

**NEVADA COUNTY BOARD OF SUPERVISORS RESPONSES TO
2026 Nevada County Civil Grand Jury Report
Report on responses to the 2025-2026 Grand Jury Report: Planning for the Future: The
Board of Supervisors' Approach to the Growing \$220-Million Problem of Unfunded
Pension Liabilities**

DATED April 16, 2026

In accordance with California Penal Code § 933.05(b), the Nevada County Board of Supervisors is responding to the Nevada County Civil Grand Jury FY 2025/26 Report entitled "Planning for the Future: The Board of Supervisors' Approach to the Growing \$220-Million Problem of Unfunded Pension Liabilities." The responses to findings and recommendations are based on examination of official County records, review of the responses by the County Executive Officer, County Counsel, and County staff.

A. RESPONSES TO FINDINGS

Finding 1: At the end of FY2015, the County's unfunded pension liability was \$117,142,264.

Disagree.

The CalPERS Actuarial reports that determined valuations for the various pension plans (the Miscellaneous group and the three tiers of the Safety group) as of 6/30/2015 identified Unfunded Accrued Liability (called UPL in this report) in those four reports totaling \$162,574,446. It is also worth noting that this represents a Funded Ratio of 68% (Market Value of Assets as compared to the calculated total Accrued Liability).

The CalPERS Annual Valuation Report as of June 30, 2015, also referred to as the CalPERS Actuarial report, reflects valuation that is two years in arrears from the Fiscal Year in which payments are due, in this case FY 2017-18.

CalPERS Actuarial Valuation – June 30, 2015		Plan's UPL at June 30, 2015
Miscellaneous Plan	Page 5	\$139,808,599*
Safety First Tier	Page 5	\$22,770,118
Safety Second Tier	Page 5	(\$11,634)
PEPRA Safety	Page 5	\$7,363
Total		\$162,574,446

** Note: approximately \$1.8M of this UPL is attributable to and the responsibility of the Nevada County Superior Court. However, the County's Funded Ratio remains essentially unchanged as a result of this nuance.*

Finding 2: At the end of FY2024, the County's unfunded pension liability was \$223,565,943.

Disagree.

The CalPERS Actuarial reports that determined valuations for the various pension plans (the Miscellaneous group and a combined report for the Safety group) as of 6/30/2024 identified UPL in those two reports totaling \$261,167,320. It is also worth noting that this represents a Funded Ratio of 67% (Market Value of Assets as compared to the calculated total Accrued Liability).

The CalPERS Annual Valuation Report as of June 30, 2024, also referred to as the CalPERS Actuarial report, reflects valuation that is two years in arrears from the Fiscal Year in which payments are due, in this case FY 2026-27.

CalPERS Actuarial Valuation – June 30, 2024		Plan’s UPL at June 30, 2024
Miscellaneous Plan	Page 15	\$219,666,624*
Safety Risk Pool	Page 12	\$41,500,696
Total		\$261,167,320

** Note: approximately \$12M of this UPL is attributable to and the responsibility of the Nevada County Superior Court. However, the County’s Funded Ratio remains essentially unchanged as a result of this nuance.*

Finding 3: The County has followed CalPERS’s amortization plan over the past decade.

Agree.

The annual amortization plan prepared by CalPERS is the standard practice for compliance and reflects a point in time (June 30 each year) valuation of obligations less amount paid, interest earned and remaining obligation spread out over a 20-year time line.

Finding 4: The County’s financial position with respect to UPL has worsened over the last decade.

Partially Disagree.

While the total dollar value of UPL has expanded, so has the Market Value of Assets. The result is that the Funded Ratio remains essentially the same (67% vs 68%). This is important context and offers another perspective that the County’s position has not worsened but rather has remained static.

Finding 5: The County’s FY2015 amortization payment to CalPERS was \$9,508,354.

Disagree.

The FY 2014-15 UPL payment was \$7,391,504 for Miscellaneous. The UPL and normal costs for Safety were not calculated or paid separately based on the Actuarial Reports,

rather there was just one overall Actuarially Determined Contribution for the Safety Risk Pool Plans.

