



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Meeting
Wednesday, March 9, 2016
12:00 Noon

Orange County Fire Authority
Regional Fire Operations and Training Center
1 Fire Authority Road
Room AE117
Irvine, California 92602

Jerry McCloskey, Chair
Beth Swift, Vice Chair
Gene Hernandez Al Murray Tri Ta Ed Sachs
Bruce Channing - Ex Officio

This Agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action or discussion shall be taken on any item not appearing on the following Agenda. Unless legally privileged, all supporting documents, including staff reports, and any writings or documents provided to a majority of the Budget and Finance Committee after the posting of this agenda are available for review at the Orange County Fire Authority Regional Fire Operations & Training Center, 1 Fire Authority Road, Irvine, CA 92602 or you may contact Sherry A.F. Wentz, Clerk of the Authority, at (714) 573-6040 Monday through Thursday, and every other Friday from 8 a.m. to 5 p.m. and available online at <http://www.ocfa.org>

If you wish to speak before the Budget and Finance Committee, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority. Speaker Forms are available on the counter noted in the meeting room.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the Clerk of the Authority at (714) 573-6040. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

CALL TO ORDER

PLEDGE OF ALLEGIANCE by Director Murray

ROLL CALL

PUBLIC COMMENTS

Any member of the public may address the Committee on items within the Committee's subject matter jurisdiction but which are not listed on this agenda during PUBLIC COMMENTS. However, no action may be taken on matters that are not part of the posted agenda. We request comments made on the agenda be made at the time the item is considered and that comments be limited to three minutes per person. Please address your comments to the Committee as a whole, and do not engage in dialogue with individual Committee Members, Authority staff, or members of the audience.

2. MINUTES

A. Minutes for the January 13, 2016, Budget and Finance Committee Meeting

Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

3. CONSENT CALENDAR

A. FY 2015/16 Mid-Year Budget Adjustment

Submitted by: Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 24, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors authorize the proposed mid-year budget adjustments.

B. Status Update – Orange County Employees' Retirement System

Submitted by: Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Receive and file the report.

4. DISCUSSION CALENDAR

A. Monthly Investment Reports

Submitted by: Tricia Jakubiak, Treasurer

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of March 24, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Proposed New Purchasing Ordinance – Introduction

Submitted by: Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of April 28, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Introduce proposed Ordinance entitled: AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY FIRE AUTHORITY REPEALING ORDINANCE NO. 006 AND ORDINANCE NO. 007 AND ESTABLISHING THE PURCHASING RULES AND PROCEDURES OF THE ORANGE COUNTY FIRE AUTHORITY establishing a comprehensive procurement ordinance based on the American Bar Association Model Procurement Code.
2. Approve the proposed Resolution Amending the OCFA Roles, Responsibilities, and Authorities Matrix.

C. Proposed Change in Service Configuration Cities of Placentia & Yorba Linda

Submitted by: Brian Young, Assistant Chief/Organizational Planning Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 24, 2016, with the Budget and Finance Committee’s recommendation that the Board of Directors direct staff to discuss the proposed change in service configurations with the cities of Placentia and Yorba Linda and report back to the Board with a final recommendation.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, April 13, 2016, at 12:00 noon.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby, front gate public display case, and website of the Orange County Fire Authority, Regional Fire Operations and Training Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 3rd day of March 2016.

Sherry A.F. Wentz, CMC
Clerk of the Authority

UPCOMING MEETINGS:

Claims Settlement Committee Meeting	Thursday, March 24, 2016, 5:00 p.m.
Executive Committee Meeting	Thursday, March 24, 2016, 5:30 p.m.
Board of Directors Meeting	Thursday, March 24, 2016, 6:00 p.m.
Human Resources Committee Meeting	Tuesday, April 5, 2016, 12 noon

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Meeting
January 13, 2016
12:00 Noon

Regional Fire Operations and Training Center
Room AE117
1 Fire Authority Road
Irvine, CA 92602

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on January 13, 2016, at 12:00 p.m. by Chair McCloskey.

PLEDGE OF ALLEGIANCE

Vice Chair Swift led the assembly in the Pledge of Allegiance to our Flag.

ROLL CALL

Present:

Al Murray, Tustin
Jerry McCloskey, Laguna Niguel
Ed Sachs, Mission Viejo
Elizabeth Swift, Buena Park
Tri Ta, Westminster

Absent:

Gene Hernandez, Yorba Linda

Also present were:

Assistant Chief Lori Smith
Assistant Chief Lori Zeller
Communications Director Sandy Cooney
Ex-Officio Bruce Channing

Assistant Chief Dave Thomas
Human Resources Director Jeremy Hammond
Clerk of the Authority Sherry Wentz

1. PRESENTATIONS

No items.

PUBLIC COMMENTS (F: 12.02B3)

Chair McCloskey opened the Public Comments portion of the meeting.

Stephen Wontrobski, Mission Viejo resident, spoke regarding a Civic Openness in Negotiations (COIN) Ordinance.

Chair McCloskey closed the Public Comments portion of the meeting.

2. MINUTES

A. Minutes for the November 4, 2015, Budget and Finance Committee Meeting

(F: 12.02B2)

On motion of Director Ta and second by Director Murray, the Committee voted unanimously by those present to approve the Minutes for the November 4, 2015, Budget and Finance Committee meeting as submitted.

3. CONSENT CALENDAR

A. Monthly Investment Reports (F: 11.10D2)

On motion of Vice Chair Swift and second by Director Ta, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Executive Committee meeting of January 28, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. First Quarter Financial Newsletter (F: 15.07)

On motion of Vice Chair Swift and second by Director Ta, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Executive Committee meeting of January 28, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

C. Quarterly Status Update – October to December 2015 Orange County Employees’ Retirement System (F: 17.06B)

Director Murray pulled this item to request clarification on rate changes.

On motion of Director Murray and second by Director Sachs, the Committee voted unanimously by those present to receive and file the report.

D. Quarterly Change Order Report (F: 11.10H1)

Director Murray pulled this item to request clarification on the changes compared to the previous year.

On motion of Director Murray and second by Director Sachs, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Executive Committee meeting of January 28, 2016, with the Budget and Finance Committee’s recommendation that the Executive Committee receive and file the report.

E. 2015 Urban Areas Security Initiative Grant Agreement to Transfer Property or Funds (F: 16.02H)

On motion of Vice Chair Swift and second by Director Ta, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of January 28, 2016, with the Budget and Finance Committee’s recommendation that the Board of Directors:

1. Approve and authorize the Fire Chief to executive the agreement and any necessary attachments to accept and administer the Urban Area Security Initiative (UASI) Grant Program award.
2. Approve a Budget Adjustment to the FY 2015/16 General Fund (121) to increase revenue and appropriations by \$167,727 to the FY 2015 UASI Grant award.

4. DISCUSSION CALENDAR

A. Community Risk Reduction Staffing and Workload (F: 17.12) (X: 17.10E)

Assistant Chief Lori Zeller provided an overview of the items on the Discussion Calendar and introduced Assistant Chief Lori Smith who provided a report on the Community Risk Reduction Staffing and Workload.

Lengthy discussed ensued.

