

Via Email

June 24, 2025

Ms. Christina Dunn
Chief Executive Officer
Contra Costa County Employees' Retirement Association
1200 Concord Avenue, Suite 300
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association (CCCERA)
Revised 2025/2026 Employer and Member Contribution Rates for Contra Costa
County Fire Protection District in Cost Groups #5 and #8 After Consolidation with
Rodeo-Hercules Fire Protection District and Reflecting \$7.5 Million in UAAL
Prepayment**

Dear Christina:

We have been requested by CCCERA to recalculate the 2025/2026 fiscal year employer and member contribution rates, based on the December 31, 2023 valuation, for the Contra Costa County Fire Protection District ("Con Fire") in Cost Groups #5 and #8 after the consolidation with Rodeo-Hercules Fire Protection District ("Rodeo-Hercules Fire"). In addition, we have also been requested to reflect a \$7.5 million Unfunded Actuarial Accrued Liability (UAAL) prepayment to the Safety Cost Group #8 that will be made by Rodeo-Hercules Fire to Con Fire as part of the consolidation.

A discussion of the methodology we have used in preparing the calculation is provided in this letter. The recalculated 2025/2026 fiscal year employer and member contribution rates for Cost Groups #5 and #8 are provided in the attachments of this letter.

Background

Local Agency Formation Commissions (LAFCO) approved the annexation of Rodeo-Hercules Fire into Con Fire effective on July 1, 2025. As a result, we understand employees of Rodeo-Hercules Fire will become employees of Con Fire effective July 1, 2025. We further understand the assets and liabilities associated with Rodeo-Hercules Fire will become those of Con Fire on the consolidation date.

Prior to the upcoming consolidation, Safety Con Fire and Safety Rodeo-Hercules Fire have been in Cost Group #8 and Cost Group #12, respectively, where they have been the sole employers of the two Cost Groups. However, while General Con Fire is the sole employer in

Cost Group #5, General Rodeo-Hercules Fire is a part of Cost Group #1 pooled with other employers in that Cost Group.¹

Cost Group Assignments for Rodeo-Hercules Fire Members Before and After Consolidation

Membership	Before Consolidation	After Consolidation
General Members	Cost Group #1	Cost Group #5
Safety Members	Cost Group #12	Cost Group #8

Generally, Rodeo-Hercules General members and Rodeo-Hercules Fire members in Tier D would see no change in their benefits after the consolidation.² Rodeo-Hercules Fire members who are currently covered under Safety Tier A Non-Enhanced would move into Con Fire Safety Tier A Enhanced under the consolidation and receive Tier A enhanced benefit for future service only effective July 1, 2025 while benefits for past service would continue to be calculated under the Tier A Non-Enhanced formula.

In addition, we have also been requested to reflect a \$7.5 million UAAL prepayment to the Safety Cost Group #8 that will be made by Rodeo-Hercules Fire on June 20, 2025 to Con Fire as part of the consolidation.

Calculations

Because the consolidation effective date is July 1, 2025, the transfer of assets and liabilities associated with the combination of Rodeo-Hercules Fire with Con Fire will not be reflected until the December 31, 2024 valuation, which sets the contribution rates for the 2026/2027 fiscal year after the consolidation occurs. The employer and member contribution rates as calculated in the December 31, 2023 valuation (for the 2025/2026 fiscal year) were determined when Rodeo-Hercules Fire and Con Fire members were in separate Cost Groups. In order to develop the contribution rates for the two employers combined for the 2025/2026 fiscal year, we have calculated the employer and member contribution rates using the method described below.

For the General members of the Consolidated Group, the pooling methods used in the ongoing December 31, 2023 valuation that we have also applied in preparing this letter implicitly assume that there is no difference in membership demographics for the members employed by the different employers in the same cost group. Besides assuming that the employer and member normal cost rates for General Rodeo-Hercules Fire are the same as those determined in the

¹ The Normal Cost for General Rodeo-Hercules Fire members are pooled with other employers in Cost Group #1. The UAAL contribution rates for General Rodeo-Hercules Fire members are pooled with other employers in Cost Group #1 and Cost Group #2 which include General County and small districts.

² As detailed in the Results section, Rodeo-Hercules Fire's members will be governed by the Con Fire's employment rules after the annexation and some members in the PEPRA 3% COLA tier may be changed to the PEPRA 2% COLA tier based on their membership dates. We understand that such information will be provided in the census data for the December 31, 2025 valuation.

