



Town of Paradise Town Council Special Meeting Agenda 1:00 PM – July 20, 2022

Town of Paradise Council Chamber – 5555 Skyway, Paradise, CA

Mayor, Steve Crowder
Vice Mayor, Greg Bolin
Council Member, Steve “Woody” Culleton
Council Member, Jody Jones
Council Member, Rose Tryon

Town Manager, Kevin Phillips
Town Attorney, Scott E. Huber
Town Clerk, Dina Volenski
CDD, Planning & Onsite, Susan Hartman
CDD, Building & Code Enforcement, Tony Lindsey
Finance Director/Town Treasurer – Ross Gilb
Public Works Director/Town Engineer, Marc Mattox
Division Chief, CAL FIRE/Paradise Fire, Patrick Purvis
Chief of Police, Eric Reinbold
Recovery & Economic Development Director, Colette Curtis
Human Resources & Risk Management Director, Crystal Peters
Information Systems Director, Luis Marquez

Meeting Procedures

- I. The Mayor is the Presiding Chair and is responsible for maintaining an orderly meeting. The Mayor calls the meeting to order and introduces each item on the agenda.
- II. The Town staff then provides a report to Council and answers questions from the Council.
- III. Citizens are encouraged to participate in the meeting process and are provided several opportunities to address Council. Any speaker addressing the Council is limited to three minutes per speaker - fifteen minutes per agenda item
 - A. If you wish to address the Council regarding a specific agenda item, please complete a “Request to Address Council” card and give it to the Town Clerk prior to the beginning of the meeting. This process is voluntary and allows for citizens to be called to the speaker podium in alphabetical order. Comments and questions from the public must be directed to the Presiding Chair and Town Council Members (please do not address staff.) Town staff is available to address citizen concerns Monday through Thursday at Town Hall between the hours of 8am and 5pm.

In compliance with the Americans with Disabilities Act (ADA) Compliance, persons who need special accommodations to participate in the Town Council meeting may contact the Town Clerk at least three business days prior to the date of the meeting to provide time for any such accommodation.

1. OPENING

- 1a. Call to Order
- 1b. Pledge of Allegiance to the Flag of the United States of America
- 1c. Roll Call

2. COUNCIL CONSIDERATION

Action items are presented by staff and the vote of each Council Member must be announced. A roll call vote is taken for each item on the action calendar. Citizens are allowed three (3) minutes to comment on agenda items.

2a. p3 Following Town Council's review of the actuarial valuation of retiree health benefits, staff recommends that the Council receive and file the reports as submitted; or, Refer the matter back to staff for further development and consideration. (ROLL CALL VOTE)

2b. p48 Upon Conclusion of the public discussion regarding the Paradise Municipal Code Relating to the Declaration of what Constitutes an Unlawful Public Nuisance; 1. Consider waiving the first reading of Town Ordinance No. _____ and read by title only; and, 2. Introduce Town Ordinance No. _____, An Ordinance of the Town Council of the Town of Paradise Relating to Section "8.04.010 of the Paradise Municipal Code Relating to Declaration of what constitutes an unlawful public nuisance."; or adopt an alternative directive to Town staff. (ROLL CALL VOTE)

3. ADJOURNMENT

STATE OF CALIFORNIA)	SS.
COUNTY OF BUTTE)	
I declare under penalty of perjury that I am employed by the Town of Paradise in the Town Clerk's Department and that I posted this Agenda on the bulletin Board both inside and outside of Town Hall on the following date:	

TOWN/ASSISTANT TOWN CLERK SIGNATURE	



Town of Paradise
Council Agenda Summary
Date: July 20, 2022

Agenda Item: 2(a)

ORIGINATED BY: Ross Gilb, Finance Director/Town Treasurer
REVIEWED BY: Kevin Phillips, Town Manager
SUBJECT: Actuarial Valuation of Retiree Health Benefits

COUNCIL ACTION REQUESTED:

1. Following Town Council's review of the actuarial valuation of retiree health benefits, staff recommends that the Council receive and file the reports as submitted; or,
2. Refer the matter back to staff for further development and consideration

Background:

Actuarial Valuation of Other Post Employment Benefits

As required every other year, the Town contracted to have an actuarial study completed to measure the Other Post Employment Benefit (OPEB) obligation related to retiree health benefits as of June 30, 2021. The previous full valuation of the Town's OPEB obligation was performed as of June 30, 2019 and rolled forward during the previous fiscal year to value the obligation as of June 30, 2020. The current actuarial study shows that the OPEB obligation is valued at \$13,433,488, which represents a total increase of \$3,487,841 (or 35.1%) compared to the previous June 30, 2020 valuation of \$9,945,647.

The change in the actuarial valuation of the OPEB obligation is the result of three primary factors:

1. Better actual asset performance compared to expected that caused a decrease in the liability.
2. Favorable actual demographic experience and lower healthcare cost increase than expected that caused a decrease in liability.
3. The decrease in the liability based on the factors above was offset by assumption changes as outlined in Section 7 of the full actuarial report included in the agenda packet that produced a net liability increase. The primary contributing factor for the liability increase is the reduction of the assumed discount rate from 6.50% to 2.19%.

Please refer to Sections 1 and 7 of the full actuarial valuation report included in the agenda packet for further details surrounding the actuarial methods and assumptions which contributed to the increased overall valuation.

Cost Analysis of Proposed Change to Medical Benefit Premium Cost Share

Historically, the Town has agreed to pay monthly a portion of the premiums for a medical plan, up to, but not exceeding a specific amount for each of the five Town employee units, including the General Employees Unit, the Management Group, the Confidential and Mid-Management Association, the Police Management and Mid-Management Association, and the Police Officers Association.

As of the end of the last approved Memorandum of Understanding between the Town and all employee units listed above other than the Police Officers Association, the approved portion of the monthly premiums for a medical plan to be paid by the Town through June 30, 2022 was, up

to, but not exceeding the following amount for active and retired employees:

- Employee: \$433.73
- Employee plus one: \$867.45
- Employee plus two or more \$1,127.69

As of the end of the last approved Memorandum of Understanding between the Town and the Police Officers Association, the approved portion of the monthly premiums for a medical plan to be paid by the Town through June 30, 2022 was, up to, but not exceeding the following amount for active and retired employees:

- Employee: \$504.15
- Employee plus one: \$1,008.29
- Employee plus two or more \$1,310.79

Through the negotiation process between the Town of Paradise and the five employee units, the Town has agreed to pay monthly premiums for a medical plan, up to, but not exceeding the following amounts for active and retired employees of all five employee units:

- Employee: \$504.16
- Employee plus one: \$1,008.30
- Employee plus two or more \$1,310.80

As a result of the change in the amount of the monthly medical premium amount agreed to be paid by the Town for active and retired employees, the total obligation of the Town for providing other post-employment benefits has increased. In order to determine the extent of the increase in this cost, the Town has secured the services of an actuary to provide an analysis of the actuarial impact upon future annual costs.

The actuarial analysis assumes an expected total OPEB obligation of \$13,708,000 as of June 30, 2022 due to the passage of time from the current full valuation. The total projected increase in the OPEB obligation as a result of the actuarial analysis was \$842,000 based on the factors outlined below:

The increase in the accrued OPEB obligation as a result of the proposed employer medical premium changes per the actuarial analysis is \$597,000. An additional expected increase to the OPEB obligation in the amount of \$245,000 was also factored into this analysis based on the expected reduction in the assumed discount rate.

Financial Impact:

The actuarial valuation of the Town's OPEB obligation was increased from \$9,945,647 as of the previous valuation date to \$13,433,488 as of the valuation date for June 30, 2021.

The total increase in the Town's OPEB obligation as a result of the proposed medical premium change is \$597,000 and \$245,000 based on the expected reduction in the assumed discount rate. As a result, the total OPEB obligation is expected to increase from the current valuation of \$13,708,000 to \$14,550,000 upon implementation of the new medical cap.

Staff is currently in the process of analyzing options for prudent management and reduction of the total OPEB obligation and will bring forward recommendations for Council consideration as soon as available.

Town of Paradise

GASB 75 Disclosures for Fiscal Year Ending June 30, 2022
Based on OPEB Valuation as of June 30, 2021

CONTACT

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GovInvest
The Financial Forecasting Authority

Version 1.0

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Actuarial Certification

Mr. Ross Gilb
Town of Paradise
5555 Skyway Rd
Paradise, CA 95969

GovInvest has been engaged by Town of Paradise to complete an actuarial valuation of the Town of Paradise OPEB Plan as of June 30, 2021 which will be used as the basis of the financial accounting disclosure for fiscal year ending 6/30/2022 in accordance with GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions).

The purpose of this report is to provide the Town with recommended contributions as well as required information needed for financial statement disclosure purposes. The use of this report for any other purpose may not be appropriate. The content of this report may not be modified, reproduced, or provided to third parties, either in whole or in part, without our permission. GovInvest is not responsible for usage, inference, or misinterpretation of this report by third parties.

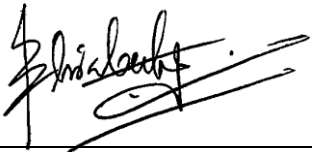
Results presented in this report are based on the census data, substantive plan provisions, and healthcare cost information provided by the Town and/or their benefit consultants. All information provided has been reviewed for reasonableness and clarifications or corrections have been requested where appropriate. We have not audited the information at the source, and therefore, do not accept responsibility for the accuracy or completeness of the data on which the information is based. Assumptions made related to missing data have been identified in this report. We are satisfied that the information provided is suitable and sufficient for the purpose of the measurement.

The valuation results were prepared using leased actuarial modeling software that produces results consistent with the purpose of this valuation and meet applicable regulatory requirements. The vendor is responsible for the development, maintenance, and improvement of these models. The models include comprehensive technical documentations that outline how the calculations are performed along with sample life outputs that allow the users to confirm with high degree of accuracy how the programmed benefit is applied to an individual with the proposed decrements and other assumptions. The actuarial team loads the participant data, programs the benefit provisions and proposed assumptions into the model and review sample life outputs and results under the supervision of credentialed actuaries who are proficient users of the software. We are not aware of any material limitations in the model nor any material inconsistencies in the assumptions used within the model.

The discount rate, other economic, and demographic assumptions have been selected by the Town with our recommendations and concurrence. We believe each assumption is reasonable based on its own merits and in combination represent reasonable expected experience of the Plan. All calculations have been completed in accordance with generally accepted actuarial principles and practices.

Future actuarial measurements may differ significantly from current measurements due to factors such as actual plan experience that differs from that anticipated by the economic and demographic assumptions as well as changes in future assumptions, substantive plan provisions, and/or applicable law. We have not analyzed the potential range of such differences due to the limited scope of our engagement. To our knowledge, there are no significant events prior to the current year's Measurement Date or as of the date of this report that may materially affect the results presented herein.

The undersigned meets the General Qualification Standards of the American Academy of Actuaries for the purpose of issuing Statement of Actuarial Opinion in the United States. Neither GovInvest nor any of its employees have any relationship with the Plan Sponsor that could impair or appear to impair the objectivity of this report.



Evi Laksana, ASA, MAAA

July 18, 2022

Section 1: Executive Summary

This is our first valuation of these benefits. Liability, expense, and deferred inflows and outflows calculations prior to June 30, 2021 were determined by North Bay Pensions LLC. We have relied on these results without audit.

Town of Paradise (the “Town”) sponsors a single-employer defined benefit OPEB plan that provides medical and prescription drug coverage at retirement. Employees may continue health coverage with the Town at retirement for themselves, their spouses, and dependents for life once they meet certain eligibility requirements and as long as required contributions are made.