On motion of Director Murray and second by Director Ta, the Committee voted to direct staff to place the item on the agenda for the Board of Directors meeting of January 28, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve changes to the Master Position Control list unfreezing the Community Risk Reduction positions as described in the report.
2. Direct staff to include funding in the proposed Mid-Year FY 2015/16 Budget Review and the FY 2016/17 Proposed Budget to restore two frozen positions in the Community Risk Reduction Department, as recommended in the report.

Director Sachs voted in opposition, suggesting that staff consider the feasibility of fully outsourcing plan review services.

B. Communications and Public Affairs Department Staffing and Workload

(F: 17.12) (X: 17.10C)

Communications and Public Affairs (CAPA) Director Sandy Cooney provided an overview of the CAPA Department Staffing and Workload.

Lengthy discussion ensued.

On motion of Director Ta and second by Vice Chair Swift, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of January 28, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve changes to the Master Position Control list to add two Public Information Officer positions as described in the report.
2. Direct staff to include funding in the proposed Mid-Year FY 2015/16 Budget Review and the FY 2016/17 Proposed Budget for two additional Public Information Officer positions.

C. Conduct Analysis of Field Operations Urban Search & Rescue/Technical Rescue Truck Operations and Staffing (F: 17.12) (X: 22.05A)

Assistant Chief Dave Thomas provided an overview of the Analysis of Field Operations Urban Search & Rescue/Technical Rescue Truck Operations and Staffing.

On motion of Vice Chair Swift and second by Director Sachs, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of January 28, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Establish 7.5% specialty compensation for Urban Search & Rescue trained Technical Rescue Truck personnel at an approximate annual cost of \$527,556.
2. Direct staff to include funding for a pro-rated share of this cost in the proposed Mid-Year FY 2015/16 Budget Review.

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D. Conduct Analysis of Field Operations Hazardous Materials Team Operations and Staffing (F: 17.12) (X: 18.11)

Assistant Chief Dave Thomas provided an overview of the Analysis of Field Operations Hazardous Materials Team Operations and Staffing.

On motion of Vice Chair Swift and second by Director Murray, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of January 28, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Establish 2.5% specialty compensation for Hazardous Material Response Team members who have achieved Specialist Certification and who have been assigned to the team for a minimum of two years at an annual cost of \$132,501.
2. Direct staff to include funding for a pro-rated share of the annual cost in the proposed Mid-Year FY 2015/16 Budget Review.

E. Air Operations Program Enhancements: Staffing, Schedule, and Safety Management System (F: 17.12) (X: 18.09)

Assistant Chief Dave Thomas provided a PowerPoint presentation on the Air Operations Program Enhancements: Staffing, Schedule, and Safety Management System.

On motion of Director Murray and second by Director Sachs, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of January 28, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve and authorize the Fire Chief to add one Firefighter/Paramedic post position (three employees) to the Air Operations Helicopter Program at a cost of \$665,256 annually.
2. Direct staff to include funding for a pro-rated share of the annual cost in the proposed Mid-Year Budget Review.

F. FY 2015/16 Mid-Year Financial Report (F: 15.04 15/16)

Assistant Chief Lori Zeller introduced Budget Manager Deborah Gunderson, who provided an overview of the 2015/16 Mid-Year Financial Report.

On motion of Vice Chair Swift and second by Chair McCloskey, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of January 28, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Direct staff to include funding for the Phase-Two enhancements in the proposed Mid-Year FY 2015/16 Budget Adjustments.
2. Direct staff to continue to evaluate and recommend the phase-in of service enhancements, as feasible, at six month intervals.

G. State Lobbying Service Amendment to Agreement (F: 11.10F2)

Communications and Public Affairs Director Sandy Cooney provided a report on the State Lobbying Service Amendment to Agreement.

Stephen Wontrobski, Mission Viejo resident, spoke in opposition to the item.

On motion of Vice Chair Swift and second by Director Sachs, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of January 28, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve and authorize the Fire Chief to execute the second amendment to the agreement with Nielsen Merksamer Parrinello Gross & Leoni, LLP, for a contract increase of \$80,000 for additional assistance in opposition to AB 1217 or any other legislation, if needed, which forces state-mandates changed to the OCFA board composition or operation lobbying efforts.
2. Approve and authorize the Board Chair to approve and release the use of these additional funds, if needed.
3. Approve a budget adjustment in the FY 2015/16 General Fund (121) budget increasing expenditures by \$80,000 to support this contract.

H. 2016 Grant Priorities (F: 11.10G)

Communications and Public Affairs Director Sandy Cooney provided an overview of the 2016 Grant Priorities.

On motion of Vice Chair Swift and second by Director Ta, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of January 28, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors approve the 2016 Grant Priorities.

REPORTS (F: 12.02B6)

There were no items to report.

COMMITTEE MEMBER COMMENTS (F: 12.02B4)

Director Ta commented on prior outstanding service provided by OCFA's State Lobbyist, and encouraged staff to insure that OCFA continues to receive this caliber of service on any future lobbying endeavors.

Vice Chair Swift commended the Paramedics who responded to a family member in December.

Chair McCloskey commended staff on the Comprehensive Annual Finance Report.

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ADJOURNMENT – Chair McCloskey adjourned the meeting at 1:10 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, February 10, 2016, at 12:00 noon.

Sherry A.F. Wentz, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 9, 2016

Agenda Item No. 3A
Consent Calendar

FY 2015/16 Mid-Year Budget Adjustment

Contact(s) for Further Information

Lori Zeller, Assistant Chief Business Services Department	lorizeller@ocfa.org	714.573.6020
Tricia Jakubiak, Treasurer	triciajakubiak@ocfa.org	714.573.6301
Deborah Gunderson, Budget Manager	deborahgunderson@ocfa.org	714.573.6302

Summary

This item is submitted to request approval to adjust revenue, expenditures, and fund balance to reflect changes identified after adoption of the FY 2015/16 budget. Budgeted beginning fund balances have been revised based on the FY 2014/15 audited financial statements.

Prior Board/Committee Action

A comprehensive mid-year financial review was presented to the Budget and Finance Committee and the Board of Directors in January, highlighting proposed mid-year changes that are needed to the FY 2015/16 budget based on events that have occurred since the budget was adopted last May. The Board directed staff to return in March with the technical budget adjustments required to implement the proposed changes.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 24, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors authorize the proposed mid-year budget adjustments.

Impact to Cities/County

The proposed mid-year adjustments to the FY 2015/16 budget will have no impact to cash contract city charges in the current FY. Future increases for cash contract cities are currently estimated at 3.75% per year for FYs 2016/17 and 2017/18 (excluding the catch-up provision) based on the Five-Year Financial Forecast.

Fiscal Impact

Financial impact has been presented in the report.

Background

See attached extended background.

Attachment(s)

1. FY 2015/16 Mid-Year Budget Adjustments
2. Combined Budget Summary

Background

FY 2015/16 General Fund

Overall, proposed General Fund changes result in a total revenue increase of approximately \$10.4 million and a total expenditure increase of approximately \$6.4 million.