Finding 6: The County's FY2024 amortization payment to CalPERS was \$20,454,679.

Disagree.

The FY 2023-24 pre-payment was \$17,322,343 for Miscellaneous and \$2,493,196 for Safety for a total of \$19,815,539.

Finding 7: From FY2015 through FY2024, the County paid CalPERS \$169,688,442.

Disagree. Over this time period, Nevada County paid \$141,004,015 toward its unfunded accrued liability.

Finding 8: As of FY2019, CalPERS's projected date of returning the County to fully funded status was 2039.

Agree

The annual amortization plan prepared by CalPERS is the standard practice for compliance and reflects a point in time (June 30 each year) valuation of obligations less amount paid, interest earned and remaining obligation spread out over a 20-year timeline. The 2039 date of fully funded status reflects the 20-year amortization period of payments for the UPL as of June 30, 2019.

Finding 9: As of FY2024, CalPERS's projected date of returning the County to fully funded status was 2044.

Agree

The annual amortization plan prepared by CalPERS is the standard practice for compliance and reflects a point in time (June 30 each year) valuation of obligations less amount paid, interest earned and remaining obligation spread out over a 20-year timeline. The 2044 date of fully funded status reflects the 20-year amortization period of payments for the UPL as of June 30, 2024.

Finding 10: The Board of Supervisors believes that California's 2013 change from classic retirement to PEPRA will help the unfunded-pension-liability problem.

Agree.

The three tiers in both Miscellaneous and Safety categories changes pension formulas for employees based upon their entry (hire) date into CalPERS from a primarily employer-

funded pension to an equitable share of costs between employer and employee under PEPRA.

The Board of Supervisors acted ahead of PEPRA, eliminating new employee eligibility for the Classic Tier 1 benefits in 2012. This action created a “Tier 2” level of pension benefit for employees hired after December 13, 2012 which raised the retirement age, pension calculation formula and contribution rate. Entry into this Tier was then terminated on December 31, 2012 and replaced by PEPRA for employees hired after January 1, 2013.

In addition to an equitable cost share, PEPRA increased the retirement age and capped the maximum pensionable salary factor. By implementing PEPRA, the Board of Supervisors took action to reduce its long-term liability for employees within that tier.

Finding 11: The Board of Supervisors has performed no data studies on the impact PEPRA is likely to have.

Agree.

The County has not performed its own data studies on the impact of PEPRA, however the CalPERS Actuarial Reports provide analysis within each County plan (Miscellaneous and Safety) for each of the three tiers, including PEPRA. Under the new Pension Management Policy, the Annual Pension Management Plan and Compliance Report will provide data relative to the PEPRA tiered benefits, including number of participating employees, their normal cost, and UPL.

Finding 12 The Board of Supervisors has prioritized immediate needs over making additional voluntary payments to reduce the unfunded-liability debt.

Disagree.

The Board reviews its priorities each year in concert with fiscal projections and reviews pension obligations within that effort. The Board established a Section 115 Pension Trust Fund and has contributed towards it. Over the last year the Board has directed staff to improve the Pension Management Policy and develop a process for annual review of the pension obligation. The Board also weighs this long-term liability against emerging issues such as fire preparedness and public safety and strives to balance its limited resources based on assessed and emergent needs.

Finding 13 In the past 10 years, the County has made no voluntary additional payments to reduce the amount of unfunded pension liability.

Agree.

This has been intentional as over the last ten years the County has prioritized building fund balance reserves, establishing the Section 115 Pension Trust Fund, navigating through the COVID-19 pandemic and managing seven local FEMA-declared natural disasters due to fire, winter storms and flooding, including:

- **Lobo Fire, 2017**
- DR-4301-CA <https://www.fema.gov/disaster/4301/designated-areas>

- **Jones Fire, 2020**
- FM-5332-CA: <https://www.fema.gov/disaster/5332>

- **Wildfires, 2017, 2020, 2021**
- DR-4344-CA <https://www.fema.gov/disaster/4344/designated-areas>
- DR-4558-CA <https://www.fema.gov/disaster/4558/designated-areas>
- DR-4610-CA <https://www.fema.gov/disaster/4610>