The results presented in this report are based on the June 30, 2021 valuation with liabilities and assets measured as of June 30, 2021, for use in the Town’s accrual-based financial statement for the fiscal year ending June 30, 2022. The Town has elected to use the GASB 75 “lookback” method where assets and liabilities are measured as of the prior fiscal year-end but applied to the current fiscal year. The June 30, 2021 valuation uses census data of (a) active employees who will be eligible to receive benefits in the future and (b) existing retirees who are currently receiving these benefits as of June 30, 2021, as well as healthcare cost information effective on January 1, 2021 provided by the Plan Sponsor and/or their healthcare consultant.

The actuarial valuation is based on substantive plan provisions outlined in Section 6. The valuation requires assumptions which are listed in Section 7. Results from the June 30, 2021 valuation may be rolled-forward for use in the Plan Sponsor’s accrual-based financial statement disclosure for the fiscal year ending June 30, 2023 assuming that there are no material changes to the substantive plan provisions and/or the covered population.

The Plan Sponsor’s next full valuation is as of June 30, 2023 with liabilities and assets measured as of June 30, 2023 for reporting in the Plan Sponsor’s accrual-based financial statements for the fiscal year ending June 30, 2024.

Changes Since Prior Valuation

The Town’s Net OPEB Liability has increased from \$9,945,647 as of June 30, 2020 to \$13,433,488 as of June 30, 2021, which is attributable to a combination of the following factors:

1. Better actual asset performance compared to expected.
2. Favorable actual demographic experience and lower healthcare cost increase than expected that caused a decrease in liability.
3. Assumption changes as outlined in Section 7 that produces a net liability increase.

Summary of Results

Presented below is the summary of results for the current fiscal year compared to the prior fiscal year.

Fiscal Years	2021/22	2020/21
Valuation Date (VD)	June 30, 2021	June 30, 2019
Measurement Date (MD)	June 30, 2021	June 30, 2020
Membership Data as of Valuation Date		
Inactive employees or beneficiaries currently receiving benefits	81	81
Inactive employees entitled to but not yet receiving benefits	0	0
Active employees	65	54
Total membership	146	135
Discount Rate at Measurement Date		
Municipal Bond Index Rate	2.19%	2.66%
Long-term Expected Asset Return	6.50%	6.50%
Year in which Fiduciary Net Position is projected to be depleted	2021 ¹	N/A
Single Equivalent Discount Rate (SEDR)	2.60%	6.50%
Net OPEB Liability as of Measurement Date		
Total OPEB Liability (TOL)	\$ 13,715,521	\$ 10,164,506
Fiduciary Net Position (FNP)	(282,033)	(218,859)
Net OPEB Liability (NOL = TOL – FNP)	\$ 13,433,488	\$ 9,945,647
Funded Status (FNP / TOL)	2.1%	2.2%
OPEB Expense / (Income) by Fiscal Year	\$ 1,364,826	\$ 656,017
Balance of unamortized Deferred Inflows at MD	\$ (594,144)	\$ (292,731)
Balance of unamortized Deferred Outflows at MD	\$ 3,971,666	\$ 11,892
Actuarially Determined Contribution by Fiscal Year	\$ 863,005	\$ N/A

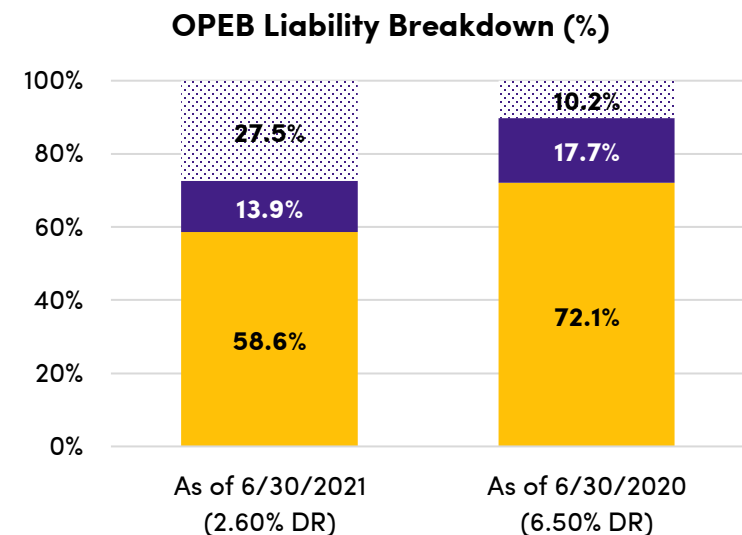
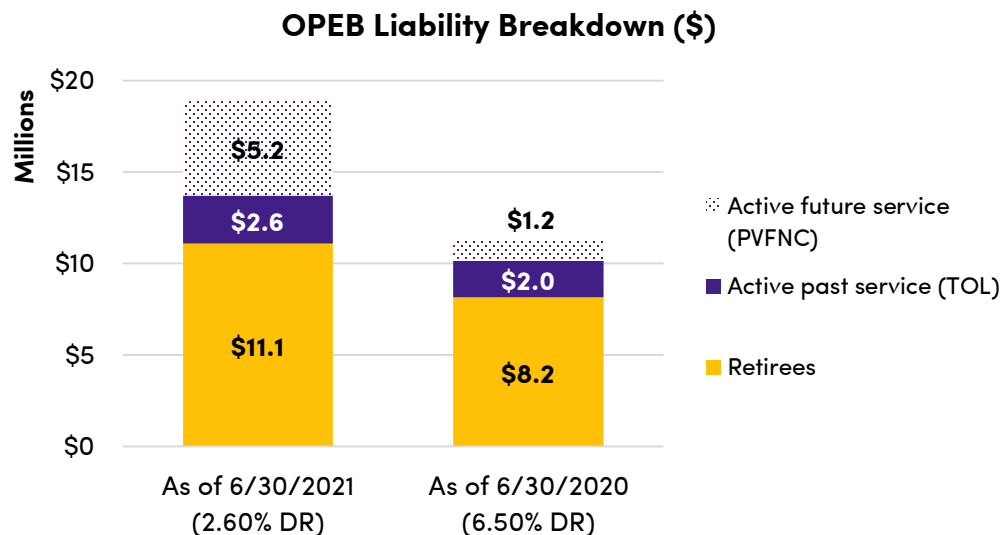
¹The Trust is expected to be able to partially fund for the benefit payments in the first 20 years before becoming completely depleted by the year ending 2042.

Below is a breakdown of the OPEB liability allocated to past and current service as of the Measurement Date compared to the prior Measurement Date. The liability below includes explicit subsidy (if any) and implicit subsidy. Refer to the Substantive Plan Provisions section for complete information on the Town benefit provisions.

Present Value of Future Benefits (PVFB)	As of June 30, 2021	As of June 30, 2020 ²
Active employees	\$ 7,819,882	\$ 3,160,801
Retired employees	11,087,719	8,157,626
Total PVFB	\$ 18,907,601	\$ 11,318,427

Total OPEB Liability (TOL)	As of June 30, 2021	As of June 30, 2020
Active employees	\$ 2,627,802	\$ 2,006,880
Retired employees	11,087,719	8,157,626
Total TOL	\$ 13,715,521	\$ 10,164,506

	As of June 30, 2021	As of June 30, 2020
Discount Rate	2.60%	6.50%



² PVFB has been estimated based on the June 30, 2020 TOL disclosed in the Town of Paradise Report of GASB 75 Actuarial Valuation as of June 30, 2019 prepared by North Bay Pensions LLC dated 6/30/2021.

Section 2: Financial Disclosures

This section provides the necessary accounting disclosures for the Town's financial reports as shown in the following tables:

Table 1: Plan Demographics

Table 2: Brief Summary of Assumptions

Table 3: OPEB Expense

Table 4: Net OPEB Liability Sensitivity (Discount Rate)

Table 5: Net OPEB Liability Sensitivity (Healthcare Trend Rates)

Table 6: Historical Deferred Inflows and Outflows

Table 7: Unamortized Balance of Deferred Inflows and Outflows

Table 8: Schedule of Future Amortization of Deferred Inflows and Outflows

Summary of Membership and Assumptions

The table below shows the number of employees covered by the benefit terms as of June 30, 2021.

Table 1 - Plan Demographics

Inactive employees or beneficiaries currently receiving benefits	81
Inactive employees entitled to but not yet receiving benefits	0
Active employees	65
Total membership	146

The Total OPEB Liability (TOL) as of June 30, 2021 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. For a complete list of assumptions, refer to Section 7.

Table 2 - Brief Summary of Assumptions

Inflation	2.50%
Payroll growth	2.80% wage inflation based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Investment rate of return	6.50%
Discount rate	2.60% ³
Healthcare trend rates	Based on 2021 Getzen model with actual premium increases from 2021 to 2022 ⁴ followed by 5.75% (non-Medicare) / 5.40% (Medicare) in 2022, decreasing gradually to an ultimate rate of 4.04%

³ The Trust is expected to be able to partially fund the benefit payments in the first 20 years before becoming completely depleted by the year ending 2042 based on the assumption that the Town will continue to pay for benefit payments from outside of the Trust plus \$20,000 additional pre-funding contribution (which is based on the average Town's contributions in the past 5 years).

⁴ The actual premium increases from 2021 to 2022 used in the valuation are as follows: (a) Actives: 20.00% (non-Medicare) / 6.70% (Medicare) and (b) Retirees: 4.50% (non-Medicare) / -1.30% (Medicare).

OPEB Expense

The table below shows a comparison of the OPEB Expense recognized by the Town for the current and prior fiscal years.

Table 3 - OPEB Expense

Fiscal Years	2021/22	2020/21
SEDR as of beginning of year	6.50%	6.50%
SEDR as of end of year	2.60%	6.50%
Service Cost	\$ 110,454	\$ 107,237
Interest on TOL and Service Cost	643,913	637,764
Changes of benefit terms	0	0
Projected earnings on OPEB Plan investments	(14,210)	(14,251)
OPEB Plan administrative expenses net of all revenues	487	323
Current period recognition of Deferred Inflows / Outflows of Resources		
Difference between expected and actual experience in the TOL	\$ (160,313)	\$ (73,113)
Changes of assumptions or other inputs	792,974	(3,354)
Net difference between the projected and actual earnings on OPEB Plan investments	(8,479)	1,411
Other	0	0
Total current period recognition	\$ 624,182	\$ (75,056)
OPEB Expense	\$ 1,364,826	\$ 656,017

Schedule of Changes in Net OPEB Liability

Fiscal Year Ending June 30	2022	2021	2020	2019	2018
Measurement Period Ending June 30	2021	2020	2019	2018	2017
Total OPEB Liability (TOL)					
Service Cost	\$ 110,454	\$ 107,237	\$ 153,868	\$ 149,386	\$ 145,035
Interest on TOL and Service Cost	643,913	637,764	663,993	661,804	661,041
Changes of benefit terms	0	0	0	0	0
Difference between expected & actual experience	(436,000)	0	(424,055)	0	0
Changes of assumptions or other inputs	3,981,641	0	(19,451)	0	0
Benefit payments	(748,993) ⁵	(784,503)	(771,250)	(783,788)	(792,419)
Net change in TOL	\$ 3,551,015	\$ (39,502)	\$ (396,895)	\$ 27,402	\$ 13,657
TOL – beginning	\$ 10,164,506	\$ 10,204,008	\$ 10,600,903	\$ 10,573,501	\$ 10,559,844
TOL – ending	\$ 13,715,521	\$ 10,164,506	\$ 10,204,008	\$ 10,600,903	\$ 10,573,501
Plan Fiduciary Net Position (FNP)					
Contributions – employer	\$ 748,993	\$ 784,503	\$ 771,250	\$ 852,682	\$ 817,419
Contributions – employees	0	0	0	0	0
Benefit payments	(748,993)	(784,503)	(771,250)	(783,788)	(792,419)
Net investment income	63,661	(227)	12,915	11,096	11,016
Trust administrative expenses	(487)	(323)	(323)	(198)	0
Net change in Plan FNP	\$ 63,174	\$ (550)	\$ 12,592	\$ 79,792	\$ 36,016
FNP – beginning	\$ 218,859	\$ 219,409	\$ 206,817	\$ 127,025	\$ 91,009
FNP – ending	\$ 282,033	\$ 218,859	\$ 219,409	\$ 206,817	\$ 127,025
Net OPEB Liability – ending	\$ 13,433,488	\$ 9,945,647	\$ 9,984,599	\$ 10,394,086	\$ 10,446,476
FNP as % of TOL	2.1%	2.2%	2.2%	2.0%	1.2%
Covered payroll – measurement period	\$ 4,579,309	\$ 3,834,730	\$ 3,849,529	\$ 4,290,581	\$ 3,854,764
NOL as % of covered payroll	293.4%	259.4%	259.4%	242.3%	271.0%

⁵ Based on explicit benefit payment of \$676,315 and estimated implicit subsidy payment of \$72,678.