Revenue Adjustments - \$10.4 million

Property Taxes: Based on secured tax billings provided by the Auditor/Controller, preliminary projections indicate an approximately \$3.5 million increase over budget.	\$3,710,000
Assistance by Hire (ABH): Assistance by Hire is the term used when OCFA responds to requests for assistance on incidents outside areas of our responsibility on a reimbursement basis. Current year activity is \$7.3 million greater than budget due to various out-of-county responses. Staff will be monitoring this source of revenue for additional reimbursements. A corresponding expenditure adjustment is also proposed to the overtime/backfill category	\$7,300,000
Miscellaneous: This category of revenue adjustments includes changes to facility maintenance charges for some cash contract cities to reconcile actuals to estimated budgets for the current fiscal year, as well as adjustments for the receipt of revenues from bankruptcy proceeds, donations, restitution and decreases to several Community Redevelopment Pass-throughs and the Advanced Life Support (ALS) transport reimbursement categories.	(\$655,000)

Expenditure Adjustments - \$6.4 million

ABH Overtime/Backfill: As mentioned under Revenue for ABH, expenditures for ABH will also require an increase of approximately \$5.6 million related to out-of-county responses.	\$5,600,000
Salary & Employee Benefit (S&EB) changes: In November 2015 and January 2016, the Board approved actions that impacted personnel costs, including: (1) establishment of a 7.5% specialty compensation for Urban Search and Rescue trained Technical Rescue Truck personnel; (2) establishment of a 2.5% specialty compensation for certain qualifying Hazardous Material Response Team members; (3) addition of one Firefighter/Paramedic post position (three employees) to the Air Operations Helicopter Program; and (4) implementation of "Phase Two Service Delivery Enhancements" which included conversion of six paramedic vans to twelve paramedic engines. The costs for these changes were largely offset in the current fiscal year by salary savings from position vacancies, resulting in an overall increase to S&EB of \$77,500.	\$77,500
Services & Supplies (S&S) changes: In January 2016, the Board approved changes to a variety of services and supplies, including: (1) professional services to support the Banner financial system upgrade; (2) funding to support Special Counsel services; (3) a variety of supplies and equipment; and (4) annual maintenance and operational costs for the Urban Search and Rescue Warehouse.	\$794,500

General Fund / Fund Balance and Capital Improvement Program (CIP) Funds

Beginning Fund Balances: As part of the annual mid-year adjustment, beginning fund balances will be adjusted in accordance with the FY 2014/15 year-end audit. These increases resulted primarily from additional revenue received in the fiscal year, as well as expenditure savings in the General Fund. The CIP beginning fund balance adjustments largely result from ongoing projects not being completed during the fiscal year which were rebudgeted to FY 2015/16.

Budget Transfer: A transfer from the General Fund to Fund 12110 in the amount of \$204,793 is necessary to ensure adequate fund balance in Fund 12110 to accommodate the rebudgeted and adjusted project schedules in the General Fund CIP.

Fund 12110 – General Fund CIP: Several projects in Fund 12110 are unable to be performed in the current fiscal year and are being rebudgeted to future years, resulting in a net expenditure reduction of approximately \$617,000.

Fund 123 – Fire Stations and Facilities: New developer contribution revenues and bankruptcy proceeds in the total amount of approximately \$2.1 million will be recognized in this fund, as well as an expenditure rebudget for Fire Station 56 (Sendero) project closeout costs. Expenditures will be increased by approximately \$52,000.

Fund 124 – Communications and Information Systems: Bankruptcy proceeds and updated interest rate assumptions in the approximate amount of \$234,000 will be recognized in this fund, as well as expenditure reductions for projects which will not be performed in the current fiscal year, for a net expenditure reduction of \$4.8 million.

Fund 133 – Fire Apparatus: Bankruptcy proceeds and updated interest rate assumptions in the approximate amount of \$68,000 will be recognized in this fund, as well as adjustments to expenditures removing or transferring funding for projects which cannot be performed in the current fiscal year, for a net expenditure reduction of approximately \$363,000.

The attached Combined Budget Summary represents the total adjusted budget for the OCFA and details the revenue and expenditure budgets in each fund assuming these proposed adjustments are approved.

FY 2015/16 Mid-Year Budget Adjustments

The following adjustments to the FY 2015/16 budget are requested:

General Fund (Fund 121)

Revenue - \$10,358,568 increase
Budgeted Beginning Fund Balance - \$13,838,197 increase
Appropriations - \$6,423,288 increase
Operating Transfer Out - \$204,793 increase

General Fund CIP (Fund 12110)

Appropriations -- \$617,239 decrease
Operating Transfer In -- \$204,793 increase

Fire Stations and Facilities Fund (Fund 123)

Revenue - \$2,142,878 increase
Budgeted Beginning Fund Balance - \$822,534 increase
Appropriations – \$51,829 increase

Communications and Information Systems Fund (Fund 124)

Revenue - \$233,845 increase
Budgeted Beginning Fund Balance - \$6,565,549 increase
Appropriations – \$4,831,152 decrease

Fire Apparatus Fund (Fund 133)

Revenue - \$68,252 increase
Budgeted Beginning Fund Balance - \$1,817,091 increase
Appropriations - \$362,825 decrease

Structural Fire Fund Entitlement Fund (Fund 171)

Revenue - \$9,078 decrease
Budgeted Beginning Fund Balance - \$120,535 increase
Appropriations – No Change

Self-Insurance Fund (Fund 190)

Revenue - \$571,720 decrease
Budgeted Beginning Fund Balance - \$475,288 increase
Appropriations – No Change

**ORANGE COUNTY FIRE AUTHORITY
COMBINED BUDGET SUMMARY
FY 2015/16**

	121 General Fund	<u>CIP Funds</u>			<u>Other Funds</u>		Total
		12110 General Fund CIP (1)	123 Fire Stations & Facilities	124 Communications & Info. Systems	133 Fire Apparatus	171 SFF Entitlement	
FUNDING SOURCES							
<i>Property Taxes</i>	218,156,295	-	-	-	-	-	\$218,156,295
<i>Intergovernmental</i>							
State Reimbursements	11,903,583	-	-	-	-	-	11,903,583
Federal Reimbursements	2,971,745	-	-	-	-	-	2,971,745
Community Redevelopment Pass-thru	8,609,759	-	-	-	-	-	8,609,759
<i>Charges for Current Services</i>							
Contracts	90,762,822	-	-	-	1,428,656	-	92,191,478
HMS Revenue	-	-	-	-	-	-	-
Fees - Community Risk Reduction	6,449,995	-	-	-	-	-	6,449,995
Other Charges for Services	171,535	-	-	-	-	-	171,535
ALS Reimbursements, Supplies	3,929,330	-	-	-	-	-	3,929,330
Charges for Workers' Comp	-	-	-	-	-	12,729,592	12,729,592
<i>Use of Money and Property</i>							
Interest	689,516	-	65,619	91,196	97,876	2,921	1,263,112
<i>Other</i>							
Developer contributions	-	-	2,112,282	-	1,576,744	-	3,689,026
Miscellaneous	2,368,135	-	185,165	312,605	191,832	-	3,057,737
<i>Other Funding Sources</i>							
Total Revenues & Other Financing Sources	346,012,715	-	2,363,066	403,801	3,295,108	2,921	365,123,187
Operating Transfer In	-	5,438,793	-	2,127,821	-	-	7,566,614
Beginning Fund Balance	50,199,667	-	12,520,242	18,561,322	17,409,649	691,265	167,876,941
TOTAL AVAILABLE RESOURCES	396,212,382	\$5,438,793	\$14,883,308	\$21,092,944	\$20,704,757	\$694,186	\$81,540,372
EXPENDITURES							
Salaries & Emp Benefits	\$309,817,497	\$0	\$0	\$0	\$0	\$0	\$309,817,497
Services & Supplies	38,354,581	1,249,615	906,077	-	-	7,702,911	48,213,184
Capital Outlay/Equipment	442,022	4,189,178	-	1,700,000	11,543,533	-	17,874,733
Debt Service	318,050	-	-	-	-	-	318,050
Total Expenditures	\$348,932,150	\$5,438,793	\$906,077	\$1,700,000	\$11,543,533	\$0	\$376,223,464
Appropriation for Contingencies	-	-	-	-	-	-	-
Operating Transfer Out	7,566,614	-	-	-	-	-	7,566,614
Ending Fund Balance	39,713,618	\$0	13,977,231	19,392,944	9,161,224	694,186	156,776,664
TOTAL FUND COMMITMENTS & FUND BALANCE	\$396,212,382	\$5,438,793	\$14,883,308	\$21,092,944	\$20,704,757	\$694,186	\$81,540,372

