conducting state certified programs on site
- Long-term acting positions
- Program Management
- Grant Management
- Project Management
- Mentoring
- Mutual Aid Assignments
- Specialized Training
- Public Presentations

RHFD Administration

Rodeo Hercules Fire District STRATEGIC PLAN 2012

LEGAL Requirements



GENERAL Duties

The Administrative Services Officer provides support for Management, Operations and Prevention while serving as Clerk of the Board. Duties and responsibilities include:

Receiving/handling public inquiries; providing Fire District & Fire Department counter/phone support each business day.

Processing human resource records, ID Cards, Personnel Action Forms & employee documents.

Scheduling employment interviews, background investigations, applications & screening; candidates background package review, coordinating polygraph, psychological and physical testing; monitoring progress of recruiting & coordinating offers and start dates.

Editing/issuing Personnel bulletins and SOPs & maintaining District and City of Pinole forms.

Communicating with City & County departments such as Board of Supervisors, City Council (s) Human Resources, EBMUD, Sheriff/Police, East Bay Parks District & Finance/General Services.

FISCAL Responsibilities

The importance of balancing services while following financially responsible and legally mandated requirements cannot be overstated. This area covers:

Following Generally Accepted Accounting Principles and assigning revenue and expenditures to specific recognized categories.

Coordinating the annual budget process, budget forecasting, reviewing budget requests & monthly analysis and updates.

Working with the Fire Chief to develop the Fire District and Pinole Fire Department Operating Budget (s).

Processing all contract and purchase requisitions, payment requests and billing; Oversight of revenue, annual fire and miscellaneous permits.

Employee time card input.

Cost recovery for vehicle accidents, hazardous materials incidents, interagency agreements and course delivery contracts.

Credit card approvals, purchase review and maintaining and distributing petty cash per policy.

Administrative legal requirements include:

Noticing of public meetings, record keeping of Fire District Board actions and activities, Brown Act and Fair Political Practice requirements and following election statutes.

Preparing board packets in advance of scheduled meetings.

Processing subpoenas, liens and legal document requests, workers' compensation and accident reporting.

Maintaining records of all contracts and agreements within the District, outside agencies, consultants, and other fire districts.

Analyzing data to ensure compliance with existing labor agreement and current Memorandum of Understanding.

Interpreting annual General Accounting Standards Board requirements and scheduling assets depreciation rates.

CA State Controller reporting and preparation of Local Government Compensation Report.

Managing LAIF (Local Agency Investment Fund) and OPEB

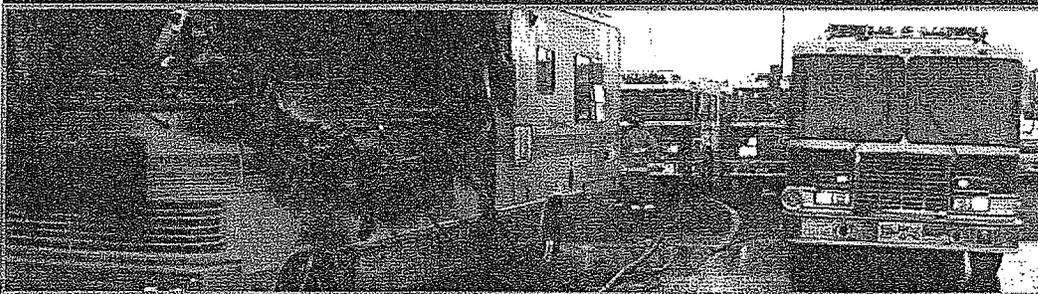
Annual levy setting.

Annual audit preparation.

Capturing data, incident statistics & ensuring National Fire Incident Reporting System input is accurate and timely.

RHFD Operations

Rodeo Hercules Fire District STRATEGIC PLAN 2012



SUPPRESSION Duties

The Operations Division has primary responsibility for responding to emergencies and urgent calls for help from the public. Services provided include:

Extinguishing fires, providing emergency medical care, minimizing the effects of leaks or spills of hazardous materials, rescuing trapped persons from traffic collisions, industrial accidents, collapsed structures, or floods or swiftly moving water, dealing with the hazards of refinery events, power lines or gas leaks and providing special assistance, in lock-out situations or animal rescues.