Schedule of Employer Contribution

Fiscal Year Ending	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC) ⁶	\$ 863,005	\$ N/A	\$ 709,387	\$ 701,420	\$ 1,165,684
Contributions in relation to the ADC	\$ 786,353	\$ 781,177	\$ 781,580	\$ 701,420	\$ 779,349
Contribution deficiency / (excess)	\$ 76,652	\$ N/A	\$ (72,193)	\$ 0	\$ 386,335
Covered-employee payroll – employer fiscal year	\$ 5,128,559	\$ 4,579,309	\$ 3,849,529	\$ 4,290,581	\$ 3,854,764
Contributions as a % of covered-employee payroll	14.9%	17.1%	20.3%	16.3%	20.2%

⁶ Actuarially Determined Contributions (ADC) prior to FYE 2022 were as disclosed in the Town's Annual Financial Report. These calculations were not present in North Bay Pension's report.

Net OPEB Liability Sensitivity

The following presents the Net OPEB Liability of the Town, as well as what the Town's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of June 30, 2021.

Table 4 - Net OPEB Liability Sensitivity (Discount Rate)

	1% Decrease (1.60%)	Discount Rate (2.60%)	1% Increase (3.60%)
Net OPEB Liability / (Asset)	\$ 15,125,524	\$ 13,433,488	\$ 12,023,665

The following presents the Net OPEB Liability of the Town, as well as what the Town's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of June 30, 2021.

Table 5 - Net OPEB Liability Sensitivity (Healthcare Trend Rates)

	1% Decrease	Healthcare Trend Rates ⁷	1% Increase
Net OPEB Liability / (Asset)	\$ 13,206,014	\$ 13,433,488	\$ 13,664,876

⁷ Comparison of Baseline, 1% Decrease and 1% Increase in healthcare trend rates assumptions are as shown below:

Groups	1% Decrease	Baseline	1% Increase
Active	19.00% non-Medicare / 5.70% Medicare decreasing to an ultimate rate of 3.04%	20.00% non-Medicare / 6.70% Medicare decreasing to an ultimate rate of 4.04%	21.00% non-Medicare / 7.70% Medicare decreasing to an ultimate rate of 5.04%
Retiree	3.50% non-Medicare / -2.30% Medicare, decreasing to an ultimate rate of 3.04%	4.50% non-Medicare / -1.30% Medicare, decreasing to an ultimate rate of 4.04%	5.50% non-Medicare / 0.30% Medicare, decreasing to an ultimate rate of 5.04%

Deferred Inflows and Deferred Outflows of Resources Related to OPEB

The tables below show changes in the Net OPEB Liability that have not been included in the OPEB expense for the following items:

1. Differences between expected and actual experience of the OPEB plan
2. Changes in assumptions
3. Differences between projected and actual earnings on the OPEB plan investments

The initial amortization base for the first two items above are amortized linearly over the average expected remaining service lives of active and inactive employees. The difference between projected and actual earnings on the OPEB plan investments is amortized linearly over five years.

Table 6 - Historical Deferred Inflows and Outflows

Differences between expected and actual experience

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2021	Unamortized Balance as of June 30, 2021
6/30/2017	6/30/2018	\$ 0	N/A	\$ 0	\$ 0	\$ 0
6/30/2018	6/30/2019	\$ 0	N/A	\$ 0	\$ 0	\$ 0
6/30/2019	6/30/2020	\$ (424,055)	5.80	\$ (73,113)	\$ (219,339)	\$ (204,716)
6/30/2020	6/30/2021	\$ 0	5.80	\$ 0	\$ 0	\$ 0
6/30/2021	6/30/2022	\$ (436,000)	5.00	\$ (87,200)	\$ (87,200)	\$ (348,800)

Changes in assumptions or other inputs

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2021	Unamortized Balance as of June 30, 2021
6/30/2017	6/30/2018	\$ 0	N/A	\$ 0	\$ 0	\$ 0
6/30/2018	6/30/2019	\$ 0	N/A	\$ 0	\$ 0	\$ 0
6/30/2019	6/30/2020	\$ (19,451)	5.80	\$ (3,354)	\$ (10,062)	\$ (9,389)
6/30/2020	6/30/2021	\$ 0	5.80	\$ 0	\$ 0	\$ 0
6/30/2021	6/30/2022	\$ 3,981,641	5.00	\$ 796,328	\$ 796,328	\$ 3,185,313

Differences between projected and actual earnings on OPEB plan investments

Measurement Period Ending	Fiscal Year Ending	Initial Balance	Initial Amortization Period	Annual Recognition	Recognized in OPEB Expense through June 30, 2021	Unamortized Balance as of June 30, 2021
6/30/2017	6/30/2018	\$ (5,100)	5.00	\$ (1,016)	\$ (5,100)	\$ 0
6/30/2018	6/30/2019	\$ (2,846)	5.00	\$ (569)	\$ (2,276)	\$ (570)
6/30/2019	6/30/2020	\$ 518	5.00	\$ 104	\$ 312	\$ 206
6/30/2020	6/30/2021	\$ 14,478	5.00	\$ 2,896	\$ 5,792	\$ 8,686
6/30/2021	6/30/2022	\$ (49,451)	5.00	\$ (9,890)	\$ (9,890)	\$ (39,561)

The table below shows the unamortized balance of Deferred Inflows and Outflows of Resources as of June 30, 2021 for financial statement disclosure for the fiscal year ending June 30, 2022.

Table 7 - Unamortized Balance of Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (553,516)
Changes in assumptions or other inputs	3,185,313	(9,389)
Net difference between projected and actual earnings on OPEB plan investments	0	(31,239)
Employer contribution subsequent to the Measurement Date	766,353 ⁸	0
Total	\$ 3,971,666	\$ (594,144)

Schedule of future annual amortizations of Deferred Inflows and Outflows that will be recognized in future OPEB expense is as shown below.

Table 8 - Schedule of Future Deferred Inflows and Outflows Amortization

Measurement Period Ending	Amounts
2022	\$ 625,201
2023	\$ 625,769
2024	\$ 640,961
2025	\$ 699,238
2026	\$ 0
Thereafter	\$ 0

⁸ Based on expected benefit payment of \$766,353 (includes \$95,961 in estimated implicit subsidy payment).

Section 3: Asset Information

Funding Policy

The Town has an OPEB Trust that is invested in Self-Insured Schools of California (SISC) GASB 45 Trust A under the Moderate investment strategy, which is a qualified irrevocable trust. The Town intends to pay for retiree health benefit expenses from the City's general assets and make annual OPEB Trust on an ad hoc basis as funds are available.

Asset Breakdown⁹

As of	June 30, 2021	June 30, 2020
Assets		
Cash and cash equivalents	\$ 9,063	\$ 2,906
Receivables		
Investments		
Corporate issues	\$ 0	\$ 3,961
Domestic stock (common and preferred)	28,158	23,766
Mutual funds – equity	143,597	101,157
Mutual funds – fixed income	73,703	66,341
Partnerships/Joint Ventures	27,512	20,728
Total investments	<u>\$ 272,970</u>	<u>\$ 215,953</u>
Total assets	<u>\$ 282,033</u>	<u>\$ 218,859</u>
Liabilities		
Accounts payable	\$ 0	\$ 0
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>
Net asset available for benefits	\$ 282,033	\$ 218,859

⁹ Asset breakdown by investment class is allocated in the same proportion as the actual asset balance by investment class of the total Trust balance as of June 30, 2021 and 2020.

Reconciliation of Assets

Measurement Periods	2020/21	2019/20
Additions		
Contributions received		
Employer	\$ 784,993	\$ 784,503
Employees	0	0
Total contributions	\$ 784,993	\$ 784,503
Investment income		
Interest and dividend	\$ 2,338	\$ 0
Net increase/(decrease) in fair value of investments	61,323	(227)
Accrued income	0	0
Investment expense	0	0
Net investment income	\$ 63,661	\$ (227)
Total additions	\$ 812,654	\$ 784,276
Deductions		
Benefit payments net of retiree contributions	\$ (748,993)	\$ (784,503)
Administrative expenses	(487)	(323)
Total deductions	\$ (749,480)	\$ (784,826)
Change in net position	\$ 63,174	\$ (550)
Net position – beginning of year	\$ 218,859	\$ 219,409
Net position – end of year	\$ 282,033	\$ 218,859

Section 4: Actuarially Determined Contribution

Actuarially Determined Contribution (ADC) is the recommended contribution that, if paid on an ongoing basis, is expected to provide sufficient resources to fund (a) future normal cost (cost for new service) and (b) the amortized unfunded liabilities (cost for past service). There is no requirement to fund OPEB benefit under GASB 75 and it is up to the Plan Sponsor's discretion to determine the OPEB contributions based on their fiscal situation.

Contribution Years	FY 2021/22	FY 2022/23	FY 2023/24
Funding discount rate	6.50%	6.50%	6.50%
Amortization method	Level % of Pay	Level % of Pay	Level % of Pay
Payroll growth	2.80%	2.80%	2.80%
Amortization period	20 years	19 years	18 years
Actuarial Accrued Liability (AAL) – beginning of year ¹⁰	\$ 9,336,368	\$ 9,354,563	\$ 9,382,849
Actuarial Value of Assets (AVA) – beginning of year ¹¹	(282,033)	(299,783)	(339,289)
Unfunded AAL (UAAL) – beginning of year	\$ 9,054,335	\$ 9,054,780	\$ 9,043,560
Normal Cost – beginning of year	\$ 189,859	\$ 181,429	\$ 174,837
Amortization of UAAL – beginning of year	620,474	643,011	667,289
Total Normal Cost and amortization of UAAL	\$ 810,333	\$ 824,440	\$ 842,126
Interest adjustment for end of year payment	52,672	53,589	54,738
Actuarially Determined Contribution (ADC)	\$ 863,005	\$ 878,029	\$ 896,864

¹⁰ Fiscal year 2021/22 AAL as of beginning of year is based on June 30, 2021 OPEB valuation. Fiscal years 2022/23 and 2023/24 AAL as of beginning of year is based on June 30, 2021 OPEB valuation projected to June 30, 2022 and June 30, 2023 on a "no gain/loss" basis.

¹¹ Fiscal year 2021/22 AVA as of beginning of year is based on market value of assets as of June 30, 2021. Fiscal years 2022/23 and 2023/24 AVA as of beginning of year is projected from June 30, 2021 market value of asset assuming 6.50% investment income and Town contribution equals to the expected benefit payment plus \$20,000 in FY 2022/23 only (\$766,353 in FY 2021/22 and \$769,022 in FY 2022/23 total Town contributions), and 0.20% Trust administrative expense applied to the beginning of year asset balance.