December 31, 2023 valuation for Cost Group #1,¹ we have allocated the Cost Group #1 UAAL to General Rodeo-Hercules Fire based on the Rodeo-Hercules Fire's active member payroll in proportion to the total active payroll for all members in Cost Groups #1 and #2. Under this method, there will be no impact on the employer and member contribution rates previously determined and approved by the Board in the December 31, 2023 valuation for the other employers with members enrolled in Cost Group #1 and Cost Group #2.

For the Safety members of the Consolidated Group, we have modeled the following changes for the Rodeo-Hercules Fire members in Cost Group #12 based on our December 31, 2023 valuation program:

1. Set the leave cashout assumption of 1.75% used for Rodeo-Hercules Fire to be equal to the leave cashout assumption of 0.25% used for Con Fire.
2. Benefits for future service for Tier A members in Rodeo-Hercules Fire will be calculated under the Enhanced formula (benefits for past service will remain as Non-Enhanced). For purposes of this calculation and for simplicity, we assume that the benefits will be enhanced starting with service earned effective January 1, 2024.²

After adjusting the December 31, 2023 valuation program to model the above changes, the UAAL for Rodeo-Hercules Fire in Cost Group #12 would increase by about \$358,000 (or 2.3% of Rodeo-Hercules Fire Tier A active members' actuarial accrued liability (AAL) of \$15.3 million as reported in our December 31, 2023 actuarial valuation).³ This increase in the AAL is mainly due to the allocation of cost under the Entry Age actuarial cost method. By using the original age at entry into CCCERA to allocate the cost for the enhanced benefit, a portion of the present value of benefit (PVB) for the enhanced benefit has been allocated to the AAL even though the enhanced benefit is provided for future service only.

Finally, the employer contribution rates for each tier after consolidation are calculated as a weighted average employer rate in proportion to the Rodeo Hercules Fire and Con Fire's projected payroll in each corresponding tier. For example, the employer contribution rates for Cost Group #5 General Tier 4 (3% COLA) is calculated by prorating the General Tier 4 (3% COLA) Rodeo Hercules Fire employer rates in Cost Group #1 and General Con Fire employer rates in Cost Group #5 as determined in the December 31, 2023 valuation in proportion to the General Rodeo Hercules Fire and General Con Fire's projected payroll in that tier.

¹ Any actual change in the normal cost rates that arises from difference in membership demographic between members from General Rodeo-Hercules Fire and members from other employers in Cost Group #1 will be reflected in the December 31, 2024 valuation when the General Rodeo-Hercules Fire's members depool from Cost Group #1 is reflected in that valuation.

² This is because the December 31, 2023 valuation results set the contribution rates for 2025/2026 fiscal year and we only have membership information indicating who are active members of Rodeo-Hercules Fire as of December 31, 2023. In practice, Rodeo-Hercules Fire members who are currently covered under Safety Tier A will start accruing enhanced service on and after the consolidation as of July 1, 2025.

³ It should be noted that \$15.3 million was the AAL for Rodeo-Hercules Fire Tier A active members that would be changed as part of this consolidation. The AAL for the entire Cost Group #12 (including other active members in Safety Tier D, inactive and retired members) was \$58.4 million as of December 31, 2023.

Results

Detailed employer and member contribution rates can be found in the following attachments of this letter:

- Attachment A: Cost Group #5 Employer Contribution Rates after Consolidation
- Attachment B: Cost Group #5 Member Contribution Rates for the Consolidated Group for members with membership dates before January 1, 2013.
- Attachment C: Cost Group #5 Member Contribution Rates for the Consolidated Group for members with membership dates on or after January 1, 2013.
- Attachment D: Cost Group #8 Employer Contribution Rates after Consolidation and Reflecting \$7.5 million UAAL Prepayment.¹
- Attachment E: Cost Group #8 Member Contribution Rates for the Consolidated Group for members with membership dates before January 1, 2013.
- Attachment F: Cost Group #8 Member Contribution Rates for the Consolidated Group for members with membership dates on or after January 1, 2013.