Personnel also present fire safety and emergency preparedness programs, perform fire safety inspections, maintain fire apparatus and facilities and train to proficiency levels.

Most employees, apparatus and equipment are assigned to Operations. There are a total of 19 line personnel including: 1 Battalion Chief, 6 Captains, 6 Engineers and 6 firefighters, working on one of three platoons. Each are assigned to one of two (2) fire companies located in Rodeo and Hercules.

TRAINING

Roles/Responsibilities

The Fire District has responsibility for coordinating or providing all training related to the emergency services delivered by the Operations Division.

This ranges from the initial training of newly hired firefighters and reserves, to on-the-job training and continuing education for company personnel, to the provision of specialized training to members such as incident command, wildland fire behavior, supervisory management, oil firefighting, hazardous materials and urban search and rescue.

A significant amount of the training for the department takes place at Fire Station 76, the designated Battalion 7 Training Center. This facility consists of a four-story drill tower, burn trailer, two temporary buildings housing a classroom, fitness equipment, storage as well as numerous training props.

The Rodeo Hercules Fire District CERT (Community Emergency Response Team) also trains new members and performs skills maintenance at the training site.

EMS

Service/CQI

The goal of *Prehospital Care* is to save lives, deliver quality emergency service and adhere to best practices.

Contra Costa County EMS participants include: Ambulance providers, law enforcement, fire agencies, helicopter providers, hospitals, continuing education institutions and EMT training programs.

Contra Costa County Regional Fire Communications Center provides EMD (Enhanced Medical Dispatching) on 911 calls which allowing tiered response.

In 2004 the Rodeo Hercules Fire District implemented a paramedic program to serve the citizens of Rodeo and Hercules.

Advanced Life Support is performed by Paramedics and supported by Emergency Medical Technicians assigned to each fire company.

Management and coordination of the Fire Districts paramedic program is the responsibility of a CQI coordinator.

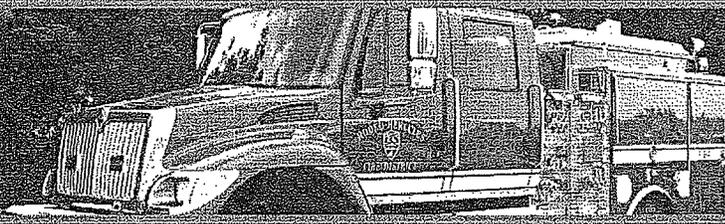
Federal, state and local laws and statutes govern the provision of emergency medical services. The California Emergency Medical Service Agency regulates patient care requirements under Title 22 CCR.

By agreement the Fire District receives a subsidy from Contra Costa County Health Services to provide paramedics.

RHFD Operations

Rodeo Hercules Fire District STRATEGIC PLAN 2012

APPARATUS



FACILITIES

Fire Stations serve a critical role in localizing emergency response capability.

The Fire District responds to emergencies in the communities of Hercules, Rodeo and the San Francisco Refinery. Fire Station 75 (Rodeo) and Fire Station 76 (Hercules) serve residences business and institutions as well as neighboring communities through established mutual aid agreements.

Fire Station 75 was originally designed in 1927 and has had one significant renovation. Fire Station 76 (owned by the City of Hercules) was dedicated in 1991. Though functional they do not meet current "essential services" and "best practices and design" standards.

Attached to Fire Station 76 is a modular training classroom, fitness and storage area. The grounds of Station 76 are utilized to house a mobile training tower, firefighting live burn trailer and fire prevention safety house.

Most recently each Fire Station is being upgraded with solar panels and other energy efficient features to reduce power costs.

EQUIPMENT

The District staffs two dedicated paramedic fire companies and cross-staffs various specialty apparatus.

Each of the vehicles has a standard inventory of equipment that mirrors other agencies within west Contra Costa County. District apparatus are typed according to function by FIREScope and are consistent with National Fire Protection Association (NFPA), Incident Command System (ICS) and National Incident Management System (NIMS) standards.

The Fire District does not maintain a large inventory of equipment, other than what is carried on apparatus. The major source of funding for firefighting equipment has been federal or state funding or local augmentation (Conoco Phillips, Measure H).