Section 5: Projected Benefit Payments

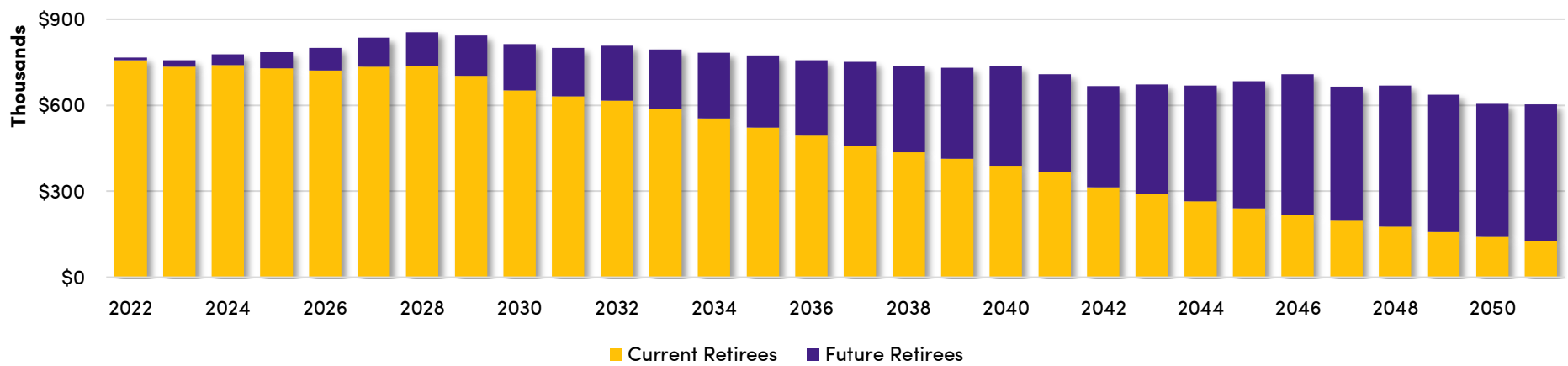
The below table shows the projected benefit payments for the next 30 years for a closed group of participants (both active employees and existing retirees) who are included in the census data as of the June 30, 2021. This exhibit is provided for informational purposes only and is not a required disclosure under GASB 75. Projected benefit payments below include both explicit (if any) and implicit subsidies (as applicable).

FYE	Future Retirees	Current Retirees	Total
2022	\$ 9,849	\$ 756,504	\$ 766,353
2023	\$ 23,162	\$ 725,861	\$ 749,023
2024	\$ 38,725	\$ 730,766	\$ 769,491
2025	\$ 56,122	\$ 721,406	\$ 777,528
2026	\$ 78,129	\$ 715,260	\$ 793,389
2027	\$ 101,295	\$ 728,335	\$ 829,630
2028	\$ 118,636	\$ 734,139	\$ 852,775
2029	\$ 141,426	\$ 702,256	\$ 843,682
2030	\$ 162,065	\$ 652,179	\$ 814,244
2031	\$ 170,812	\$ 630,296	\$ 801,108

FYE	Future Retirees	Current Retirees	Total
2032	\$ 192,805	\$ 615,355	\$ 808,160
2033	\$ 205,390	\$ 588,890	\$ 794,280
2034	\$ 229,557	\$ 554,616	\$ 784,173
2035	\$ 252,046	\$ 522,514	\$ 774,560
2036	\$ 263,974	\$ 493,480	\$ 757,454
2037	\$ 293,351	\$ 457,697	\$ 751,048
2038	\$ 300,800	\$ 435,159	\$ 735,959
2039	\$ 317,341	\$ 412,817	\$ 730,158
2040	\$ 345,851	\$ 389,749	\$ 735,600
2041	\$ 340,461	\$ 367,007	\$ 707,468

FYE	Future Retirees	Current Retirees	Total
2042	\$ 353,792	\$ 313,865	\$ 667,657
2043	\$ 383,266	\$ 288,710	\$ 671,976
2044	\$ 405,037	\$ 264,257	\$ 669,294
2045	\$ 442,451	\$ 240,697	\$ 683,148
2046	\$ 490,151	\$ 218,193	\$ 708,344
2047	\$ 468,606	\$ 196,915	\$ 665,521
2048	\$ 491,187	\$ 176,988	\$ 668,175
2049	\$ 477,949	\$ 158,463	\$ 636,412
2050	\$ 463,990	\$ 141,369	\$ 605,359
2051	\$ 477,779	\$ 125,674	\$ 603,453

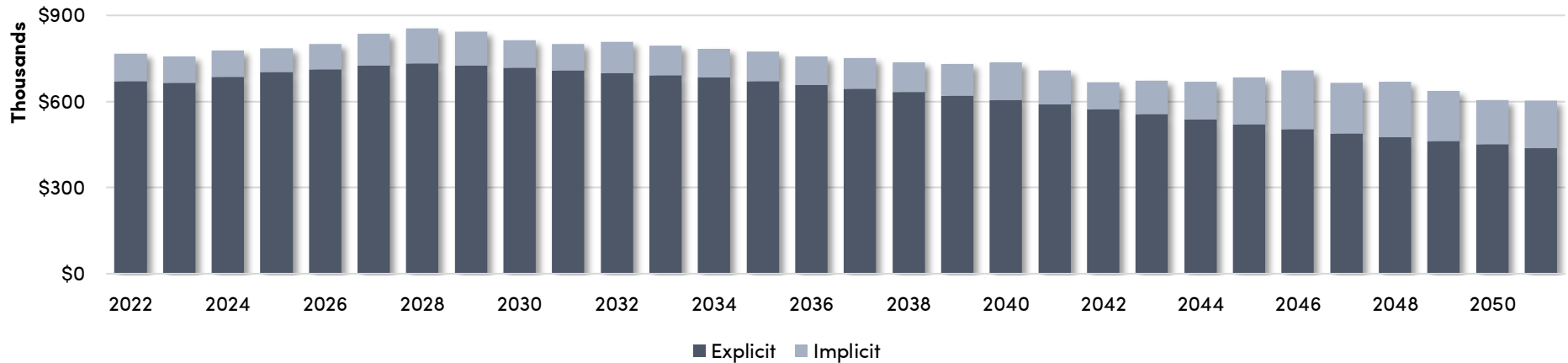
Projected Benefit Payments



The following table splits the projected benefit payments for the next 30 years between the explicit and implicit subsidies for a closed group of participants (both active employees and existing retirees) who are included in the census data as of June 30, 2021.

FYE	Explicit	Implicit	Total	FYE	Explicit	Implicit	Total	FYE	Explicit	Implicit	Total
2022	\$ 670,392	\$ 95,961	\$ 766,353	2032	\$ 699,380	\$ 108,780	\$ 808,160	2042	\$ 572,054	\$ 95,603	\$ 667,657
2023	\$ 657,137	\$ 91,886	\$ 749,023	2033	\$ 692,077	\$ 102,203	\$ 794,280	2043	\$ 555,326	\$ 116,650	\$ 671,976
2024	\$ 675,847	\$ 93,644	\$ 769,491	2034	\$ 682,914	\$ 101,259	\$ 784,173	2044	\$ 538,036	\$ 131,258	\$ 669,294
2025	\$ 694,621	\$ 82,907	\$ 777,528	2035	\$ 670,812	\$ 103,748	\$ 774,560	2045	\$ 521,147	\$ 162,001	\$ 683,148
2026	\$ 706,169	\$ 87,220	\$ 793,389	2036	\$ 657,570	\$ 99,884	\$ 757,454	2046	\$ 504,153	\$ 204,191	\$ 708,344
2027	\$ 718,328	\$ 111,302	\$ 829,630	2037	\$ 644,966	\$ 106,082	\$ 751,048	2047	\$ 488,982	\$ 176,539	\$ 665,521
2028	\$ 730,423	\$ 122,352	\$ 852,775	2038	\$ 632,419	\$ 103,540	\$ 735,959	2048	\$ 475,310	\$ 192,865	\$ 668,175
2029	\$ 724,908	\$ 118,774	\$ 843,682	2039	\$ 619,568	\$ 110,590	\$ 730,158	2049	\$ 462,869	\$ 173,543	\$ 636,412
2030	\$ 717,578	\$ 96,666	\$ 814,244	2040	\$ 604,141	\$ 131,459	\$ 735,600	2050	\$ 450,010	\$ 155,349	\$ 605,359
2031	\$ 708,513	\$ 92,595	\$ 801,108	2041	\$ 589,033	\$ 118,435	\$ 707,468	2051	\$ 437,482	\$ 165,971	\$ 603,453

Projected Benefit Payments (Explicit/Implicit)



Section 6: Substantive Plan Provisions

Changes Since Prior Valuation

There are no plan provision changes since the last full valuation.

Eligibility

Employees are eligible for lifetime retiree health benefits once they retire within 120 days from date of separation and the retiree must be receiving benefits from California Public Employees Retirement System (CalPERS). The earliest service retirement eligibility requirements under CalPERS are as follows:

Membership Date	Requirements
Before 1/1/2013	Age 50 with 5 years of CalPERS service ¹²
On/after 1/1/2013	Age 52 with 5 years of CalPERS service ¹²

Spouse Benefits

Employees are allowed to elect spousal or domestic partner coverage at retirement. Retiree medical coverage continues to surviving spouses or dependent domestic partners upon death of retirees as long as the required contributions are made or the marriage or partnership is dissolved. There is no surviving spouse coverage upon the death of active employees.

Ancillary Benefits

There is no Town-subsidized dental, vision, life insurance benefit, or Medicare Part B reimbursement at retirement.

Employer Subsidy¹³

The Town pays up to these amounts each month for those who retire from the Town under CalPERS.

Coverage	Safety	Non-Safety
Employee Only	\$504.15	\$433.73
Employee + Spouse	\$1,008.29	\$867.45
Family	\$1,310.79	\$1,127.69

¹² Note that service includes service across all CalPERS employers and with other retirement systems with which CalPERS has reciprocity agreements.

¹³ Retiring employees with accumulated unpaid sick leave may choose to have that unpaid sick leave converted to paid-up health care premiums, converted at 50% of the usual daily rate. The Town has indicated that this option is very rarely exercised and we have assumed that no future retirees will exercise this option.

Retiree Contributions

Retirees are required to contribute the portion of premium rates not covered by the Employer Subsidy.

Premium Rates

The monthly premium rates used in the valuation effective on January 1, 2021 are as shown below.

Regions	Plans	Single	2-Party	Family
Region 1	BS Access+	\$ 1,170.08	\$ 2,340.16	\$ 3,042.21
	Kaiser Permanente	\$ 813.64	\$ 1,627.28	\$ 2,115.46
	PERS Choice	\$ 935.84	\$ 1,871.68	\$ 2,433.18
	PERS Select	\$ 566.67	\$ 1,133.34	\$ 1,473.34
	PORAC	\$ 799.00	\$ 1,725.00	\$ 2,199.00
Out of State	PERS Choice	\$ 760.17	\$ 1,520.34	\$ 1,976.44
	PORAC	\$ 899.00	\$ 1,850.00	\$ 2,223.00

Plans	Single	2-Party	Family
Anthem BC Medicare Preferred	\$ 383.37	\$ 766.74	\$ 1,150.11
Kaiser Permanente Senior Advantage	\$ 324.48	\$ 648.96	\$ 973.44
PERS Choice Medicare Supplement	\$ 349.97	\$ 699.94	\$ 1,049.91
PERS Select Medicare Supplement	\$ 349.97	\$ 699.94	\$ 1,049.91
PERS Care Medicare Supplement	\$ 381.25	\$ 762.50	\$ 1,143.75
PORAC Medicare Supplement	\$ 513.00	\$ 1,022.00	\$ 1,635.00
UHC Medicare Advantage	\$ 311.56	\$ 623.12	\$ 934.68

Changes Subsequent to the Measurement Date

The Town signed Memorandum of Understanding in June 2022 that increases the Town's maximum employer subsidy for Non-Safety members to the same level as Safety members. This change will apply to all existing and future Non-Safety retirees. This benefit change is expected to increase the Town's liability as of June 30, 2022 by approximately 6.1% to \$14.55 million, which includes 1.7% liability increase due to discount rate reduction, assuming all the assumptions are realized and 2.19% municipal bond index.