Two emergencies were declared in 2017 for severe winter storms, flooding, and mudslides:

- DR-4301-CA <https://www.fema.gov/disaster/4301/designated-areas>
- DR-4308-CA <https://www.fema.gov/disaster/4308/notices>

The primary objective of the County's 2019 Pension Policy was to institute strong financial management practices and support fiscal prudence by: targeting the long-term health of the County's pension plan; encouraging stabilization of pension costs to avoid disruptions of services; smoothing the impact of pension costs to avoid extreme costs in any given budget year; maintaining budgetary flexibility to meet fiscal requirements in times of stress.

Each year the County reviews available revenue against expenditures and prioritizes annual pension payments as part of our core services funding plan. The County ensures the annual payment is made at the beginning of the year to save interest costs.

Finding 14 As of December 31, 2025, the balance of the 115 Trust was \$4,129,940.

Agree.

Finding 15 There is no record of the Board of Supervisors ever having discussed the unfunded-pension-liability problem for the past 10 years other than the Board's responses to earlier GJ reports.

Disagree.

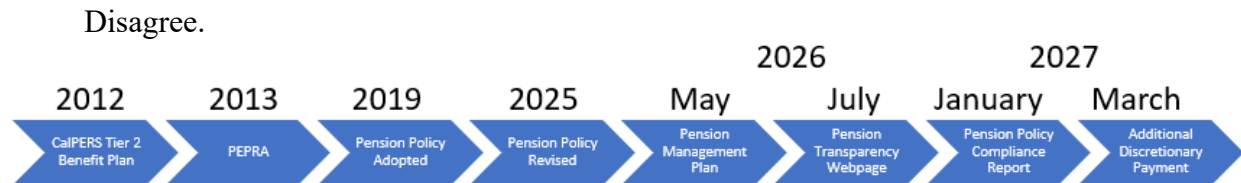
Over the past 10 years, unfunded pension liability has been presented on and discussed on no less than 27 separate occasions. This includes every annual Board Workshop and Budget Hearing, in addition to regular Board Meetings. Here is the list of dates and links to Board Meeting records:

- 4/28/2026 – Budget Workshop: Unfunded pension liability discussed during Introduction presentation by Deputy County Executive Officer/Chief Fiscal Officer, Erin Mettler ([SR 26-0255](#)).
- 1/28/2026 – Workshop (Budget Kickoff): Unfunded pension liability discussed during PowerPoint presentation ([SR 25-2330](#)).
- 6/10/2025 – Proposed Budget Hearing: Unfunded pension liability discussed during PowerPoint presentation by Deputy County Executive Officer/Chief Fiscal Officer, Erin Mettler ([SR 25-0357](#)).
- 1/22/2025 – Workshop (Budget Kickoff): Unfunded pension liability discussed during PowerPoint presentation ([SR 25-0077](#)).
- 6/18/2024 – Final Budget Hearing: Unfunded pension liability discussed during PowerPoint presentation ([SR 24-1029](#)).
- 1/17/2024 – Workshop (Budget Kickoff): Unfunded pension liability discussed during PowerPoint presentation ([SR 24-0144](#)).
- 6/20/2023 – Final Budget Hearing: Unfunded pension liability discussed during PowerPoint presentation ([SR 23-3165](#)).
- 2/7/2023 – Regular Meeting: Board adopted RES 23-068, which included Financial Stability as a Board Objective. Unfunded pension liability was presented as part of the financial stability piece at the 1/25/2023 Board Workshop ([SR 23-0077](#)).
- 1/25/2023 – Workshop (Budget Kickoff): Unfunded pension liability discussed during PowerPoint presentation by former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt ([SR 23-0120](#)).
- 6/21/2022 – Final Budget Hearing: Unfunded pension liability discussed during PowerPoint presentation by former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt and Management Analyst, Barry Anderson ([SR 22-0759](#)).
- 1/19/2022 – Workshop (Budget Kickoff): Unfunded pension liability discussed during Budget Kickoff presentation ([SR 22-0075](#)).
- 6/22/2021 – Regular Meeting: Unfunded pension liability was discussed and RES 21-279 adopted, directing the Auditor-Controller to release \$2,000,000 of pension fund dollars to pre-fund pension contributions in the Post-Employment Benefits Trust Program administered by PARS ([SR 21-0508](#)).
- 6/15/2021 – Final Budget Hearing: Pension identified as a General Fund Balance priority by the Board ([SR 21-0476](#)).
- 6/1/2021 – Final Budget Hearing: Unfunded pension liability discussed during PowerPoint presentation by former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt and Management Analyst, Barry Anderson ([SR 21-0415](#)).
- 1/28/2021 – Workshop (Budget Kickoff): Unfunded pension liability discussed during Budget Kickoff presentation by former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt ([SR 21-0041](#)).