Some of various types of necessary equipment includes: heavy hydraulics extrication devices, advanced life support supplies, large diameter supply line, hose, ladders, nozzles, rescue rope, litters, fire suppressive foam, chain saws, salvage covers, axes, mcleods, pike poles, turnout gear, and self contained breathing apparatus.

Reliable apparatus is essential for the effective delivery of emergency service.

The current fleet is designed in accordance with NFPA at the time of manufacture. The newest apparatus is 6 years old and the oldest reserve piece is 22 years old.

Due to budget constraints, the fleet replacement program relied upon developer impact fees (DIF), grants and private subsidies. Preventative maintenance, testing and repair requires on-duty firefighters to maintain the fleet as required.

Best practices for repair, trouble shooting and preventative maintenance are unique to fire apparatus as compared to on-highway trucks. Increased down time, cold starts, increased speed with intense acceleration and braking are among the differences.

The goal of any program is to minimize downtime for a smooth flow at a repair facility. Repairs are generally categorized as Urgent, High, Low and scheduled maintenance.

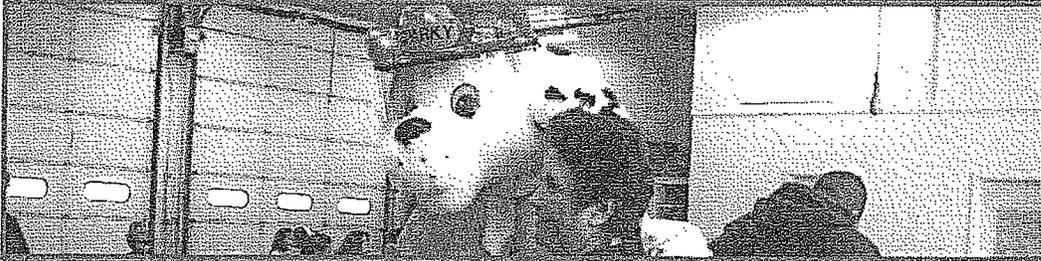
The District has made efforts to standardize apparatus models and is in the process of downsizing the existing fleet.

Replacement interval schedule for apparatus and support vehicles is generally based around industry practices and the Districts' ability to pay.

RHFD Prevention

Rodeo Hercules Fire District STRATEGIC PLAN 2012

PLAN REVIEW



COMPANY Inspections/Education

Each Fire Company is assigned a fire prevention inspection workload and public education responsibilities

A well organized fire prevention program is an effective deterrent to fires with all too often tragic consequences. Fire prevention inspections are a critical non-firefighting activity

The goal of a fire agency is to minimize the loss of life and property from fire by controlling or eliminating hazardous conditions, before a fire occurs.

Company inspection programs educate occupants in ways to mitigate hazards, reduce risks, evacuate safely, and develop and maintain good housekeeping practices. In addition, fire companies are able to develop preplans and site specific standard operating procedures with advance knowledge of the individual buildings and inherent hazards.

Saving lives through public outreach and building trust in the business community are essential to the success of the Fire District in providing the "highest level of service to the community.

CODE

Compliance/Enforcement

The Fire District has responsibility for maintaining safety in the community by investigating fires, ensuring compliance with existing codes and ordinances and enforcing laws where necessary

Due to vacancies in the Fire Prevention Division, the Fire District currently relies on Contra Costa County Fire Protection District and CAL Fire for fire cause investigation.

Code compliance and enforcement is performed by veteran fire inspectors that are currently on contract to the Fire District.

The Fire District administers a permit program for certain occupancies and hazardous processes as provided for in the adopted Fire Code. These facilities are inspected on a regular basis to verify compliance with required conditions of occupancy.

Fire inspectors evaluate violations and attempt to achieve voluntary compliance of fire and life safety code requirements and to maintain the safety of occupancies.

The purpose of Plan Review is ensure a coordinated process for the review of projects, plans and conditions of approval.

Fire Inspectors review new construction and tenant improvement applications every year for compliance with applicable federal, state and local codes.

They also conduct inspections of permitted projects to verify compliance with approved plans and provide consultation to owners, builders, design professionals and other fire officials on projects during the pre-design phase of a project.