Section 7: Actuarial Methods and Assumptions

Changes Since Prior Valuation

The following assumptions have been updated since the prior valuation:

1. Single Equivalent Discount Rate has been reduced from 6.50% as of June 30, 2020 to 2.60% as of June 30, 2021, which caused a significant increase in liability. This is based on the updated cross-over test where the Trust is expected to be able to partially fund the benefit payments in the first 20 years before becoming completely depleted by the year ending 2042. The cross-over test assumes that the Town will pay for retiree health benefit expenses from the Town's general assets and make an additional \$20,000 pre-funding contributions in perpetuity.
2. Payroll growth, mortality, termination, and retirement rates have been updated from 2017 CalPERS Experience Study and Review of Actuarial Assumptions to the most recent study published in November 2021. These changes caused a slight net decrease in the liability.
3. Health care trend rates have been updated from 5.00% to Getzen 2021 table that reflects actual premium increases from 2021 to 2022¹⁴ followed by 5.75% (non-Medicare) / 5.40% (Medicare) that decreases gradually to an ultimate rate of 4.04% in 2075. This change caused a slight increase in the liability.
4. Percentage of active employees electing spousal coverage at retirement has been updated from 49% for both genders to 80% for male and 60% for female employees. This change caused an increase in liability.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Reporting Period	Fiscal year ending June 30, 2022

¹⁴ The actual premium increases from 2021 to 2022 used in the valuation are as follows: (a) Actives: 20.00% (non-Medicare) / 6.70% (Medicare) and (b) Retirees: 4.50% (non-Medicare) / -1.30% (Medicare).

Discount Rate	<p>For accounting disclosure: 2.60% as of June 30, 2021 and 6.50% as of June 30, 2020</p> <p>For funding purposes (in calculating the Actuarially Determined Contribution): 6.50% as of June 30, 2021</p> <p>Refer to the Discussion of Discount Rate section for additional information on the discount rate setting.</p>
Actuarial Cost Method	<p>Entry Age Normal Level Percentage of Pay; a method that allocates the actuarial present value of the projected benefits of each individual on a level basis over the earnings of the individual between entry age and assumed exit age(s).</p> <ul style="list-style-type: none"> • The portion allocated to a valuation year is called the Normal Cost. • The portion allocated to past periods is called the Actuarial Accrued Liability (AAL) or Total OPEB Liability (TOL).
Payroll Growth	<p>2.80% wage inflation based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous, Police, and Fire members. Refer to the Appendix for sample rates.</p>
Mortality	<p>Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous, Police, and Fire members.</p>
Termination	<p>Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Refer to the Appendix for sample rates.</p>
Disability	<p>None assumed.</p>
Retirement	<p>Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Refer to the Appendix for sample rates.</p>
Participation Rate	<p>100% of active employees are assumed to elect health coverage with the Town at retirement.</p> <p>Existing retirees who are currently enrolled in the Town's health plans are assumed to continue coverage until death. Upon retiree's death, surviving spouses are assumed to continue coverage in the Town's health plans (all of them are assumed to receive contingent pension benefit). Existing retirees who currently waived coverage are not assumed to re-enroll in the future.</p>

Spousal Election

For future retirees, 80% of male and 60% of female active employees are assumed to elect spousal coverage at retirement. Husbands are assumed to be three years older than wives.

For existing retirees, spousal coverage and age is based on actual data.

Dependent Election

Not explicitly valued.

Health Plan Election

Employees are assumed to elect the same health plan option they are currently enrolled in at retirement prior to Medicare eligibility. Upon Medicare eligibility, the pre-Medicare to Medicare health plan mapping assumed is as shown below.

Pre-Medicare Plans	Medicare Plans
Kaiser Permanente	Kaiser Permanente Senior Advantage
BS Access+, PERS Choice	PERS Choice Medicare Supplement ¹⁵
PERS Select	PERS Select Medicare Supplement ¹⁵
PERS Care	PERS Care Medicare Supplement ¹⁵
PORAC	PORAC Medicare Supplement
United Healthcare	UHC Medicare Advantage

Existing retirees are assumed to remain in the same health plan option they are currently enrolled in for life, except for those who are under the age of 65 as of the valuation date. The assumed Medicare plan option election for these retirees is according to the above table.

Medicare Eligibility

All future and existing retirees (including disabled retirees) are assumed to be eligible for Medicare at age 65.

Per Capita Costs

The valuation projects health care costs for employees who remain enrolled in the Town's benefit plans after retirement. In accordance with Actuarial Standards of Practice No. 6 (ASOP 6), the actuarial development of health care costs should preferably use the health plan experience that is considered the best predictor of future claims experience assuming it is sufficiently credible. In the absence of credible health plan experience data, the actuary may use other methods such as premiums and normative databases to develop the per capita costs.

¹⁵ PERS Choice Medicare Supplement and PERS Care Medicare Supplement plans will be mapped to PERS Platinum Medicare Supplement plan in 2022. PERS Select Medicare Supplement plan will be mapped to PERS Gold Medicare Supplement plan in 2022.

Per Capita Costs (Cont'd) As medical/prescription drug costs generally vary by age, age-specific costs should be used in the development of initial per capita costs and projection of future benefit costs, except in very limited circumstances defined in ASOP 6 Section 3.7.7(c). The development of the age-specific costs should be based on the demographics of the group being valued and the group's total expected claims or premiums.

Retiree healthcare costs are, on average, significantly higher than active employees and if the Town charges blended premium rates (determined using active employees and retiree claims experience) to the retirees, the Town is providing an implicit subsidy for these retirees. Under GASB 75, the implicit subsidy must be included in the post-employment medical benefit obligation. Separate costs should be developed for Medicare-eligible participants due to Medicare being the primary payer for these retirees, which leads to a reduction to the Plan Sponsor's health plan costs.

In developing the per capita costs, we have used CalPERS health plan premium rates effective on January 1, 2021 and aging factors and subscriber enrollments for HMO and PPO plans combined as published in the CalPERS Health Plan (PEMHCA) Implicit Subsidy Data for Calendar 2019.

The following table shows the sample per capita costs at select ages for calendar year 2021 used in the valuation. These costs are assumed to increase with health care trend rates. Separate costs were developed for active employees and retirees based on weighted average premium rates for active employees and retirees separately.

Age	Active Employees		Retired Employees	
	Male	Female	Male	Female
45	\$4,862	\$6,590	\$6,244	\$8,463
50	\$6,438	\$7,594	\$8,267	\$9,751
55	\$8,384	\$8,620	\$10,767	\$11,070
60	\$10,825	\$10,090	\$13,901	\$12,958
64	\$12,838	\$11,278	\$16,486	\$14,483

We have assumed that CalPERS health premiums for Medicare eligible retirees are based on Medicare eligible retiree claims experience and represent the expected true cost of retiree coverage. As such, we have assumed there is no implicit subsidy for Medicare retirees. The annual costs used on/after age 65 are \$4,293 for active employees and \$4,728 for retirees. These costs are assumed to increase with health care trend rates.

Trend Rates

Historically, health care costs have increased more rapidly than the rate of inflation. In estimating the value of retiree health benefits, assumptions must be made on future increases in healthcare costs. The health care trend rates assumption used in this valuation is based on the Getzen Model of Long-Run Medical Cost Trends, which was first designed by T.E. Getzen for the Society of Actuaries (SOA) in 2007. The model is designed to make long-run forecasts and typically used to select medical trend assumptions for retiree medical valuations to present liabilities disclosed under the appropriate accounting standards, or to determine contributions under a funding policy. The long-run baseline projection and input variables were developed under the guidance of the SOA Project Oversight Group. The model is updated annually along with updated documentation and recommended input variables by the author of the model.

The baseline assumptions used in the Getzen model is as shown in the table below.

Inflation Rate	2.5%
Real GDP Per Capita Growth	1.5%
Excess Medical Cost Growth	1.1%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

The output of the Getzen Model of Long-Run Medical Cost Trend Model used in the valuation is as shown below.

Year	Non-Medicare	Medicare
2021	Actual ¹⁶	Actual ¹⁶
2022	5.75%	5.40%
2023	5.50%	5.30%
2024	5.40%	5.20%
2025	5.36%	5.20%
2030	5.18%	5.18%

Year	Non-Medicare	Medicare
2035	5.18%	5.18%
2040	5.18%	5.18%
2050	5.18%	5.18%
2060	4.83%	4.83%
2070	4.38%	4.38%
2075+	4.04%	4.04%

City's maximum subsidy dollars are not assumed to increase in the future.

¹⁶ The actual premium increases from 2021 to 2022 used in the valuation are as follows: (a) Actives: 20.00% (non-Medicare) / 6.70% (Medicare) and (b) Retirees: 4.50% (non-Medicare) / -1.30% (Medicare).

Discussion of Discount Rates

Under GASB 75, the discount rate used in valuing OPEB liabilities as of the Measurement Date is a single rate that reflects:

1. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments, to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are expected to be invested using a strategy that will achieve that return.
2. A yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), when the conditions in (1) above are not met.

For the current year's valuation:

1. The expected long-term real rate of return of the OPEB Trust is 6.50% as of June 30, 2021 as provided by the Plan Sponsor's investment advisor. We have assumed that this rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return net of investment expense are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target allocation percentage. We do not have additional information on the Plan Sponsor's expected future real rates of return by asset class.
2. The municipal bond index as of the prior and current Measurement Dates are as shown below:

Index	June 30, 2021	June 30, 2020
S&P Municipal Bond 20 Year High Grade Rate Index	2.19%	2.66%

3. The final equivalent single discount rate used for accounting disclosure is 2.60% with the expectation that the Plan Sponsor will contribute in accordance with the Funding Policy described in Section 3. Under this Funding Policy, the OPEB Trust is expected to be able to partially fund the benefit payments in the first 20 years before becoming completely depleted in the year ending 2042.

The discount rate used to calculate the Actuarially Determined Contribution for recommended funding contribution is 6.50%.

Section 8: Participant Summary

Active Employees

All active employees are enrolled in CalPERS Region 1 health plans.

Actives with Health Coverage	Single	2-Party	Family	Total	Avg. Age	Avg. Svc	Total Salary
BS Access+		1		1	55.7	17.7	\$ 65,565
PERS Choice	1		1	2	37.9	8.2	\$ 107,581
PERS Select	8	10	19	37	42.4	5.4	\$ 2,677,899
PORAC			2	2	44.2	14.4	\$ 234,559
Total actives with health coverage	9	11	22	42	42.6	6.3	\$ 3,085,604

Actives without Health Coverage	Total	Avg. Age	Avg. Svc	Total Salary
Total actives without health coverage	23	42.5	5.8	\$ 1,493,705

Active employees who currently have no coverage are assumed to elect health coverage with the Town at retirement based on the participation rate assumption shown on page 21.