- 6/2/2020 – Final Budget Hearing: Unfunded pension liability discussed during PowerPoint presentation by former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt and Management Analyst, Barry Anderson ([SR 20-2896](#)).
- 1/22/2020 – Workshop (Budget Kickoff): Unfunded pension liability discussed during Budget Kickoff presentation by former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt ([SR 20-0481](#)).
- 6/4/2019 – Final Budget Hearing: Unfunded pension liability discussed during PowerPoint presentation presented by County Executive Officer, Alison Lehman, former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt, and former Management Analyst II, David Jones ([SR 19-0456](#)).
- 1/23/2019 – Workshop (Budget Kickoff): Unfunded pension liability discussed during Budget Kickoff presentation by former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt and Management Analyst, Barry Anderson ([SR 19-0082](#)).
- 6/5/2018 – Final Budget Hearing: Unfunded pension liability discussed during PowerPoint presentation presented by former County Executive Officer, Richard Haffey and former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt ([SR 18-0424](#)).
- 1/24/2018 – Workshop (Budget Kickoff): Unfunded pension liability discussed during Budget Kickoff presentation by former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt ([SR 18-0085](#)).
- 6/20/2017 – Regular Meeting: Unfunded pension liability was discussed and RES 17-284 adopted, directing the Auditor-Controller to release \$3,200,000 of pension fund dollars to pre-fund pension contributions in the Post-Employment Benefits Trust Program administered by PARS ([SR 17-0489](#)).
- 6/6/2017 – Final Budget Hearing: Unfunded pension liability discussed during PowerPoint presentation presented by former County Executive Officer, Richard Haffey and former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt ([SR 17-0383](#)).
- 5/9/2017 – Regular Meeting: Unfunded pension liability was discussed and RES 17-208 was adopted, approving an agreement for Public Agency Retirement Services (PARS) administrative services to adopt a Pension Trust Program ([SR 17-0290](#)).
- 1/25/2017 – Workshop: Unfunded pension liability discussed during Budget Kickoff presentation by former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt ([SR 17-0046](#)).
- 6/7/2016 – Final Budget Hearing: Unfunded pension liability discussed during PowerPoint presentation presented by former County Executive Officer, Richard Haffey ([SR 16-0465](#)).

- 1/27/2016 – Workshop (Budget Kickoff): Unfunded pension liability discussed during Budget Kickoff presentation by former Deputy County Executive Officer/Chief Fiscal Officer, Martin Polt ([SR 16-0133](#) and [SR 16-0134](#)).

Finding 16 From 2015 until to the present, despite rising UPL, rising amortization payments, and repeated extensions of the amortization period, the County did not develop and implement any plan that addressed the mounting debt.



The primary objective of the County’s 2019 Pension Policy was to institute strong financial management practices and support fiscal prudence by:

- targeting the long-term health of the County’s pension plan;
- encouraging stabilization of pension costs to avoid disruptions of services;
- smoothing the impact of pension costs to avoid extreme costs in any given budget year; and
- maintaining budgetary flexibility to meet fiscal requirements in times of stress.

Each year the County reviews available revenue against expenditures and prioritizes annual pension payments as part of our core services funding plan. The County ensures the annual payment is made at the beginning of the year to save interest costs.