Plan reviews include reviewing plans for Fire Alarm and Sprinkler systems, Fire Hydrant Systems and Hydraulic Calculations, Hazardous Materials Use and Storage, Spray Booths, High-Piled Combustible Storage systems and other Fire Code permitted systems and operations

Built-in fire protection like automatic sprinkler systems preserve not only the structure but fixtures, finishes, furnishings, artwork and other irreplaceable personal belongings. They also warn and protect occupants and firefighters and ensure a better chance of survival.

When alarm systems and automatic sprinklers are installed and operating, replacement and firefighting costs are reduced; there is greater safety and a direct economic benefit.

RHFD

Rodeo Hercules Fire District STRATEGIC PLAN 2012

GOALS

Each Division within the Fire District has specific goals that were developed with input from all members of the organization. These include:

Administration:

2012—Ballot Initiative, Election

2013—Balanced Budget

2014—Migration to and Implementation of a Comprehensive Annual Financial Report (CAFR), Election

2015—Review and replacement of information technology equipment; RMS and Telestaff

2016—Succession Plan, Election

Operations

2012—Fire Station Master Plan, Deployment Analysis, Truck Academy, Promotional Examinations

2013—Recruit Academy, Vehicle Replacement Program

2014—Promotional Examinations, Non-Resident Reserve Program, Firefighter Careers Academy

2015—PPE Replacement

2016—Succession Plan, Construction of New Fire Station

Prevention

2012—Maintain Program

2013—Hire Prevention Staff

2014—New Fire Code Adoption

2015—Investigation Training

2016—Succession Plan

ACCOMPLISHMENTS

During 2010-2011 the Fire District made significant strides towards financial stabilization and additional revenue enhancements. Additionally a major effort was put forth to provide training opportunities, improve employee relations and enhance community outreach. Some of these were:

2010 Annual Report

Contract with the City of Pinole for Fire Chief and Administrative Services

Delivery and completion of the California State Fire Marshal's Office Chief Officer Certification

Condition of Approval #84 for improvements to the San Francisco Refinery modified to include the purchase of a "rescue pumper" to better serve the community

Six community meetings centered on the fiscal condition of the Fire District

Adoption of the California Fire Code and Fee Structure

Modification of Fire Stations to reduce energy costs by 50%

Construction of vertical ventilation prop with donated materials

Completion of a comprehensive Fleet Management Study and introduction of best practices for preventive maintenance

Successful recipient of Assistance to Firefighters grant for full replacement of Fire District mobile and portable radios

Continued Community Emergency Response Team (CERT) training and disaster simulation

Fire Prevention Week Open House

Continued support and participation in the Christmas Coalition

Blood pressure screenings for senior citizens

Fire and life safety inspections

Oil fire training school

Contract concessions resulting in current and future cost savings

Promotions

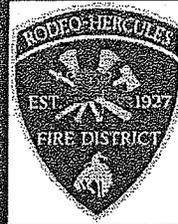
Participation in Master Mutual Aid to Southern California

Member of Battalion 7; Fire District units responded to significant incidents in Rodeo, Hercules, Rural Martinez, Pinole, Tara Hills, San Pablo, El Sobrante and North Richmond

RHFD Appendices

Rodeo Hercules Fire District

STRATEGIC PLAN 2012



CONTRACTS AND MUTUAL AID AGREEMENTS

INTERAGENCY DISPATCH AGREEMENT Service Contract that allows the Rodeo Hercules Fire District to receive 9-1-1 resource dispatching from the Contra Costa Regional Fire Communications Center in order to mitigate calls for service.

COOPERATIVE AGREEMENT FOR BATTALION 7 OPERATIONS Since September of 2000, the Rodeo Hercules Fire District, the Pinole Fire Department and the Contra Costa Fire Protection District have equally provided shared battalion chief coverage in areas protected by the three (3) agencies.

AGREEMENT FOR CONTRACT FIRE CHIEF AND ADMINISTRATIVE SERVICES

The City of Pinole compensates the Rodeo Hercules Fire District for management, operations and administration of the Pinole Fire Department.

MEMORANDUM OF UNDERSTANDING BETWEEN CAL FIRE & THE RODEO HERCULES FIRE DISTRICT Establishes procedures and responsibilities for the use of CAL FIRE resources for fire suppression and related emergencies.

AGREEMENT FOR THE PROVISION OF EMERGENCY RESPONSE SERVICES – SAN FRANCISCO REFINERY (RODEO) The District responds to emergencies at the refinery and works cooperatively with their personnel.