Active Age-Service Distribution

Age	Years of Service with the Town										Total
	<1	1 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40+	
<25	1	1									2
25 – 29	2	4	3								9
30 – 34	3	3	1								7
35 – 39	2	4	5	1	1						13
40 – 44	1	2	2	1	1						7
45 – 49	4	1	1	2		1					9
50 – 54	2	2		1		1					6
55 – 59	2			3	3	1					9
60 – 64		1	1								2
65+			1								1
Total	17	18	14	8	5	3	0	0	0	0	65

Retired Employees

Retirees with Health Coverage	Single	2-Party	Family	Total	Avg. Age
Anthem BC Medicare Preferred	1			1	68.3
BS Access+		1		1	61.9
Kaiser Permanente	2	1		3	69.1
PERS Care	5	4		9	75.1
PERS Choice	11	14		25	75.4
PERS Select	1	7		8	67.5
PORAC	5	14	4	23	63.6
United Healthcare	5	6		11	76.8
Total retirees with health coverage	30	47	4	81	70.9

Enrollments above include retirees enrolled in the corresponding Medicare plans or those with split enrollment in pre-Medicare and Medicare plans.

Age	Retirees
<50	1
50 – 54	3
55 – 59	4
60 – 64	12
65 – 69	15
70 – 74	23
75 – 79	11
80 – 84	6
85 – 89	6
90+	
Total	81

Comparison of Participant Summary

Below is a comparison of participant summary included in the current valuation and the prior full valuation.

	As of June 30, 2021	As of June 30, 2019
Number of Participants		
Active employees	65	54
Retired employees ¹⁷	81	81
Total	146	135
Averages		
Active average age	42.6	42.2
Active average service	6.1	7.5
Inactive average age	70.9	69.2

¹⁷ The enrollments above include retirees only and exclude spouses and/or dependents who are covered under the Town's health plans.

| Appendix – Sample Decrement Rates

Mortality Rates

Mortality rates used in the valuation are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous, Police, and Fire members. Sample pre-retirement, post-retirement non-disabled, and post-retirement disabled base mortality rates are as shown below. These rates are projected fully generationally using 80% of MP-2020 mortality improvement scale.

Attained Ages	Pre-Retirement ¹⁸				Post-Retirement Non-Disabled				Post-Retirement Disabled ¹⁹			
	Miscellaneous		Fire/Police/CPO		Miscellaneous		Fire/Police/CPO		Miscellaneous		Fire/Police/CPO	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
20	0.00039	0.00014	0.00042	0.00016	0.00039	0.00014	0.00146	0.00053	0.00411	0.00233	0.00039	0.00014
25	0.00033	0.00013	0.00038	0.00020	0.00033	0.00013	0.00154	0.00069	0.00336	0.00187	0.00033	0.00013
30	0.00044	0.00019	0.00047	0.00028	0.00044	0.00019	0.00182	0.00099	0.00452	0.00301	0.00044	0.00019
35	0.00058	0.00029	0.00053	0.00038	0.00058	0.00029	0.00208	0.00136	0.00603	0.00504	0.00058	0.00029
40	0.00075	0.00039	0.00061	0.00047	0.00075	0.00039	0.00244	0.00177	0.00779	0.00730	0.00075	0.00039
45	0.00093	0.00054	0.00073	0.00059	0.00093	0.00054	0.00314	0.00227	0.01120	0.01019	0.00093	0.00054
50	0.00134	0.00081	0.00102	0.00081	0.00271	0.00199	0.00437	0.00311	0.01727	0.01439	0.00271	0.00199
55	0.00198	0.00123	0.00153	0.00118	0.00391	0.00325	0.00623	0.00550	0.02217	0.01734	0.00391	0.00325
60	0.00287	0.00179	0.00246	0.00168	0.00575	0.00455	0.00935	0.00868	0.02681	0.01962	0.00575	0.00455
65	0.00403	0.00250	0.00384	0.00216	0.00856	0.00612	0.01393	0.01190	0.03332	0.02276	0.00856	0.00612
70	0.00594	0.00404	0.00673	0.00398	0.01340	0.00996	0.02189	0.01858	0.04056	0.02910	0.01340	0.00996
75	0.00933	0.00688	0.01221	0.00777	0.02400	0.01783	0.03498	0.03134	0.05465	0.04160	0.02400	0.01783
80	0.01515	0.01149	0.02252	0.01567	0.04380	0.03403	0.05932	0.05183	0.08044	0.06112	0.04380	0.03403
85	0.00000	0.00000	0.00000	0.00000	0.08274	0.06166	0.10244	0.08045	0.11695	0.09385	0.08274	0.06166
90	0.00000	0.00000	0.00000	0.00000	0.14539	0.11086	0.16739	0.12434	0.16770	0.14396	0.14539	0.11086

¹⁸ Pre-Retirement rates for all groups are based on the sum of non-industrial death and industrial death rates.

¹⁹ Post-Retirement Disabled rates are based on non-industrially disabled rates for Miscellaneous participants and industrially disabled rates for Fire/Police/CPO participants.

Termination Rates

This assumption is used to project terminations (voluntary and involuntary) prior to meeting the minimum eligibility requirements to retire. The rates are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Sample rates for Miscellaneous members are as shown below.

Service	Miscellaneous (Male)							Miscellaneous (Female)						
	Entry Ages													
	20	25	30	35	40	45	50	20	25	30	35	40	45	50
0	0.1851	0.1769	0.1631	0.1493	0.1490	0.1487	0.1509	0.1944	0.1899	0.1824	0.1749	0.1731	0.1713	0.1741
2	0.1218	0.1125	0.0970	0.0815	0.0771	0.0726	0.0750	0.1381	0.1307	0.1183	0.1058	0.0998	0.0938	0.0941
4	0.0672	0.0616	0.0524	0.0431	0.0392	0.0352	0.0366	0.0801	0.0752	0.0670	0.0587	0.0523	0.0459	0.0457
6	0.0669	0.0641	0.0575	0.0509	0.0453	0.0397	0.0383	0.0869	0.0847	0.0757	0.0666	0.0580	0.0494	0.0464
8	0.0470	0.0453	0.0410	0.0366	0.0311	0.0255	0.0218	0.0613	0.0601	0.0545	0.0488	0.0394	0.0299	0.0294
10	0.0377	0.0366	0.0337	0.0309	0.0245	0.0181	0.0032	0.0502	0.0491	0.0446	0.0401	0.0308	0.0215	0.0046
12	0.0307	0.0300	0.0282	0.0263	0.0200	0.0137	0.0027	0.0423	0.0413	0.0368	0.0322	0.0244	0.0165	0.0037
14	0.0251	0.0246	0.0226	0.0207	0.0156	0.0014	0.0017	0.0352	0.0343	0.0292	0.0241	0.0181	0.0019	0.0023
16	0.0173	0.0173	0.0152	0.0132	0.0101	0.0000	0.0000	0.0235	0.0235	0.0193	0.0151	0.0112	0.0000	0.0000
18	0.0159	0.0159	0.0129	0.0100	0.0067	0.0000	0.0000	0.0202	0.0202	0.0158	0.0113	0.0075	0.0000	0.0000
20	0.0141	0.0141	0.0110	0.0079	0.0000	0.0000	0.0000	0.0175	0.0175	0.0131	0.0087	0.0000	0.0000	0.0000

Termination Rates (Continued)

Sample rates for Police members are as shown below.

Service	Police (Male)							Police (Female)						
	Entry Ages													
	20	25	30	35	40	45	50	20	25	30	35	40	45	50
0	0.1298	0.1298	0.1298	0.1298	0.1298	0.1298	0.1298	0.1389	0.1389	0.1389	0.1389	0.1389	0.1389	0.1389
2	0.0464	0.0464	0.0464	0.0464	0.0464	0.0464	0.0464	0.0566	0.0566	0.0566	0.0566	0.0566	0.0566	0.0566
4	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0206	0.0206	0.0206	0.0206	0.0206	0.0206	0.0206
6	0.0226	0.0226	0.0226	0.0226	0.0226	0.0226	0.0080	0.0343	0.0343	0.0343	0.0343	0.0343	0.0343	0.0087
8	0.0176	0.0176	0.0176	0.0176	0.0176	0.0176	0.0047	0.0284	0.0284	0.0284	0.0284	0.0284	0.0284	0.0059
10	0.0145	0.0145	0.0145	0.0145	0.0145	0.0032	0.0032	0.0246	0.0246	0.0246	0.0246	0.0246	0.0047	0.0047
12	0.0124	0.0124	0.0124	0.0124	0.0124	0.0024	0.0024	0.0207	0.0207	0.0207	0.0207	0.0207	0.0033	0.0033
14	0.0106	0.0106	0.0106	0.0106	0.0018	0.0018	0.0018	0.0172	0.0172	0.0172	0.0172	0.0018	0.0018	0.0018
16	0.0077	0.0077	0.0077	0.0077	0.0000	0.0000	0.0000	0.0135	0.0135	0.0135	0.0135	0.0000	0.0000	0.0000
18	0.0068	0.0068	0.0068	0.0068	0.0000	0.0000	0.0000	0.0119	0.0119	0.0119	0.0119	0.0000	0.0000	0.0000
20	0.0060	0.0060	0.0060	0.0000	0.0000	0.0000	0.0000	0.0105	0.0105	0.0105	0.0000	0.0000	0.0000	0.0000

Retirement Rates

Retirement rates used in the valuation are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members. Sample rates for Miscellaneous members are as shown below.

Service	Miscellaneous 2% at 55						Miscellaneous 2% at 60					
	Attained Ages											
	50	55	60	65	70	75	50	55	60	65	70	75
5	0.0140	0.0450	0.0590	0.1670	0.2290	1.0000	0.0100	0.0120	0.0630	0.1380	0.2000	1.0000
10	0.0140	0.0420	0.0640	0.1870	0.2290	1.0000	0.0110	0.0160	0.0690	0.1600	0.2000	1.0000
15	0.0170	0.0530	0.0830	0.2100	0.2290	1.0000	0.0140	0.0240	0.0740	0.2140	0.2000	1.0000
20	0.0210	0.0860	0.1150	0.2620	0.2290	1.0000	0.0140	0.0320	0.0900	0.2160	0.2000	1.0000
25	0.0230	0.0980	0.1540	0.2880	0.2290	1.0000	0.0170	0.0360	0.1370	0.2370	0.2000	1.0000
30	0.0240	0.1230	0.1700	0.2910	0.2290	1.0000	0.0170	0.0360	0.1160	0.2830	0.2000	1.0000
35	0.0240	0.1640	0.1860	0.2910	0.2290	1.0000	0.0170	0.0360	0.1250	0.3130	0.2000	1.0000
40	0.0000	0.1840	0.1880	0.2910	0.2290	1.0000	0.0000	0.0360	0.1250	0.3130	0.2000	1.0000

Service	Miscellaneous 2% at 62					
	Attained Ages					
	50	55	60	65	70	75
5	0.0000	0.0100	0.0310	0.1080	0.1200	1.0000
10	0.0000	0.0190	0.0510	0.1410	0.1560	1.0000
15	0.0000	0.0280	0.0710	0.1730	0.1930	1.0000
20	0.0000	0.0360	0.0910	0.2060	0.2290	1.0000
25	0.0000	0.0610	0.1110	0.2390	0.2650	1.0000
30	0.0000	0.0960	0.1380	0.3000	0.3330	1.0000
35	0.0000	0.1520	0.1830	0.3480	0.3870	1.0000
40	0.0000	0.1800	0.2040	0.3600	0.4000	1.0000

Retirement Rates (Continued)