(1) Project related budgets segregated for operational budget clarity purposes. As a sub-fund of the General Fund, revenues and expenditures are accounted for as the General Fund in the CAFR, however for cash-flow purposes the expenditures are tracked outside of the General Fund. Therefore 12110 requires cash-flow transfers in the same manner as the other CIP Funds.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 9, 2016

Agenda Item No. 3B
Consent Calendar

Status Update
Orange County Employees' Retirement System

Contact(s) for Further Information

Lori Zeller, Assistant Chief lorizeller@ocfa.org 714.573.6020
Business Services Department

Tricia Jakubiak, Treasurer triciajakubiak@ocfa.org 714.573.6301
Treasury & Financial Planning

Summary

This agenda item is a follow-up to last month's quarterly transmittal to the Committee to provide a report on actions taken by the Orange County Employees' Retirement System's (OCERS) relating to financial issues, procedures, and business practices.

Prior Board/Committee Action

At the January 13, 2016 Budget and Finance Committee meeting, Director Murray requested staff provide an update in February on OCERS' erroneous retiree payment which is detailed below. Since the February Committee meeting was cancelled, this item is being presented at the March meeting.

RECOMMENDED ACTION(S)

Receive and file the report.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

OCERS BOARD OF RETIREMENT MEETING November 16, 2015:

As part of the testing process for OCERS new V3 Pension Administration System, an error occurred resulting in retirees receiving an erroneous second pension payment for the month of November. The file was accidentally uploaded to the production environment at Wells Fargo instead of its designated test environment at approximately 3:00 p.m. on Monday, November 9, 2016. Members who bank at Wells Fargo received the payment that night with the remaining members receiving the payment in the early morning of November 11, 2016. There was no memo posting in the bank activity prior to detecting the error due to the very fast file processing time. The finance manager who oversees banking activity was in the processes of checking daily banking transactions at approximately 7:30 a.m. on Tuesday, November 10, 2016 (about 16 hours after the file was uploaded) when the error was discovered. Corrective action began immediately. Wells Fargo was called and a reversal was initiated expeditiously.

In addition on Tuesday morning, upon being informed of the incident and getting acknowledgement that corrective actions were underway, OCERS Assistant CEO of Finance and Internal Operations began a review of the controls in place and an investigation of how the breach occurred. As part of remediation of the incident, an executive team meeting was held with the CEO, staff/managers involved in the error and/or the corrective actions along with Internal Audit.

Update as of January 14, 2016:

OCERS recovered a majority of the funds when the bank reversed the duplicate November Automated Clearing House (electronic fund transfer system i.e. direct deposits), with the exception of 272 members (out of 15,603 payments). Of these 272 members, all but six were recovered by reducing the duplicate November payment from the member's December payment. Three of the outstanding six were deceased members, and the remaining three did not have sufficient funds from their December payment to cover the November duplicate payment. Out of the six, three members repaid via a check prior to December 31, 2015. The remaining three members with a total balance of \$8,667.39 were set up to be repaid through the V3 Overpayment process, one of which has already been paid in full with a deduction from his January payment. Of the remaining two, one will be repaid in full after the February payment (OCERS agreed to let the retiree pay over two months – since their current balance as of January 14, 2016, is only \$441.29) and the final member, who is deceased and has a balance of \$4,758.54, will be recovered once his beneficiary is set up.

OCERS BOARD OF RETIREMENT MEETING January 19, 2016:

OCERS Internal Audit Division presented an update to the OCERS Plan Sponsor Review (Attachments 1 and 2). New verbiage was added to the OCFA section of the report on Page 16 titled “*Impact on OCERS from Withdrawal or Termination of Members or Dissolution of the OCFA JPA.*”

OCFA staff will continue to monitor actions taken by OCERS and will report back in April regarding actions taken during the next quarter.

Attachments

1. OCERS Plan Sponsor Review, January 7, 2016
2. OCERS Plan Sponsor Review Presentation, January 19, 2016



OCERS' Plan Sponsors Review

Report Date: January 7, 2016

Internal Audit Division

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Conclusion

At the request of the Board, Internal Audit obtained key financial information on OCERS' plan sponsors to provide the Board with information regarding plan sponsors' financial position to ascertain their capacity to meet their obligations to OCERS and the long-term viability of OCERS' plan. This report update uses 2015 financial information from plan sponsors, if available.

The County is the largest plan sponsor with about three-quarters of the active members and contributions. Our review indicates that revenue streams of plan sponsors are generally solid and consistent. The "going concern" risk of plan sponsors, or risk of default, appears low, but additional information regarding the OCFA has been added below (See sub-section titled "Impact on OCERS from Withdrawal or Termination of Members or Dissolution of the OCFA JPA" on page 16.) Plan sponsors have the flexibility of operations to adjust for lower revenues. During the financial crisis when revenues were reduced, the County took effective steps to cut expenses. No contribution payments have ever been missed by any plan sponsor. Even during Orange County bankruptcy in 1994, contribution payments continued to be made without interruption to OCERS from pension obligation bonds. Credit agency ratings of debt of plan sponsors range from AAA for the Sanitation District bond issues to BB (speculative grade) for TCA bonds.

One notable variable we found for the County was for contract cities with the Sherriff's Department. The County allows most contract cities with the Sherriff's Department to have one-year contracts, and the contracts do not address payment of the UAAL upon termination of the agreement. However, the entire revenue of the Sherriff's Department's 13 contract cities, which was \$113 million for fiscal year 2014-15, is not material enough to significantly impact the County's total revenue, which was \$5.7 billion for the year ended June 30, 2015.