CONTRA COSTA COUNTY FIRE SERVICE MUTUAL AID AGREEMENT To ensure orderly and coordinated use of resources when requested.

AGREEMENT FOR AUTOMATIC MUTUAL FIRE PROTECTION RESPONSE Boundary arrangement between the Rodeo Hercules Fire District and the City of Pinole for automatic response into either jurisdiction.

AGREEMENT FOR AUTOMATIC MUTUAL FIRE PROTECTION RESPONSE Boundary arrangement between the Rodeo Hercules Fire District and the Crockett Carquinez Fire District for automatic response into either jurisdiction.

MUTUAL AID

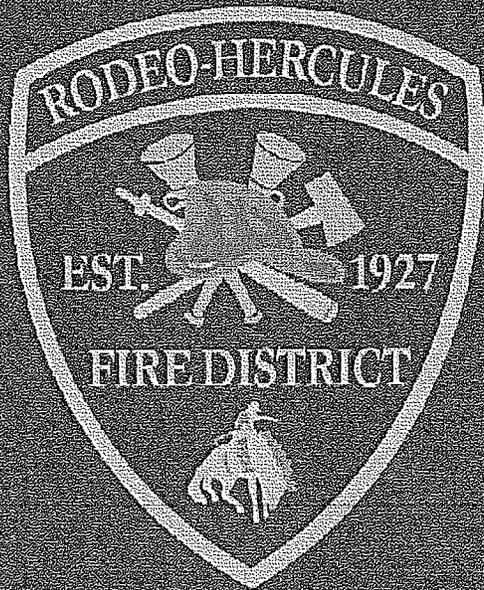
California's Mutual Aid Planning is based on a statewide system of mutual aid. Each local jurisdiction relies first on its own resources, then calls for assistance.

"We will all of us, upon hearing of Fire breaking out at or near any of our Dwelling Houses, immediately repair to the same with all our Buckets and Bags, and there employ our best Endeavours to preserve the Goods and Effects of such of us as shall be in Danger..."

Benjamin Franklin

"render mutual aid and protection to one another, unite to defeat the intentions of the evil-minded, obey the military and civil authorities and your tears will cease to flow..."

War and Peace



MEETING DATE

OCT 22 2015

AGENDA ITEM

#9

MEMORANDUM

Date: September 9, 2015
 To: CCCERA Board of Retirement
 From: Kurt Schneider, Deputy Chief Executive Officer
 Subject: Post Retirement Death Benefit Reserve – 2015 Adjustment

Background

The following two post retirement lump sum death benefits are paid by CCCERA.

Gov. Code Section	Retirees Eligible	Amount	Established	Funding Source
31789.01	Tier 2	\$2,000 offset by Soc. Sec. DB	1980	Employer Contributions
31789.1 and .12 31789.5	All	\$1,000, 04/30/1984 - 07/19/1999 \$5,000, eff. 07/20/1999	1984	Excess Earnings

In order to ensure that the second death benefit is paid for with excess earnings, a reserve was established April 30, 1984, with an initial transfer of \$1,039,000 from excess earnings. Other transfers to this reserve were made, most recently in 1999 when the benefit amount was increased to \$5,000.

Issue

At one point, CCCERA began paying all lump sum death benefits from the dedicated Post Retirement Death Benefit Reserve, even though the \$2,000 Tier 2 death benefit was supposed to be provided from employer contributions. Although a correcting transfer was made in 1998, the practice of paying the \$2,000 Tier 2 death benefit from the Post Retirement Death Benefit Reserve continued until 2015. In order to correct for payments made between 1998 and 2014 another transfer of \$556,656 should be executed. The System's actuary, Segal Consulting, has verified the amount of the transfer and measured the impact of the transfer on the fund.

Recommendation

Authorize the transfer of \$556,656 from the Employer Advance Reserve to the Post Retirement Death Benefit Reserve as outlined in the Segal letter dated August 21, 2015.