It is our understanding that Rodeo-Hercules Fire's members will be governed by the Con Fire's employment rules after the annexation and some members in the PEPRA 3% COLA tier may be changed to the PEPRA 2% COLA tier based on their membership dates. However, as the contribution rates determined in this letter are developed based on the December 31, 2023 valuation and specific information on which members might be enrolled in the PEPRA 2% COLA tier after the consolidation is not available at the time of this letter, we have kept the PEPRA 3% COLA tier member of Rodeo-Hercules in the PEPRA 3% COLA tier for the member (and the employer) contribution rate calculations in this letter. Segal will reflect the actual PEPRA tier assignments for the Rodeo-Hercules Fire PEPRA members once the actual tier assignments are provided to us.²

The following table summarizes the estimated assets, AAL, and UAAL for Rodeo-Hercules Fire as of December 31, 2023:

Summary of Assets, AAL and UAAL

Item	General (CG #1)	Safety (CG#12)	Total
Valuation value of assets	\$1,470,824	\$48,114,317	\$49,585,141 ³
Actuarial accrued liability	1,608,090	58,404,043	60,012,133
Unfunded actuarial accrued liability	137,266 ⁴	10,289,726	10,426,992

¹ The \$7.5 million in UAAL prepayment reduce the average employer contribution rate in Cost Group #8 by 0.71% of payroll or \$522,000 for 2025/2026 fiscal year.

² We understand that such information will be provided in the census data for the December 31, 2025 valuation.

³ Before reflecting the \$7.5 million UAAL prepayment.

⁴ This has been calculated by applying the ratio of the projected payroll for Rodeo-Hercules Fire General members of \$210,862 to all members in Cost Group #1 and Cost Group #2 of \$865,869,062 to the total UAAL for all of Cost Group #1 and Cost Group #2 of \$563,659,811.

The following table summarizes the demographic profiles for General and Safety Rodeo-Hercules Fire members as of December 31, 2023:

Member Demographics

Item	General (CG #1)	Safety (CG#12)	Total
Number of actives	2	20	22
Number of inactive vested	0	8	8
Number of retirees	1	21	22
Number of beneficiaries	1	6	7

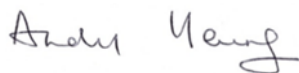
Other considerations

Unless otherwise noted, all of the above calculations are based on the December 31, 2023 Actuarial Valuation results including the participant data, actuarial assumptions, methods, and models on which that valuation was based. That valuation and these projections were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary.

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

Please let us know if you have any questions.

Sincerely,



Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary



Eva Yum, FSA, MAAA, EA
Vice President and Actuary

AW/elf
Enclosures

Disclaimer

This document has been prepared for the exclusive use and benefit of the client, based upon information provided by you and your other service providers or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of CCCERA. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

Attachment A: Cost Group #5 Employer contribution rates for the Consolidated Group

December 31, 2023 Actuarial Valuation Recommended Rates for 2025/2026

General Consolidated Group	Basic*	COLA	Total	Estimated Annual Dollar Amount
General Tier 1				
Normal Cost	15.70%	4.11%	19.81%	\$855,131
UAAL	12.76%	10.81%	23.57%	1,017,570
Total Contribution	28.46%	14.92%	43.38%	\$1,872,701
General Tier 4 (3% COLA)				
Normal Cost	10.18%	3.43%	13.61%	\$43,854
UAAL	12.76%	10.81%	23.57%	75,931
Total Contribution	22.94%	14.24%	37.18%	\$119,785
General Tier 4 (2% COLA)				
Normal Cost	10.08%	2.31%	12.39%	\$593,013
UAAL	12.76%	10.81%	23.57%	1,128,260
Total Contribution	22.84%	13.12%	35.96%	\$1,721,273

Plan and Employer	Projected Annual Compensation
Cost Group 5 (Con Fire)	
General Tier 1	\$4,316,664
General Tier 4 (3% COLA)	111,248
General Tier 4 (2% COLA)	4,786,225
Cost Group 1 (Rodeo-Hercules Fire)	
General Tier 1	\$0
General Tier 4 (3% COLA)	210,862
General Tier 4 (2% COLA)	0
General Consolidated Group combined (Aggregate)	\$9,424,999

* The Basic Normal Cost and UAAL rates shown for each cost group include an explicit administrative expense load of 0.52% and 0.13% of payroll, respectively.