In response to the 2023-24 Grand Jury Report, the County updated its Pension Management Policy and a pension funding plan has been in development over the course of FY 2025-26 and is scheduled to go before the board on May 12, 2026. The updated pension management policy was approved by the board in October 2025, Resolution No. 25-494. Additionally, the 2026 Priority Objectives charter for Core Services, presented to the board on March 24, 2026, specified that the adoption of an annual pension funding plan, including an additional discretionary payment (ADP) towards UPL, is planned in FY 2026-27.

Finding 17 In response to the 2023-2024 Grand Jury report, the County promised to have a plan to address the unfunded-pension-liability problem within a year.

Disagree.

The County agreed to bring the unfunded pension liability to the Board Workshop in 2025 for Board discussion and policy direction to staff. Resulting from that 2025 Workshop, staff engaged the services of two consultants, CalMuni Advisors and Wiest Law based upon their expertise and work with other municipal organizations. Those

contracts were executed July 1, 2025 and staff met with the consultants over the next several months to develop the revised Pension Management Policy which the Board approved on October 14, 2025. Since that time, staff worked to prepare the Annual Pension Management Plan, coming before the Board on May 12, 2026, and has developed recommendations for ADP incorporation into the FY 2026/27 Budget.

Finding 18 At the end of the year, the County had developed no plan.

Disagree.

See above; the County has been working on developing a plan to address unfunded pension liabilities since the release of the 2023-24 Grand Jury report and subsequent response on August 20, 2024. After the 2025 Board Workshop, the County engaged the services of CalMuni Advisors and Wiest Law based upon their expertise and work with other municipal organizations. Those contracts were executed July 1, 2025 and staff met with the consultants over the next several months to develop the revised Pension Management Policy which the Board approved on October 14, 2025. Since that time, staff worked to prepare the Annual Pension Management Plan, coming before the Board on May 12, 2026, and has developed recommendations for ADP incorporation into the FY 2026/27 Budget.

Finding 19 At the end of the year, the County had not hired any consultants to help the County address the unfunded-pension-liability problem.

Disagree.

See above; the County has been working on developing a plan to address unfunded pension liabilities since the release of the 2023-24 Grand Jury report and subsequent response on August 20, 2024. After the 2025 Board Workshop, the County engaged the services of CalMuni Advisors and Wiest Law based upon their expertise and work with other municipal organizations. Those contracts were executed July 1, 2025 and staff met with the consultants over the next several months to develop the revised Pension Management Policy which the Board approved on October 14, 2025. Since that time, staff worked to prepare the Annual Pension Management Plan, coming before the Board on May 12, 2026, and has developed recommendations for ADP incorporation into the FY 2026/27 Budget.

Finding 20 By prepaying the full annual amortization amount at the beginning of the fiscal year, the County has saved hundreds of thousands of dollars in interest over the past decade.

Disagree.

The amount saved is significantly higher at over \$5.6 million resulting from pre-paying the UPL amortization amount identified in the CalPERS Actuarial reports from FY 2017-18 through FY 2025-26.

Finding 21 Since FY 2019, the County general fund at the end of each fiscal year has had from \$34.3 million to \$47.0 million of unspent funds in the County's General Fund,

Agree.

As described further below, much of that balance is set aside in reserves and assignments for specific uses.

Finding 22 Since FY 2019, the County has devoted \$0 of that money to making voluntary additional payments to reduce its total UPL.

Agree.

The primary objective of the County's 2019 Pension Policy was to institute strong financial management practices and support fiscal prudence by:

- targeting the long-term health of the County's pension plan;
- encouraging stabilization of pension costs to avoid disruptions of services;
- smoothing the impact of pension costs to avoid extreme costs in any given budget year; and
- maintaining budgetary flexibility to meet fiscal requirements in times of stress.

Finding 23 Given the County's UPL position at the end of FY2024, if the County then began to pay an additional \$5,000,000 each year, elimination of the 2024 UPL would occur in 2037 rather than 2044

Disagree.