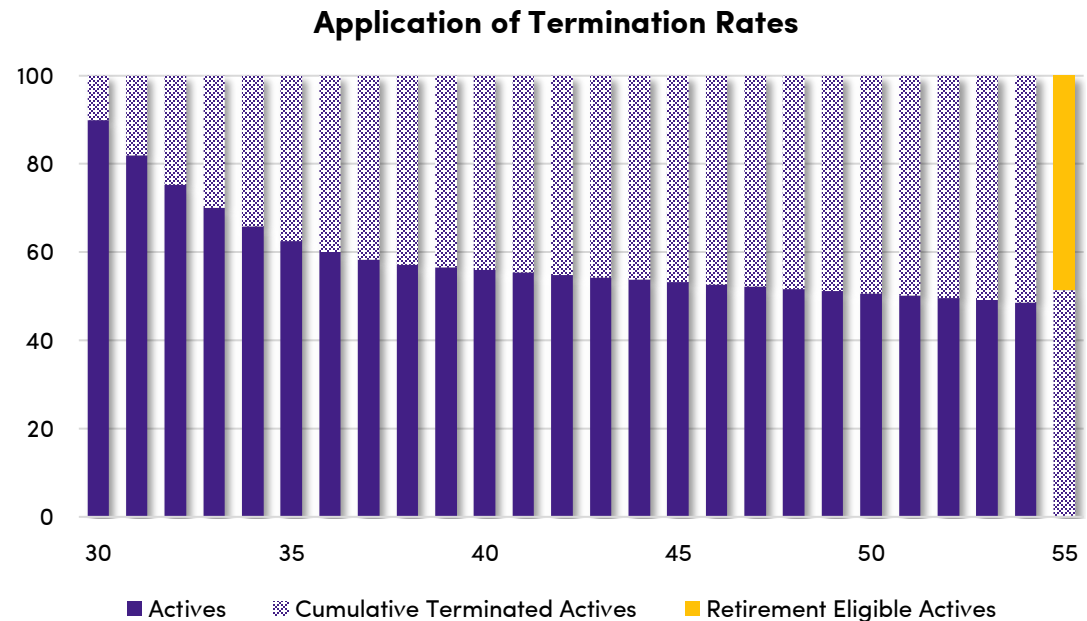
Sample rates for Police members are as shown below.

Service	Police 3% at 50				Police 3% at 55				Police 2.7% at 57%			
	Attained Ages											
	50	55	60	65	50	55	60	65	50	55	60	65
5	0.1240	0.0690	0.3430	1.0000	0.0190	0.0060	0.1550	1.0000	0.0500	0.0680	0.1500	1.0000
10	0.1030	0.0740	0.1800	1.0000	0.0530	0.1150	0.1550	1.0000	0.0500	0.0680	0.1500	1.0000
15	0.1130	0.0810	0.1590	1.0000	0.0450	0.1410	0.1550	1.0000	0.0500	0.0680	0.1500	1.0000
20	0.1430	0.1130	0.1880	1.0000	0.0540	0.1990	0.1550	1.0000	0.0500	0.0910	0.1500	1.0000
25	0.2440	0.2090	0.2470	1.0000	0.0570	0.2310	0.1550	1.0000	0.0500	0.1340	0.1500	1.0000
30	0.3760	0.3050	0.2470	1.0000	0.0610	0.2590	0.1550	1.0000	0.1000	0.2420	0.2280	1.0000
35	0.4380	0.3360	0.2470	1.0000	0.0610	0.2590	0.1550	1.0000	0.1100	0.3880	0.3500	1.0000
40	0.0000	0.3360	0.2470	1.0000	0.0000	0.2590	0.1550	1.0000	0.0000	0.3880	0.3500	1.0000

Decrements Illustration

The table below illustrates how decrements are applied in the valuation and how the decrements affect the liabilities valued. Assuming the Plan Sponsor has 100 employees aged 30 as of the valuation date, only 48.6 employees will be projected to be employed at age 55 (assumed retirement eligibility age) using the assumed illustrative termination rates.

Age	# Actives BOY	Annual Termination %	# Terminated Actives / Year
30	100.0	10%	10.0
31	90.0	9%	8.1
32	81.9	8%	6.6
33	75.3	7%	5.3
34	70.1	6%	4.2
35	65.9	5%	3.3
36	62.6	4%	2.5
37	60.1	3%	1.8
38	58.3	2%	1.2
39	57.1	1%	0.6
40	56.5	1%	0.6
41	56.0	1%	0.6
42	55.4	1%	0.6
43	54.9	1%	0.5
44	54.3	1%	0.5
45	53.8	1%	0.5
46	53.2	1%	0.5
47	52.7	1%	0.5
48	52.2	1%	0.5
49	51.6	1%	0.5
50	51.1	1%	0.5
51	50.6	1%	0.5
52	50.1	1%	0.5
53	49.6	1%	0.5
54	49.1	1%	0.5
55	48.6	0%	0.0



Notes:

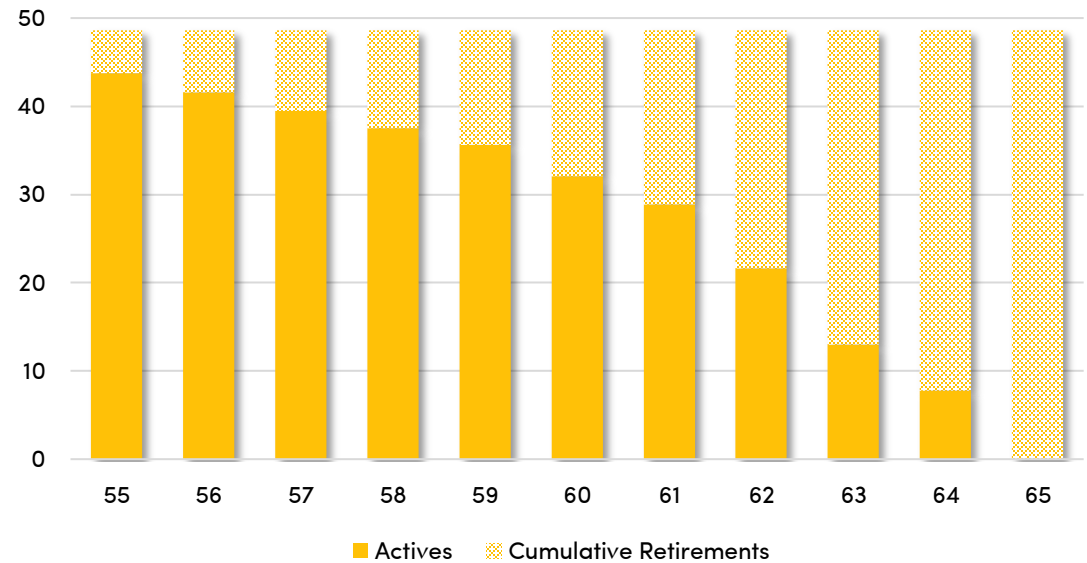
1. The annual termination percentages shown in the table are for illustrative purposes only, not the actual termination rates used in the valuation.
2. For simplification, only termination decrement is assumed to be applicable while actively employed. Actuarial valuation typically applies pre-retirement death decrement during employment as well.

Decrement Illustration (continued)

The table below illustrates the number of active employees assumed to retire at each age based on the illustrative retirement rates.

Age	# Actives BOY	Annual Retirement %	# Retirements / Year
55	48.6	10%	4.9
56	43.8	5%	2.2
57	41.6	5%	2.1
58	39.5	5%	2.0
59	37.5	5%	1.9
60	35.6	10%	3.6
61	32.1	10%	3.2
62	28.9	25%	7.2
63	21.7	40%	8.7
64	13.0	40%	5.2
65	7.8	100%	7.8

Application of Retirement Rates



Notes:

1. The annual retirement percentages shown in the table are for illustrative purposes only, not the actual retirement rates used in the valuation.
2. For simplification, only retirement decrement is assumed to be applicable once the employee is retirement eligible. Actuarial valuation typically applies pre-retirement death decrement once an employee is eligible to retire.
3. The illustration above assumes that all active employees who are projected to be employed at age 55 elect health coverage with the Plan Sponsor at retirement.

| Appendix – Glossary

1. **Active Employees** – Individuals employed at the end of the reporting or measurement period, as applicable.
2. **Actuarial Cost Method** – A method to allocate the Actuarial Present Value of Future Benefits into portions attributed to past service (Total OPEB Liability) and future service (Normal Cost).
3. **Actuarial Present Value of Future Benefits** – Projected benefit payments estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and their expected future service, discounted to reflect the expected effects of time value (present value) of money and the probabilities of payment (which is contingent on events such as death, termination, retirement, etc). In other words, this is the amount that would have been invested as of the Valuation Date so that it is sufficient to pay for benefit payments when due.
4. **Deferred Inflows** – Gains in the Total OPEB Liability and Fiduciary Net Position (for funded plan only) due to be recognized in the future.
5. **Deferred Outflows** – Losses in the Total OPEB Liability and Fiduciary Net Position (for funded plan only) due to be recognized in the future.
6. **Defined Benefit OPEB** – OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount; (b) an amount that is calculated
7. **Entry Age Actuarial Cost Method** – A method that allocates the actuarial present value of the projected benefits of each individual on a level basis over the earnings or service of the individual between entry age and assumed exit age(s).
 - The portion allocated to a valuation year is called the Normal Cost.
 - The portion allocated to past periods is called the Total OPEB Liability.
 - The portion allocated to future periods after the valuation year is called the present value of future normal costs.
8. **Fiduciary Net Position** – OPEB plan assets in a secure Trust that meet the following criteria:
 - Contributions from employers to the OPEB plan and earnings on those contributions are irrevocable.
 - OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
 - OPEB Plan assets are legally protected from the creditors of employers, OPEB plan administrator, and creditors of the plan members.
9. **Funded Ratio** – The value of the asset expressed as a percentage of the Total OPEB Liability.

10. **Healthcare Cost Trend Rates** – The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
11. **Inactive Employees** – Individuals no longer employed by an employer in the OEPB plan or the beneficiaries of those individuals. Inactive employees also include individuals who have accumulated benefits under the terms of an OPEB plan but are not yet receiving benefit payments and individuals currently receiving benefits.
12. **Net OPEB Liability** – The difference between the Total OPEB Liability and the Fiduciary Net Position.
13. **Payroll Growth** – An actuarial assumption on the rate of future increase in the total coverage payroll attributable to wage inflation and productivity increase; used in the Actuarial Cost Method to determine the Total OPEB Liability.
14. **Plan Members** – Individuals covered by the terms of the OPEB plan, which would typically include employees in active service, terminated employees who have terminated service but are not yet receiving benefit payments, and retired employees who are currently receiving benefits.
15. **Other Postemployment Benefits (OPEB)** – Benefits such as death benefits, life insurance, disability, and long-term care, as well as healthcare benefits (medical, prescription drug, dental, vision, and other health-related benefits), that are paid in the period after employment and that are provided separately from a pension plan regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
16. **Service Cost (Normal Cost)** – The portion of actuarial present value of projected benefit payments that are attributed to a 12-month period after a valuation date as determined by the Actuarial Cost Method.
17. **Total OPEB Liability** – The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service as of the valuation date as determined by the Actuarial Cost Method.



GovInvest

The Financial Forecasting Authority

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Town of Paradise
Council Agenda Summary

Agenda Item: 2(b)

Date: July 20, 2022

ORIGINATED BY: Tony Lindsey, Community Development Director
– Building & Code Enforcement

REVIEWED BY: Kevin Phillips, Town Manager
Scott Huber, Town Attorney

SUBJECT: Consider Introducing an Ordinance Amending Section 8.04.010 of the Paradise Municipal Code Relating to Declaration of what constitutes an unlawful public nuisance.

LONG TERM RECOVERY PLAN: No

COUNCIL ACTION REQUESTED:

Upon Conclusion of the public discussion regarding the Paradise Municipal Code Relating to the Declaration of what Constitutes an Unlawful Public Nuisance;

1. Consider waiving the first reading of Town Ordinance No. _____ and read by title only; and,
2. Introduce Town Ordinance No. _____, An Ordinance of the Town Council of the Town of Paradise Relating to Section "8.04.010 of the Paradise Municipal Code Relating to Declaration of what constitutes an unlawful public nuisance."; **OR**
3. Adopt an alternative directive to Town staff.