Attachment B: Cost Group #5 Member contribution rates for the Consolidated Group

Members with Membership Dates before January 1, 2013
(as a % of Monthly Payroll)

Entry Age	Basic	COLA	Total
15	5.45%	3.10%	8.55%
16	5.55%	3.16%	8.71%
17	5.65%	3.22%	8.87%
18	5.75%	3.29%	9.04%
19	5.85%	3.35%	9.20%
20	5.95%	3.41%	9.36%
21	6.06%	3.48%	9.54%
22	6.17%	3.55%	9.72%
23	6.27%	3.61%	9.88%
24	6.39%	3.69%	10.08%
25	6.50%	3.76%	10.26%
26	6.61%	3.83%	10.44%
27	6.73%	3.90%	10.63%
28	6.85%	3.98%	10.83%
29	6.97%	4.05%	11.02%
30	7.10%	4.13%	11.23%
31	7.22%	4.21%	11.43%
32	7.35%	4.29%	11.64%
33	7.48%	4.37%	11.85%
34	7.62%	4.46%	12.08%
35	7.76%	4.55%	12.31%
36	7.90%	4.64%	12.54%
37	8.04%	4.73%	12.77%
38	8.19%	4.82%	13.01%
39	8.35%	4.92%	13.27%
40	8.50%	5.01%	13.51%
41	8.65%	5.11%	13.76%
42	8.81%	5.21%	14.02%
43	8.96%	5.30%	14.26%
44	9.12%	5.40%	14.52%
45	9.28%	5.50%	14.78%
46	9.44%	5.61%	15.05%
47	9.60%	5.71%	15.31%
48	9.76%	5.81%	15.57%
49	9.90%	5.89%	15.79%

Entry Age	Basic	COLA	Total
50	10.05%	5.99%	16.04%
51	10.21%	6.09%	16.30%
52	10.37%	6.19%	16.56%
53	10.53%	6.29%	16.82%
54	10.67%	6.38%	17.05%
55	10.81%	6.47%	17.28%
56	10.92%	6.54%	17.46%
57	10.91%	6.53%	17.44%
58	10.85%	6.49%	17.34%
59 and over	10.61%	6.34%	16.95%

Assumption Type	Assumption
Interest	6.75% per annum
Mortality	See <i>Section 4, Exhibit 1</i> of the December 31, 2023 Actuarial Valuation
Salary increase	Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit (See <i>Section 4, Exhibit 1</i> of the December 31, 2023 Actuarial Valuation)
Administrative expense	0.52% of payroll added to Basic rates
Leave cashout	1.00%
COLA loading factor	62.84%, applied to Basic rates prior to adjustment for administrative expenses, based on 2.75% assumed COLA.

Note: There is no change to the member contribution rates as shown in this Attachment when compared to the rates for Cost Group #5 members with membership dates before January 1, 2013 as calculated in the December 31, 2023 valuation, as Rodeo Hercules Fire does not have any General members with membership date before January 1, 2013.

Attachment C: Cost Group #5 Member contribution rates for the Consolidated Group

Members with Membership Dates on or After January 1, 2013
(as a % of Monthly Payroll)

Cost Group	Basic	COLA	Total
Consolidated Group PEPRA Tier 4 (3% COLA)	10.18%	3.43%	13.61%
Consolidated Group PEPRA Tier 4 (2% COLA)	10.08%	2.31%	12.39%

The PEPRA member contribution rates are 50% of the Normal Cost rate. The Basic rates shown above also include an administrative expense load of 0.52% of payroll.

Note: There is no change to the member contribution rates for Consolidated Group PEPRA Tier 4 (2% COLA) as shown in this Attachment when compared to the rates for Cost Group #5 – PEPRA Tier 4 (2% COLA) as calculated in the December 31, 2023 valuation, as Rodeo Hercules Fire does not have any General members in this tier.

It is our understanding that in the determination of pension benefits under the PEPRA formulas, the maximum compensation that can be taken into account for 2024 is equal to \$151,466; for an employer that is not enrolled in Social Security, the maximum amount is \$181,734. (§7522.10) These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2024. (§7522.10(d))

Attachment D: Cost Group #8 Employer contribution rates for the Consolidated Group After Reflecting \$7.5 Million UAAL Prepayment

December 31, 2023 Actuarial Valuation Recommended Rates for 2025/2026

Safety Consolidated Group	Basic*	COLA	Total	Estimated Annual Dollar Amount
Safety Tier A				
Normal Cost	24.14%	7.83%	31.97%	\$13,287,765
UAAL	7.99%	27.30%	35.29%	14,666,851
Total Contribution	32.13%	35.13%	67.26%	\$27,954,616
Safety Tier D				
Normal Cost	13.60%	5.65%	19.25%	\$733,543
UAAL	7.99%	27.30%	35.29%	1,344,556
Total Contribution	21.59%	32.95%	54.54%	\$2,078,099
Safety Tier E				
Normal Cost	12.91%	3.61%	16.52%	\$4,670,716
UAAL	7.99%	27.30%	35.29%	9,977,959
Total Contribution	20.90%	30.91%	51.81%	\$14,648,675

Plan and Employer	Projected Annual Compensation
Cost Group 8 (Con Fire)	
Safety Tier A	\$39,997,222
Safety Tier D	2,419,119
Safety Tier E	28,273,100
Cost Group 12 (Rodeo-Hercules Fire)	
Safety Tier A	\$1,562,112
Safety Tier D	1,390,755
Safety Tier E	0
Safety Consolidated Group combined (Aggregate)	\$73,642,308

* The Basic Normal Cost and UAAL rates shown for each cost group include an explicit administrative expense load of 0.52% and 0.13% of payroll, respectively.