The Orange County Fire Authority's agreements with cities also do not mention required payment of UAAL upon termination of the agreement, except for the 2012 agreement with the City of Santa Ana. Structural Fire Fund and Contract Cities are 20-year members beginning July 1, 2010 with 20-year membership terms automatically renew in 2030. Cities may give written notice by July 1, 2018 to withdraw by June 30, 2020. If any city chose to withdraw from OCFA, OCFA's management would have at least two years to adjust for a reduction in revenues.

We found three plan sponsors that are making additional payments to reduce their share of the UAAL. In early 2014, Orange County Cemetery District became the first plan sponsor to pay off its entire UAAL of \$1.7 million balance. OCFA has an Expedited Payment Plan for its UAAL balance, currently \$467 million, over 12 years. Finally, the Orange County Sanitation District contributed \$125 million in November 2014 towards its share of the unfunded liability, which was previously \$203 million as of June 2014.

The net position (total assets less liabilities) of plan sponsors has decreased in large part due to GASB 68's requirement that they include their proportionate share of the unfunded pension liability on their Statement of Net Position (balance sheet).

OCERS' Board cannot control the financial management of plan sponsors. However, OCERS' Board can change its funding policy or revise its UAAL amortization schedule in consultation with its outside actuary, but current circumstances do not appear to indicate the necessity of these actions by the Board.

Purpose of this Review

The Board of Retirement approved OCERS' Internal Audit to prepare a report on key financial information on OCERS' plan sponsors at the May 19, 2014 Regular Board meeting. As such, this report is the second annual compilation of key historical financial information on OCERS' plan sponsors such as revenue sources and net positions for the period beginning with fiscal year July 1, 2008 – June 30, 2009 through fiscal year July 1, 2014 – June 30, 2015.

Scope

This report includes financial information on all fifteen OCERS' plan sponsors for the period mentioned above. Although this report includes financial information on the Orange County Fire Authority and the Orange County Sheriff's Department, it does not include financial information of the cities that contract with the Orange County Fire Authority (OCFA) and the Orange County Sheriff's Department. Fees received from contract cities represent the second highest source of revenues for the OCFA and the Orange County Sheriff's Department.

Background

According to the County Employees Retirement Law of 1937, plan sponsors are obligated to make annual payments to the pension system. Upon withdrawal from the retirement system, a plan sponsor is liable for its share of any unfunded actuarial liability:

“§31564.2. Liability of district upon termination of participation

(a) If a district's participation in the retirement system is terminated pursuant to the provisions of Section 31564, the district shall remain liable to the retirement system

for the district's share of any unfunded actuarial liability of the system which is attributable to the officers and employees of the district who either have retired or will retire under the retirement system."

There were 21,460 active members within OCERS' fifteen plan sponsors as of December 31, 2014. Plan sponsors contributed \$693 million in employer contributions and \$232 million in employee contributions for total contributions of \$925 million to OCERS' plan during fiscal year ended December 31, 2014 (total contributions of \$828 million preliminary for 2015). See the chart below for plan sponsors' proportionate share of net pension liability for the fiscal years ending June 30, 2014 and 2015, respectively.

GASB 68 Net Pension Liability as of (in '000s), per Segal Consulting:		
Plan Sponsor	6/30/2014	6/30/2015
Orange County	3,925,918	3,897,232
OCFA	442,651	466,968
Superior Court	392,321	355,886
OCTA	217,568	203,591
Sanitation District	202,747	57,418
San Juan Capistrano	28,312	27,866
UCI	32,214	26,578
OCERS	21,259	20,656
Toll Roads	11,359	10,682
Children & Families	4,590	3,957
Dept of Education	2,691	3,637
Law Library	3,315	3,222
Vector Control	2,464	2,900
LAFCO	1,187	1,303
In-Home Support Services	706	672
Cemetery District	1,820	(95)
Total:	\$ 5,291,122	\$ 5,082,473

Primary Revenue Sources for OCERS' Top 5 Plan Sponsors – Year Ended June 30, 2015

Revenue Category	County*	OCFA	Superior Court	OCTA	OCSD
Intergovernmental	54%	6%	89%	15%	-
Property Taxes	23%	60%	-	-	20%
Sales Taxes	-	-	-	59%	-
Service Charges	21%	33%	-	23%	76%
% of Total Revenues	98%	99%	89%	97%	96%
	\$3.8 billion	\$339 million	\$171 million	\$768 million	\$382 million

* Excludes CalOptima revenues

Plan Sponsors' Rating Agency Bond Ratings, Purpose of Debt Issue, and Security

County of Orange	OCTA	OCSD	Toll Roads	City of San Juan Capistrano
AA for all debt issuances (i.e. Pension Obligation Bonds, Recovery Bonds, Revenue Bonds, Certificates of Participation Notes, Teeter Plan Notes) totaling \$535 MM	AA- for \$25 MM of Commercial Paper AA- for \$124 MM of Revenue Bonds AA+ for \$340 MM of Tax Revenue Bonds	AAA for \$1.2 BB of Certificate of Participation Notes and Revenue Bonds	BBB - for \$2.4 BB of Total Revenue bonds (Foothill/Eastern toll roads) BB - for \$2.2 BB of Total Revenue bonds (San Joaquin toll roads)	AAA for \$31 MM in General Obligation Bonds A for \$34 MM in Certificates of Participation Notes
Debt issued to pay bankruptcy debts, pension payments, construction of facilities, and to finance the Teeter Plan	Debt issued to pay for Measure M2 projects and acquisition of 91 Express Toll Roads	Debt issued to pay for treatment plant upgrades and water recycling facilities	Debt issued to construct the 73, 241, & 261 toll roads	Debts issued to acquire, preserve, and improve land; and to construct a ground water recovery plant
Secured by lease payments from the County, general purpose revenues, airport revenues, and waste management revenues	Secured by M2 sales tax revenues and 91 Express Lanes toll fees	Secured by sewer usage fees	Secured by toll road revenues	Secured by property tax revenues and water usage fees

Not all plan sponsors are rated.

County of Orange

The County of Orange (the County) is governed by a five-member Board of Supervisors (the Board), who each serve four-year terms, and annually elect a Chairman and Vice-Chairman. The supervisors represent districts that are each approximately equal in population. A County Executive Officer, who reports to the Board, oversees nineteen County departments, and elected department heads oversee seven county departments.

The County of Orange is OCERS' largest plan sponsor, with 76.7% of OCERS' active members with 16,453 active members as of December, 31 2014. The County made \$524 million in employer contributions to OCERS, which represents 57% of OCERS' total contributions for the year ending December, 31 2014.