It is impossible to say with certainty that such an investment would eliminate UPL entirely by 2037. While this statement is true with respect to the UPL as of June 30, 2024, the total UPL is an aggregate of amortization bases that represent investment performance and other adjustments for each of the previous years until those bases have been paid off. That will continue to be the case into the future, meaning new bases will further adjust the total UPL every year going forward (either up or down, depending on investment performance in those future years). This is why each year's CalPERS Actuarial Report contains a new 20-year amortization schedule.

A. RESPONSES TO RECOMMENDATIONS

R1 The County should provide a detailed report of why the adopted Pension Management Policy from 2019 failed to address the problem and allowed it to become more pronounced.

Will not be implemented.

The intent of the 2019 Pension Management Policy was to strike the balance between mitigating the impacts of rising pension costs and maintaining budgetary flexibility to facilitate service delivery to the community. The County's funded level at the end of Fiscal Year 2014-15 was 68% and at the end of Fiscal Year 2024-25 was 67%. That the difference in funded ratio is minimal despite a growing amount of UPL over a 10-year period supports the premise that PEPRA is limiting the growth.

R2 The County's response to this report should include in detail the "numerous proactive measures" that its response to the 2018 Jury report said it had undertaken.

Will not be implemented.

The intent of the 2019 Pension Policy has been met through maintaining budgetary flexibility to meet fiscal requirements in times of stress. Establishment and funding of the Section 115 Trust can provide stabilization of annual pension costs to avoid disruptions of services. The County has maximized revenue opportunities through prepayment of the UPL and has accumulated fund balance within a pension assignment of general fund dollars to help address changes in pension costs.

R3 The County's response to this report should include in detail the amount of money those "numerous proactive measures" generated or saved.

Will not be implemented.

See above; the Section 115 Trust contains a balance of \$4,129,940 and prepayment of UPL has saved \$5.6 million in interest costs since 2018. The Pension assignment within the general fund balance is \$6 million. Implementation of the 2025 Pension Management Policy through Annual Pension Management Plans and Annual Compliance Reports will recommend how these amounts will be leveraged to maximize benefit to the County.

R4 The County's response to this report should include in detail how much of the money from R2 the County expended each year to reduce its UPL beyond making the minimum amortization payment that CalPERS requires.

Will not be implemented.

As this report has already identified, the County has not made any additional contributions above and beyond the minimum amortization payment that CalPERS requires. The intent of the 2019 Pension Policy has been met through maintaining budgetary flexibility to meet fiscal requirements in times of stress, stabilization of annual pension costs to avoid disruptions of services, and smoothing the impact of pension costs to avoid extreme costs in any given budget year.

R5 As part of an approach to the mounting debt problem, the County should consider staff reductions.

Has been implemented.

The County Executive Office reviews all requests to fill vacant positions for necessity, sustainability and alignment with Board priorities. The County Executive Office also reviews requests for changes in staffing which includes adding positions, reclassifying and restructuring based on overall County necessity, sustainability and alignment with Board priorities. When staffing positions are funded with limited term sources, i.e. grant awards, the additions are not considered permanent, but are aligned to terminate when the grant does.

Staffing increases since 2013 have been largely filled with PEPRA benefitted employees, which means there is a cap on the level of income that the pension formula can be applied to, the annual cost towards funding an employee's pension benefit is shared between the County and the employee, all of which mean the associated UPL is limited and managed.

R6 As part of an approach to the mounting debt problem, the County should consider limiting salary and pension increases.

Has been implemented.

Through the adoption of the PEPRA, pension benefits have a limited salary which can be used in calculating employee retirement benefits. Employees joining CalPERS since 2013 are enrolled under this new tier of benefit and represent 77% of the County's workforce as of June 30, 2024.