MEETING DATE

OCT 22 2015

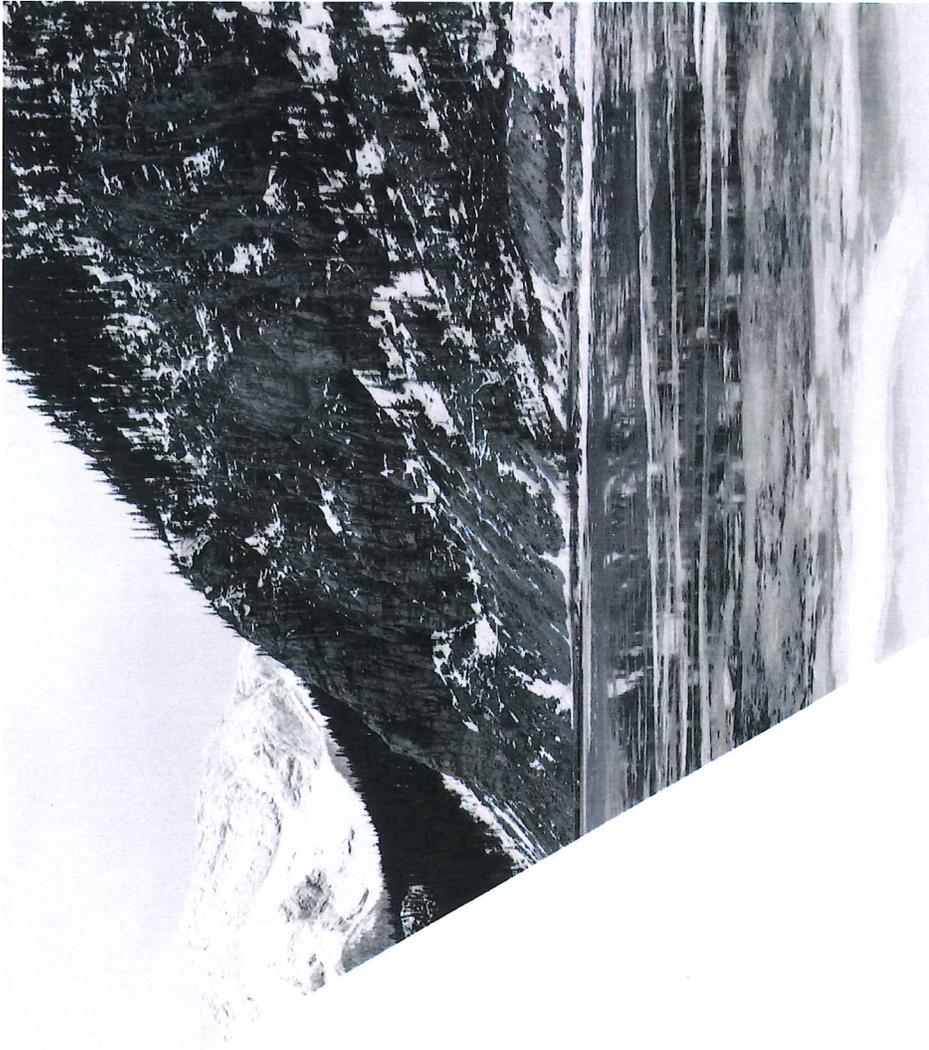
AGENDA ITEM

11

Verus⁷⁷



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

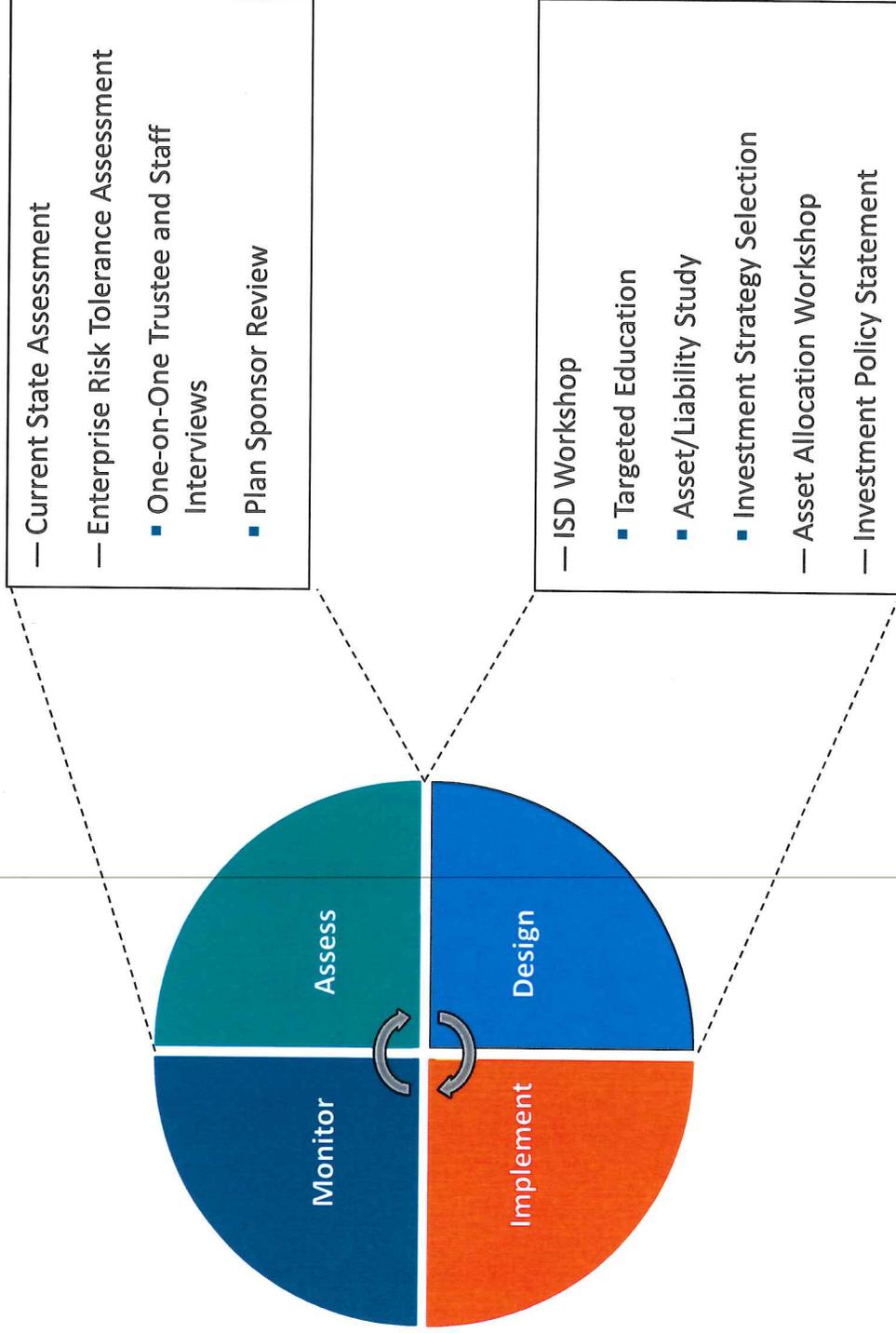


OCTOBER 2015

CCCERA Investment Strategy Development - Update and Next Steps

Contra Costa County Employees' Retirement Association

Integrated consulting process



Great progress, still work to do

Completion Date	Deliverable	Status
6-May	ISD Process Review	Complete
28-May	Detailed Workplan Review	Complete
24-Jun	ERT Assessment (Interview Results / Plan Sponsor Review)	Complete
22-Jul	Current State Assessment	Complete
23-Sep	ISD Workshop	Complete
Nov/Dec (tbd)	Asset Allocation Workshop Draft Implementation Plan Draft Investment Policy	In progress
January	Governance Review	In progress
February	Final Policy Statement Final Implementation Plan	In progress

Governance preview

The relationship between decisions and decision-makers can sometimes be many-to-many

Decisions

- Investment policy
- Program implementation
- Manager selection / termination
- Security selection
- Re-balancing
- Tactical investing

Decision-makers



Best practice is for Board to operate at a policy level...and delegate implementation decisions

CCCERA Board Meetings 2015

Eff. 10.22.15

January						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	B	15	16	17
18	19	20	SB	22	23	24
25	26	27	B	29	30	31

H - New Year's Day
H - Martin Luther King Jr. Day

February						
Su	Mo	Tu	We	Th	Fr	Sa
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8	9	10	B	12	13	14
15	16	17	SB	19	20	21
22	23	24	Q	26	27	28

H - Presidents' Day

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C	C	C	B	12	13	14
15	16	17	18	SB	20	21
22	23	24	B	26	27	28
29	CII	CII				