Background:

Attached with this council agenda summary for your consideration and recommended adoption for introduction purposes is a copy of an ordinance document recently prepared by town staff and reviewed by the Town Manager and Town Attorney. The recommended text amendments to the ordinance are shown in "shaded" (additions) and ~~strikeout~~ (deletions) font.

During June 14, 2022, Council meeting, Council gave direction to staff to bring back an ordinance amendment that provides additional tools staff may implement to increase enforcement of fire, life, and safety of the community. However, there must be a balance between abating a nuisance and becoming a public nuisance or a hazard because a simple spark can cause a significant wildfire. Any activity or operation the Fire Chief, Fire Marshal, or their designee determines to be a fire hazard will be declared a public nuisance by amending Paradise Municipal Code (PMC) Section 8.04.010 relating to the Declaration of what constitutes an unlawful public nuisance. A. Fire Hazard.

Analysis:

The attached ordinance proposes to amend Section 8.04.010 subsection A of the PMC relating to the Declaration of what constitutes an unlawful public nuisance to enhance the health and safety of the Town's "Post Camp Fire" community.

The ordinance would amend section 8.04.010 subsection A. as follows:

8.04.010 - Declaration of what constitutes an unlawful public nuisance.

Each of the following conditions or acts is declared by the town council to be an unlawful public nuisance: and the violation of which shall be an infraction:

~~A. Fire hazards: Dry or dead shrub, dead tree, combustible refuse, and waste, or any material growing on a street, sidewalk, or upon private property within the Town, which by reason of its size, manner of growth and location is determined by the town fire chief, or fire marshal to constitute a fire hazard to a building, improvement, crop or other property, or when dry, will in reasonable probability constitute a fire hazard;~~

A. Fire hazards: A fire hazard shall be determined by the Town Fire Chief, Fire Marshal, or their designated representative(s). "Fire hazard" means any condition, arrangement, or act that will increase, or may cause an increase of, the hazard or menace of fire to a greater degree than customarily recognized as standard by persons in the public service of preventing, suppressing, or extinguishing a fire. Fire hazard includes but is not limited to:

1. The accumulation of dry or dead shrubs, trees, other vegetation, combustible waste, refuse, or material determined to add to the potential severity of a fire or violates defensible space standards.
2. Any act, activity, process, operation, or omission which increases or may increase the threat of fire or endangers public safety.
3. Any condition which may hinder, delay, or obstruct the prevention or suppression of a fire.

Lastly, the Town Planning Director has determined that this proposed ordinance is a class of projects that have been determined not to have a significant effect on the environment. Therefore, the proposed ordinance action is exempt from the California Environmental Quality Act (CEQA) requirements, according to CEQA Guidelines section 15308 (Actions by Regulatory Agencies for Protection of the Environment). **NOTE:** This subject CEQA determination finding is embodied within the attached proposed ordinance document.

Financial Impact:

There is no financial impact associated with the first reading and introduction of the ordinance.

LIST OF ATTACHMENTS

1. Ordinance No. _____ " An Ordinance Amending Paradise Municipal Code Section 8.04.010 - Declaration of what constitutes an unlawful public nuisance. Subsection A."

**TOWN OF PARADISE
ORDINANCE NO. ____**

**AN ORDINANCE AMENDING PARADISE MUNICIPAL CODE SECTION 8.04.010 RELATING TO
THE DECLARATION OF WHAT CONSTITUTES AN UNLAWFUL PUBLIC NUISANCE.**

SECTION 1. Section 8.04.010. of the Paradise Municipal Code is amended to read as follows:

8.04.010 - Declaration of what constitutes an unlawful public nuisance.

Each of the following conditions or acts is declared by the town council to be an unlawful public nuisance; and the violation of which shall be an infraction:

- ~~A. Fire hazards: Dry or dead shrub, dead tree, combustible refuse, waste, or any material growing on a street, sidewalk, or activity upon private property within the Town, which by reason of its size, manner of growth, operation and location is determined by the town fire chief, fire marshal or designee to constitute a fire hazard to a building, improvement, crop or other property, or when dry, will in reasonable probability constitute a fire hazard;~~
- A. Fire hazards: A fire hazard shall be determined by the Town Fire Chief, Fire Marshal, or their designated representative(s). "Fire hazard" means any condition, arrangement, or act that will increase, or may cause an increase of, the hazard or menace of fire to a greater degree than customarily recognized as standard by persons in the public service of preventing, suppressing, or extinguishing a fire. Fire hazard includes but is not limited to:
1. The accumulation of dry or dead shrubs, trees, other vegetation, combustible waste, refuse, or material determined to add to the potential severity of a fire or violates defensible space standards.
 2. Any act, activity, process, operation, or omission which increases or may increase the threat of fire or endangers public safety.
 3. Any condition which may hinder, delay, or obstruct the prevention or suppression of a fire.
- B. Hazardous obstructions: An obstacle, landscaping or thing installed, or maintained on private property near a roadway intersection or driveway and roadway intersection which by reason of its size, location, and height is determined by the town manager or designee to constitute a hazard obstructing the line of vision to the travelling public. Hazardous obstructions do not mean existing or future permanent buildings, otherwise constructed or maintained in accordance with applicable zoning and building regulations, public utility poles, or trees trimmed at the trunk at least eight (8) feet above the level of the ground surface, provided trees are spaced so that trunks do not obstruct the vision of motorists;
- C. Polluted water: A swimming pool, pond or other body of water large enough in size to constitute a hazard to human health and safety, and which is abandoned, unattended, unfiltered, or not otherwise maintained, resulting in the water becoming polluted.

"Polluted water" means water contained as a body of water, which includes, but is not limited to, bacterial growth, including algae, remains of insects, remains of deceased animals, rubbish, refuse, debris, papers, and any other foreign matter or material which because of its nature or location constitutes an unhealthy or unsafe condition;

- D. Refuse and waste: Refuse and waste matter, which by reason of its outdoor location and substantive character is unsightly and interferes with the reasonable enjoyment of property by neighbors, detrimentally affects property values in the surrounding neighborhood or community or which would materially hamper or interfere with the prevention or suppression of fire or the obstruction of other public safety or emergency services upon real properties in the Town. "Refuse and waste" means unused or discarded matter and material which consists of rubbish, refuse, debris and matter of any kind, including, but not limited to, rubble, asphalt, concrete, plaster, tile, rocks, bricks, building materials, crates, cartons, mattresses, containers, boxes, machinery or parts thereof, scrap metal and other pieces of metal, ferrous or nonferrous, furniture, inoperative vehicles and parts, cans, bottles and barrels;
- E. Zoning ordinance: The violation of a provision of the land use regulations of the Town as set forth in Title 17 of this code;
- F. Septic systems: The violation of a provision of the septic system regulations of the Town as set forth in Chapter 13.04 of this code or the provisions of the on-site manual;
- G. Maintenance of commercial property: Any person owning, leasing, occupying or having charge or possession of any commercial property and maintaining such property in a manner such that any of the following conditions, but not limited thereto, are visible from public or other private property and exist thereon:
 - 1. Buildings that are abandoned, boarded up, partially destroyed, substantially deteriorated or left unreasonably in a state of partial construction without an active building permit.
 - 2. Exterior wall and/or roof coverings that have become substantially deteriorated and do not provide adequate weather protection, unpainted, unmaintained and otherwise unprotected buildings, causing deterioration in the form of dry rot, warping, buckling, twisting, bowing and insect infestations of various kinds.
 - 3. Buildings with broken or missing windows or doors, or buildings that are unsecured in such a manner that allows unauthorized entry.
 - 4. Building exteriors, walls, fences, signs, retaining walls or other structures on the property which are broken, deteriorated or substantially defaced.
 - 5. Graffiti that is not removed within five (5) calendar days after Town's code enforcement officer has given property owner written notice to remove it. Graffiti shall include the writing, defacing, marring, marking, inscribing, scratching, painting, or affixing of markings on buildings or structures, including, but not limited to, walls, fences, signs, retaining walls, driveways, walkways, sidewalks, curbs, traffic control devices, signs and utility boxes.
 - 6. Abandoned and inoperative vehicles not in compliance with the provisions of Chapter 10.16.

7. Outdoor attractive nuisances including, but not limited to junk, wrecked and/or dismantled vehicles, vehicles precariously raised off the ground on a jack, jack stand, or similar device, or on wood, rocks, or blocks; open containers of oil, gasoline, other petroleum products, antifreeze, or other hazardous or flammable chemicals; power machinery; broken or discarded furniture, household appliances and equipment including refrigerators, freezers, washers and dryers; and hazardous pools, ponds, or excavations.
 8. Maintenance of premises in such a condition as to be detrimental to the public health, safety or general welfare, including large and precarious diseased, uprooted, dead or dying trees; open containers of oil, gasoline, other petroleum products, antifreeze, or other hazardous or flammable chemicals; or in such a manner as to constitute a public nuisance as defined by California Civil Code Section 3480.9. Overgrown, diseased or dead accumulations of weeds or vegetation;
- H. Maintenance of residential property: Any person owning, leasing, occupying or having charge or possession of any residential property and maintaining such property in a manner such that any of the following conditions, but not limited thereto, are visible from public or other private property and exist thereon:
1. Buildings that are abandoned, boarded up, partially destroyed, substantially deteriorated or left unreasonably in a state of partial construction without an active building permit.
 2. Buildings with broken or missing windows or doors that are unsecured in such a manner that allows unauthorized entry.
 3. Graffiti that is not removed within five (5) calendar days after Town's code enforcement officer has given property owner written notice to remove it. Graffiti shall include the writing, defacing, marring, marking, inscribing, scratching, painting, or affixing of markings on buildings or structures, including, but not limited to, walls, fences, signs retaining walls, driveways, walkways, sidewalks, curbs, traffic control devices, signs and utility boxes.
 4. Abandoned and inoperative vehicles not in compliance with the provisions of Chapter 10.16.
 5. Outdoor attractive nuisances, including but not limited to junk, wrecked and/or dismantled vehicles, vehicles precariously raised off the ground on a jack, jack stand, or similar device, or on wood, rocks, or blocks; open containers of oil, gasoline, other petroleum products, antifreeze, or other hazardous or flammable chemicals; power machinery; broken or discarded furniture, household appliances and equipment including refrigerators, freezers, washers and dryers; and hazardous pools, ponds, or excavations.
 6. Maintenance of premises in such a condition as to be detrimental to the public health, safety or general welfare, including large and precarious diseased, uprooted, dead or dying trees; open containers of oil, gasoline, other petroleum products, antifreeze, or other hazardous or flammable chemicals; or in such a

manner as to constitute a public nuisance as defined by California Civil Code Section 3480;

- I. Building and construction: violation of the building permit or construction requirements of Title 15 of this code.

SECTION 2. Pursuant to California Environmental Quality Act (CEQA) Guidelines section 15308 this ordinance is exempt from CEQA in that it is a Class 8 categorical exemption for actions taken by a regulatory agency to establish procedures for the protection of the environment.

SECTION 3. This ordinance shall take effect thirty (30) days after the date of its passage. Before the expiration of fifteen (15) days after its passage, this ordinance or a summary thereof shall be published in a newspaper of general circulation published and circulated within the Town of Paradise along with the names of the members of the Town Council of Paradise voting for and against same.

PASSED AND ADOPTED BY THE Town Council of the Town of Paradise, County of Butte, State of California, on this ____ day of _____ 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steve Crowder, Mayor

ATTEST:

DINA VOLENSKI, CMC, Town Clerk

APPROVED AS TO FORM:

Scott E. Huber, Town Attorney