Attachment E: Cost Group #8 Member contribution rates for the Consolidated Group

Members with Membership Dates before January 1, 2013
(as a % of Monthly Payroll)

Entry Age	Basic	COLA	Total
15	9.90%	6.84%	16.74%
16	9.90%	6.84%	16.74%
17	9.90%	6.84%	16.74%
18	9.90%	6.84%	16.74%
19	9.90%	6.84%	16.74%
20	9.90%	6.84%	16.74%
21	9.90%	6.84%	16.74%
22	10.06%	6.96%	17.02%
23	10.21%	7.07%	17.28%
24	10.37%	7.19%	17.56%
25	10.53%	7.30%	17.83%
26	10.70%	7.43%	18.13%
27	10.87%	7.55%	18.42%
28	11.04%	7.68%	18.72%
29	11.22%	7.81%	19.03%
30	11.38%	7.92%	19.30%
31	11.54%	8.04%	19.58%
32	11.71%	8.16%	19.87%
33	11.88%	8.29%	20.17%
34	12.06%	8.42%	20.48%
35	12.25%	8.56%	20.81%
36	12.44%	8.70%	21.14%
37	12.64%	8.84%	21.48%
38	12.85%	9.00%	21.85%
39	13.06%	9.15%	22.21%
40	13.28%	9.31%	22.59%
41	13.53%	9.49%	23.02%
42	13.76%	9.66%	23.42%
43	13.97%	9.81%	23.78%
44	14.16%	9.95%	24.11%
45	14.22%	10.00%	24.22%
46	14.24%	10.01%	24.25%
47	14.31%	10.06%	24.37%
48	13.97%	9.81%	23.78%
49 and over	13.68%	9.60%	23.28%

Assumption Type	Assumption
Interest	6.75% per annum
Mortality	See <i>Section 4, Exhibit 1</i> of the December 31, 2023 Actuarial Valuation
Salary increase	Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit (See <i>Section 4, Exhibit 1</i> of the December 31, 2023 Actuarial Valuation)
Administrative expense	0.52% of payroll added to Basic rates
Leave cashout	0.25%
COLA loading factor	72.96%, applied to Basic rates prior to adjustment for administrative expenses, based on 2.75% assumed COLA.

Note: There is little to no change to the member contribution rates as shown in this Attachment when compared to the rates for Cost Group #8 members with membership dates before January 1, 2013 as calculated in the December 31, 2023 valuation. However, there is an increase in the employer normal cost rate for Safety Tier A after the consolidation (an increase of about 0.05% of payroll for Basic normal cost rate and 0.05% of payroll for COLA normal cost rate) when compared to the employer normal cost rates calculated in the December 31, 2023 valuation. The main reason for the increase in the employer normal cost rate is due to a larger proportion of Rodeo-Hercules Fire Tier A members who have accrued over 30 years of service and have stopped making member contributions and that cost is borne by the employer.

Attachment F: Cost Group #8 Member contribution rates for the Consolidated Group

Members with Membership Dates on or After January 1, 2013
(as a % of Monthly Payroll)

Cost Group	Basic	COLA	Total
Consolidated Group PEPRA Tier D	13.60%	5.65%	19.25%
Consolidated Group PEPRA Tier E	12.91%	3.61%	16.52%

The PEPRA member contribution rates are 50% of the Normal Cost rate. The Basic rates shown above also include an administrative expense load of 0.52% of payroll.

Note: There is no change to the member contribution rates for Consolidated Group PEPRA Tier E as shown in this Attachment when compared to the rates for Cost Group #8 — PEPRA Tier E as calculated in the December 31, 2023 valuation, as Rodeo Hercules Fire does not have any Safety members in this tier.

It is our understanding that in the determination of pension benefits under the PEPRA formulas, the maximum compensation that can be taken into account for 2024 is equal to \$151,466; for an employer that is not enrolled in Social Security, the maximum amount is \$181,734. (§7522.10) These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2024. (§7522.10(d))