As of County Fiscal Year

	06/30/13	06/30/14	06/30/15
Total Assets	\$7.2 billion	\$7.5 billion	\$8.3 billion
Total Liabilities	\$2.1 billion	\$2.1 billion	\$6.3 billion
Net Position	\$5.1 billion	\$5.4 billion	\$2.0 billion
Cash and Cash Equivalents	\$2.2 billion	\$2.4 billion	\$2.6 billion
Net Pension Liability	\$4.0 billion	\$3.9 billion	\$3.9 billion

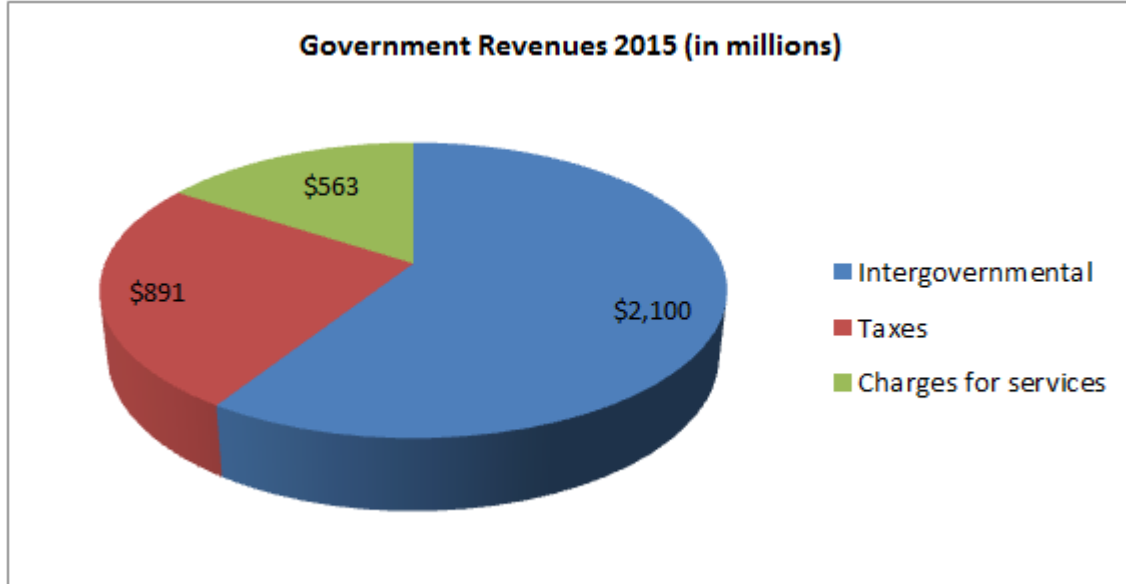
As of OCERS' Fiscal Year

	12/31/13	12/31/14	12/31/15
Total Pension Contributions	\$466 million	\$524 million	\$534 million (preliminary)

Revenues

The County's total revenues were \$3.9 billion for the year ending June 30, 2015.

The County's total government fund revenues were \$3.6 billion for the year ended June 30, 2015. The County's key sources of government fund revenue were intergovernmental revenues (received from outside agencies), taxes, and charges for services. This excludes revenues of \$1.8 billion for CalOptima, Orange County's health plan for low-income families, children, seniors, and persons with disabilities. CalOptima is a legally, discrete unit of the County because the County Board has no control over the revenues, budgets, staff, or funding decisions made by CalOptima.



Intergovernmental revenues were \$2.1 billion. This revenue is primarily an allocation of State and Federal revenues to the County and are restricted for the purpose of running various public assistance and health care programs, some of which were previously operated by the State. Of the county's 16,100 employees, approximately 2,200 employees work in the County's Health Care Agency and 3,900 employees work for the County's Social Services Agency. This revenue source does not have any impact on the County's ability to meet its pension payment obligations as they are restricted to funding specific programs.

The County collected taxes of \$891 million in 2015. These included property taxes levied for the General Fund. The 1% tax rate is the levy for property tax based on assessed property values. From the 1% property tax collected, the County receives 6% for its General Fund operations. Taxes received for property taxes and other taxes were \$576 million. The County received Property Taxes In-Lieu of Motor Vehicle License Fees of \$315 million from the State in fiscal year 2015. As a part of the State Budget Act of 2004, the Legislature cut the backfill to cities and counties for reductions in the Vehicle License Fee and in return gave cities and counties additional property tax revenue.

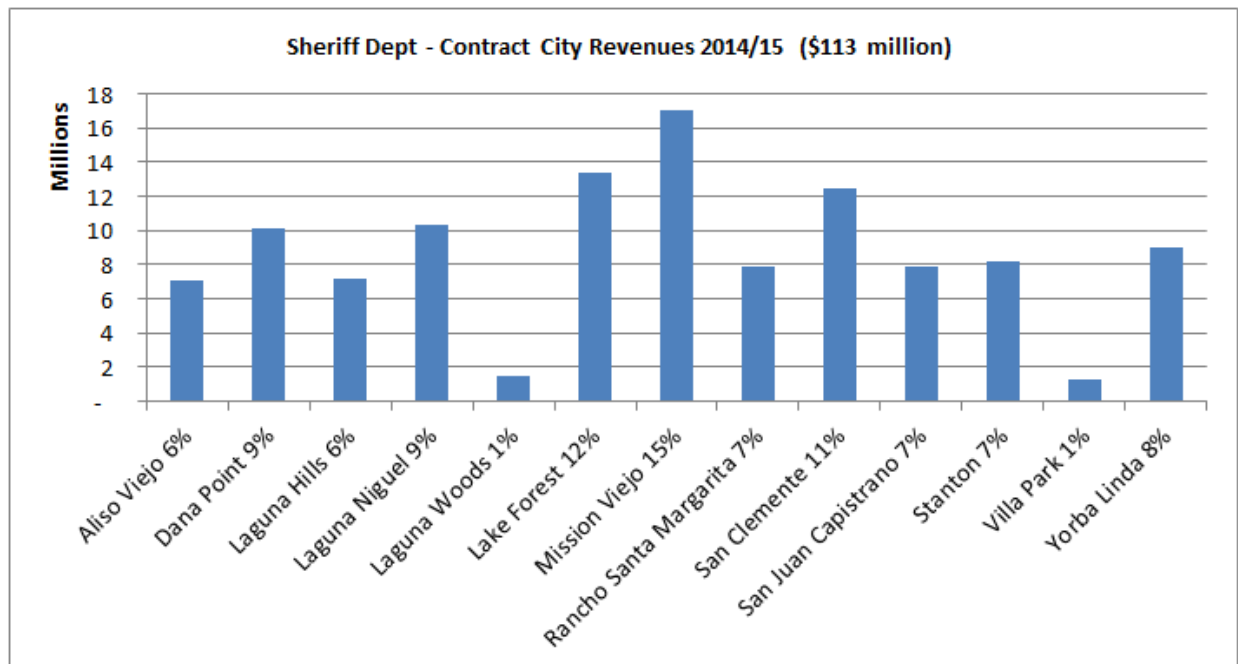
Tax revenues for the County will be affected in the future due to a 2013 Court ruling which required the County to pay \$150 million, payable through 2019, to refund the state of California for property taxes previously withheld by the County. Payments to the state would start at \$5 million in the prior fiscal year, and in the following years will be \$15 million, \$25 million, \$50 million, and \$55 million. In addition, the County will lose approximately \$50 million annually in SB 8 property tax revenues beginning in 2013 and will instead receive \$53 million in VLFAA (vehicle license fee adjustment amount) revenues plus growth.

Charges for Services were \$563 million.