April						
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			CII	2	3	4
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12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	W	W	W	W		

May						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
N	N	N	N	N	8	9
10	S	S	S	S	S	16
17	18	19	20	21	22	23
24	25	26	27	Q	29	30
31						

H - Memorial Day

June						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	B	11	12	13
14	15	16	17	18	19	20
21	22	23	24	B	26	27
28	29	30				

July						
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			1	2	3	4
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12	13	14	15	16	17	18
PPI	PPI	PPI	PPI	SB	24	25
26	27	28	29	30	31	

H - Independence Day

August						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	B	13	14	15
16	17	18	19	20	21	22
23	24	P	P	Q	P	29
30	31					

September						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	B	10	11	12
13	14	15	16	17	18	19
20	21	22	B	24	25	26
27	28	SB	SB	CII		

H - Labor Day

October						
Su	Mo	Tu	We	Th	Fr	Sa
				CII	CII	3
4	5	6	B	8	9	10
11	12	13	14	15	16	17
18	19	20	21	SB	23	24
25	26	27	28	29	30	31

November						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	SB	5	6	7
I	I	I	I	11	12	13
15	16	S	S	S	S	21
22	23	Q	25	26	27	28
29	30					

H - Veterans Day
H - Thanksgiving

December						
Su	Mo	Tu	We	Th	Fr	Sa
		1	SB	3	4	5
6	7	8	B	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

H - Christmas Day

B	Board Meeting	CII	CII	P	Pepperdine University: Principles of Pension Management
Q	Quarterly Meeting	C	CALAPRS	PPI	SACRS: Public Pension Investment Management
SB	Special Board Meeting	N	NCPERS	W	Wharton: Portfolio Concepts
S	SACRS	I	IFEBP		



LONG WHARF

REAL ESTATE PARTNERS

MEETING DATE

OCT 22 2015

AGENDA ITEM

13

2015 Fall Advisory Committee Meeting & Annual Partners Meeting

- Fidelity Real Estate Growth Fund III, L.P.
- Long Wharf Real Estate Partners IV, L.P.
- Long Wharf Real Estate Partners V, L.P.

The Charles Hotel

Harvard Square
Cambridge, Massachusetts

Wednesday, November 18, 2015

Advisory Committee Meeting

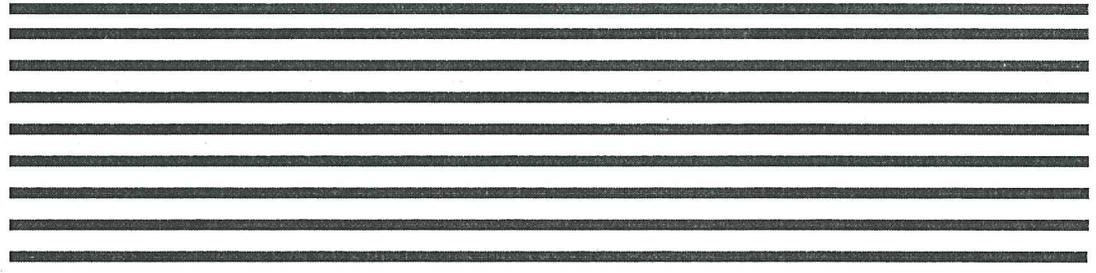
- 4:00 p.m. Meeting
- 6:30 p.m. Dinner

Thursday, November 19, 2015

Annual Partners Meeting

- 8:00 a.m. – 9:00 a.m. Breakfast
- 9:00 a.m. – 10:00 a.m. Fidelity Real Estate Growth Fund III
- 10:00 a.m. – 11:30 a.m. Long Wharf Real Estate Partners IV
- 11:30 a.m. – 12:30 p.m. Long Wharf Real Estate Partners V
- 12:30 p.m. – 1:30 p.m. Lunch

Please R.S.V.P. to Jane Walsh at (617) 250-7262 or via e-mail at jane.walsh@lwrep.com.



PAULSON
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INC.

SAVE-THE-DATE

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requests the pleasure of your company at

*The 2015 Paulson Real Estate Funds
Annual Review*

Friday, November 20, 2015

Morning Presentation
(Invitation with full details to follow)

Museum of Modern Art, New York
4 West 54th Street (between 5th & 6th Avenues)