Municipal credit rating agencies such as Moody's and Standard & Poors include UPL in their review of overall debt risk. Nevada County's estimated credit rating is in the AA to AA- category, which is consistent with past debt ratings. That rating dictates favorable interest rates, viability of issuing debt and offers investors a low-risk opportunity for future debt offerings. Nevada County's credit rating is also consistent with neighboring agencies as noted below:

- Yuba County (pop. 85,722): AA-
- Mendocino County (pop. 89,108): AA-
- Placer County (pop. 423,561): AA+
- Butte County (pop. 207,172): AA
- Yolo County (pop. 220,544): A+

*(Source: S&P data from Oct. 7, 2021, U.S. Local Governments Credit Brief: California Counties And Municipalities | S&P Global Ratings)

As of December 2025, Nevada County's outstanding tax-exempt debt (which is separate and additional to our unfunded actuarial liability on our pension obligations) was under \$20M (just over \$2M of payments per year) as follows:

Current Outstanding Tax-Exempt Debt				
Purpose	Original Amount	Current Outstanding	Average Annual Payment	Maturity Date

Operations Center (2019)	\$17,060,000	\$12,770,000	\$1,252,046	2038
Solar (fed. Taxable) (2016)	\$10,806,000	\$5,657,399	\$689,558	2036
Solar (tax-exempt) (2016)	\$1,975,000	\$857,240	\$161,179	2031
TOTAL	\$29,841,000	\$19,284,639	\$2,102,783	

*From the 12/16/25 presentation in support of [SR 25-2039](#).

R7 As part of an approach to the mounting debt problem, the County should consider having caps on County executive salaries.

Has been implemented.

See above. Through the adoption of the PEPPRA, pensions benefits have a limited salary which can be used in calculating employee retirement benefits. Employees joining CalPERS since 2013 are enrolled under this new tier of benefit and represent 77% of the County's workforce as of June 30, 2024. Executive salaries must remain competitive within the municipal market to attract and retain talent. To accomplish this, the County contracts with a third-party vendor to complete compensation market studies (i.e., of comparable positions in other jurisdictions) for use in recommending salary and benefit adjustments. The County has also implemented an Agency structure and consolidation of positions at the executive level where workload demands support it.

R8 As part of an approach to the mounting debt problem, the County should consider reducing the level or frequency of some County services not directly related to public health and safety.

Has been implemented.

The level and frequency of County services is reflected by the policy direction of the Board of Supervisors and what available revenues can support. As the County's revenue related to COVID-19 comes to an end on December 31, 2026, specific services have been eliminated and service levels have been reduced. The County's suite of services continues to follow state mandates and core services identified through community input and Priority Objectives reviewed each year. In addition, the County leverages its scarce resources against state and federal dollars as a way to continue to provide critical services such as wildfire evacuation route planning and mitigation projects as well as for replacement of bridges, road repairs, and modernization of law enforcement equipment.

R9 As part of an approach to the mounting debt problem, the County should consider eliminating County services that duplicate services that the state provides.

Has been implemented.

The County, as an arm of the State, carries out specific mandated services for which we receive funding. There is high coordination amongst regional jurisdictions and the state for specific services such as law enforcement and emergency management. Our realigned programs do have state coordination through professional associations (particularly in Public Health and Social Services) and we are not aware of any duplicate services provided by the State as well as the County.

R10 The County should develop a realistic plan that will fully amortize the UPL by 2037 and will maintain the pension plan fully funded.

Will not be implemented.

As part of implementing the new Pension Management Policy (adopted 10/14/25), the Board will start to see annually a Pension Management Plan which provides an analysis of the County's pension funding status and recommends specific strategies to activate in the upcoming Fiscal Year planning. In addition, January 2027 will see the presentation of an Annual pension policy compliance report to identify how the County is following its policy and track the funded level status.

Based upon industry best practices, attaining fully funded status will be through a combined use of additional discretionary payments and deposits in the Section 115 Trust and is not attainable within a ten-year time frame without catastrophic cuts to public health and safety. Furthermore, the UPL is impacted annually through several factors outside the County's control such as investment market performance and actuarial assumptions.

R11 As part of that plan, the County should annually devote a substantial part of unexpended budgeted funds to reduce its unfunded liability debt.

Will be implemented.

As noted above, implementation of the new Pension Management Policy significantly changes the process for regular review and analysis of the County's unfunded liability. In combination with an updated fund balance policy and improved transparent budgeting for pensions, allocation of unexpended budget funds will be reviewed as part of creating the Annual Pension Plan.