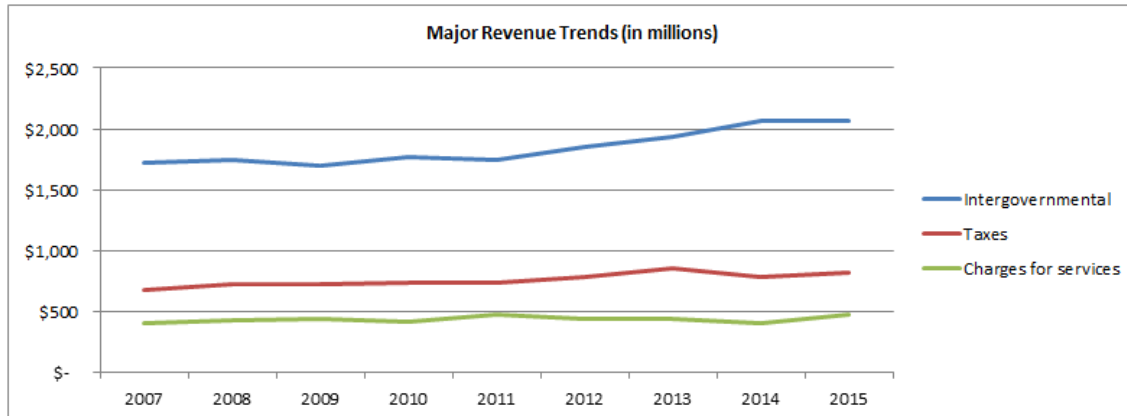
Sherriff's Department

A large component of service charges for government services was public safety provided by the Orange County Sherriff's Department to 13 contract cities, unincorporated areas of the County, and John Wayne Airport. The Orange County Sheriff-Coroner Department has approximately 3,300 sworn and professional staff members in addition to reserve personnel. The Department receives financial support from the Proposition 172 Public Safety ½ Cent Sales Tax which provided approximately \$297 million. For fiscal 2014-15, 13 contract cities also paid approximately \$113 million to obtain the services of the Sheriff's Department to recoup the cost of services. Rates for contract cities are budgeted to increase by an average of 5.2% for fiscal 2015-2016. These funds are in part used for pension contributions to OCERS.

Contracts between contract cities and the County with Orange County Sheriff's Department are one year long, and either party can terminate the agreement with 180 days written notice. All cities currently under contract with the Orange County Sheriff's Department also contract with the Orange County Fire Authority for fire and emergency services.



County Revenue Past Trends



Orange County's total operating revenues for enterprise funds were \$262 million in 2015. Enterprise funds are separately stated from government funds to emphasize the business-like nature of enterprise funds versus governmental operations. The County's enterprise revenues come from sources such as the John Wayne airport and the County's waste management facilities. The Airport's revenue was \$122 million and Waste Management was \$140 million during the year. Enterprise employee payments to pensions are paid from enterprise funds. The County pays its employer pension obligations using OCERS' prepayment program. The source of County payments is pension obligation bonds. True-up payments are made later in the year to make the 100% payment, including employer pickups.

Net Position as of June 30, 2015

The total assets of the County exceeded its total liabilities at June 30, 2015 by \$2.0 billion. The County's Net Position was comprised of the following:

- **Net Investments in capital assets** of \$3.3 billion includes buildings, equipment, land, construction in progress, structures, equipment, software, and infrastructure.
- **Restricted** was \$1.3 billion, which combined amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation and was primarily for social services/welfare grants, pension obligation bonds, future capital projects, and the County's debt service.
- **Unrestricted** negative \$2.6 billion. The unrestricted fund balance is to be made available for any purpose approved by the Board of Supervisors.

Budgeting and Forecasting by the County

The County Executive Office prepared the fiscal year 2015-16 Recommended Budget for approval by the Board of Supervisors. The “2015 Strategic Financial Plan” includes their forecast and what key indicators they use. The Strategic Financial Plan is influenced by several economic factors, measuring Orange County against the nation and other counties and against its own past performance:

- Comparative employment statistics against other Southern California counties
- Orange County’s year-over-year property tax and general purpose revenue growth
- Comparison of Orange County’s Fund Balance against other Southern California counties
- Comparative housing analysis of median home price, unit sales, and median family incomes against other Southern California counties
- Trends in taxable sales year-over-year
- Orange County’s Sources and Uses for the County’s discretionary General Purpose Revenue
- Additional funding or augmentations requests from the County General Fund and Reserve available to the General Fund
- Orange County’s Capital Improvement Plan
- Orange County’s Strategic Priorities for major projects/initiative and requested funding from the County General Fund.

The County uses the Anderson Forecast, which makes quarterly economic forecasts for Southern California, the State, and the United States. The Forecast reports consist of national and state level data and commentary including interest rates, real estate analysis, government revenues, online services, exports and imports, employment, financial activity, demographics, personal income, online services, and consumer spending.

The County also uses the Congressional Budget Office (CBO) Monthly Budget Review-Summary for forecasts of Gross Domestic Product, Consumer Price Index, unemployment, Treasury bill rates, and the federal deficit. The County uses the Legislative Analyst's Office revenue forecasts for the State. The County also uses the Chapman University forecast for economic and employment growth. Chapman also tracks and forecasts Permits for Dwelling Units and Resale Homes Index for Single Units. Both UCLA and Chapman have state forecasts of CPI, Taxable Sales, Personal Income, and Payroll Employment. The County tracks taxable sales and other economic data from various sources that help the County to forecast revenues.

Long-Term Debt and Bond Ratings (Non-OCERS' UAAL)

In 2015, as a result of the rating process, S&P raised the County's issuer credit rating to AA+ from AA. Also, S&P raised the rating on the County's outstanding Lease Revenue Bonds and Pension Obligation Bonds from AA- to AA. The outlook on all ratings is stable, and they fall within the "high quality" range of Fitch, Moody's and S&P's ratings.

The ratings reflect S&P's assessment of the following factors for the county, as quoted below:

- Very strong economy, with access to a broad and diverse metropolitan statistical area;
- Strong management, with good financial policies and practices under S&P's Financial Management Assessment methodology;
- Strong budgetary performance, with an operating surplus in the general fund and a slight operating surplus at the total governmental fund level in fiscal 2014;
- Strong budgetary flexibility, with an available fund balance that we expect will improve in the near term from its fiscal 2014 level of 5.6% of operating expenditures;
- Very strong liquidity, with total government available cash at 69.0% of total governmental fund expenditures and 16.5x governmental debt service, and access to exceptional external liquidity;
- Strong debt and contingent liability position, with debt service carrying charges at 4.2% of expenditures and net direct debt that is 17.2% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value, but a large pension and other postemployment benefit obligation and the lack of a plan to sufficiently address the obligation.

County Long-Term Obligations

In its CAFR, the County specifies revenues it plans to use to pay long-term debt. The amount of general obligation bonded indebtedness the County can incur is limited by law to 1.25% of the last equalized assessment property tax roll. At June 30, 2015, the County had no net general obligation bonded debt. The County's legal debt limit for the year was \$5.9 billion. In order for the County to issue general obligation bonds secured by ad valorem taxes on real property, California Constitution Article XIII A, Section 1 requires the approval of 2/3 of the voters voting on the proposition.

Revenue bonds and certificates outstanding as of June 30, 2015 were:

- The outstanding principal amount of the 2015 issued Pension Obligation Bonds reported in the General Fund was \$339 million.

- Lease Revenue Refunding Bonds, Series 2005. As of June 30, 2015, the outstanding principal amount, including the premium of the Series 2005 Bonds, and interest were \$70 million and \$3.9 million, respectively.
- Refunding Certificates of Participation (Civic Center Parking Facilities Project). At June 30, 2015, the outstanding principal amount, interest accretion, and unaccrued interest of the Refunding Certificates Of Participation were \$1.7 million, \$7.0 million, and \$1.6 million respectively.
- Lease Revenue Refunding Bonds, Series 2012 (Juvenile Justice Center Facility). As of June 30, 2015, the outstanding principal amount, including the premium of the Series 2012 Bonds, and interest were \$22.9 million and \$2.3 million, respectively.
- Lease Revenue Bonds, Series 2006. As of June 30, 2015, the outstanding principal amount, including the premium of the Series 2006 Bonds, and interest were \$12.5 million and \$1.1 million, respectively.
- Taxable Refunding Pension Obligation Bonds, Series 1996A and 1997A. As of June 30, 2015, the outstanding principal amounts for the Series 1996A and 1997A Pension Bonds were \$11.0 million and 16.2 million, respectively, and the interest accretion balances were \$39.0 million and \$50.2 million, respectively.
- Airport Revenue Bonds, Series 2009A and 2009B. As of June 30, 2015, the outstanding principal amount, including net discount, of the 2009A and 2009B Bonds were \$61.2 million and \$141.3 million, respectively.
- Taxable Refunding Pension Obligation Bonds, Series 1997A. As of June 30, 2015, the outstanding principal amount for 1997A Pension Bonds was \$16.2 million, and the interest accretion balances was \$50.2 million respectively.
- Teeter Plan Notes. As of June 30, 2015, the outstanding principal amount of the Teeter Plan Notes was \$33.8 million.

Past Ten-Year Trends

The County of Orange CAFR also publishes a statistical section with information regarding financial trends, revenue capacity, and debt capacity for the past ten years. The net position for government and business type activities has for the most part steadily improved for the past ten years, but the establishment of a net pension liability of approximately \$3.9 billion in 2015 changed this trend.

The assessed value of taxable property in Orange County declined in 2009-10, but by 2014-15, the value reached \$483 billion, surpassing the high of 2008-2009. Total County debt has declined steadily in the past ten years from \$1.5 billion in 2003-04 to \$468 million in 2015 listed above.

Orange County Fire Authority (OCFA)

The OCFA was formed on March 1, 1995, transitioning from the Orange County Fire Department to a Joint Powers Authority (JPA). The OCFA is an independent special district that services twenty-three member cities and the unincorporated areas of Orange County. A twenty-five member Board of Directors governs the OCFA. This Board includes an elected official from each of the twenty-three member cities and two representatives from the County Board of Supervisors. The OCFA is managed by an appointed Fire Chief who reports to the Board of Directors. Emergency response services are provided to 1.7 million residents in a 571 square mile area of Orange County. The OCFA had 1,213 active employees for fiscal year 2014.

As of OCFA Fiscal Year

	06/30/13	06/30/14	06/30/15
Total Assets	\$394 million	\$397 million	\$493 million
Total Liabilities	\$136 million	\$153 million	\$662 million
Net Position	\$258 million	\$244 million	-\$169 million
Cash and Investments	\$157 million	\$160 million	\$165 million
Net Pension Liability	\$450 million	\$443 million	\$467 million

As of OCERS' Fiscal Year

	12/31/13	12/31/14	12/31/15
Total Pension Contributions	\$69 million	\$95 million	\$75 million (preliminary)

OCFA is OCERS' second largest plan sponsor, making approximately 10.3%, or \$95 million, of OCERS' contributions in 2014. It has 1,213 active members, or 5.6% of OCERS' active membership as of year-end 2014.

Revenues

OCFA's total revenues were \$341 million for the year ending June 30, 2015.

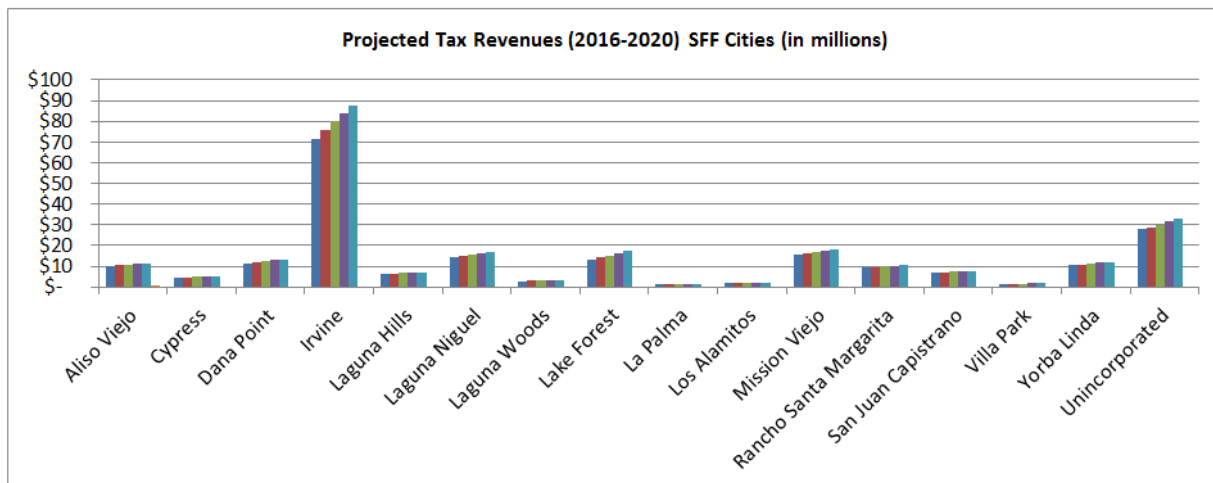
Two primary sources of OCFA revenue come from contract cities and the Structural Fire Fund as outlined in the Joint Powers Agreement for the OCFA. The majority of revenues came from property taxes (\$205 million) from the Structural Fire Fund (SFF) and charges for services (\$113 million) mostly paid by contract cities. Property tax is 63% of their budgeted revenues. OCFA also received \$21 million in operating grants and capital grants from other governmental agencies. There were \$2 million in miscellaneous revenues and investment income.

Structural Fire Funds (SFF)

The County of Orange remits a portion of property taxes collected from SFF cities to OCFA in accordance with the County’s tax apportionment procedures and schedules (i.e. a percentage of property tax revenues collected from the SFF cities and unincorporated areas of the County). In fiscal year 2014-2015, 11.47% of the county’s collected property tax was allocated to OCFA for SFF.

SFF members currently include Aliso Viejo, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Rancho Santa Margarita, San Juan Capistrano, Villa Park, Yorba Linda, and unincorporated areas of the County. For SFF members, the current 20-year term began on July 1, 2010 and ends on June 30, 2030. Approximately 47% of property tax revenues allocated to OCFA are generated from the City of Irvine and the County’s unincorporated territory.

Below is OCFA’s multi-year projection of forecasted property tax revenues for each of the SFF members, according to their consultant for forecasting, RSG. OCFA’s consultant expects an average of 4.6% increase in property tax revenues over the next five years.

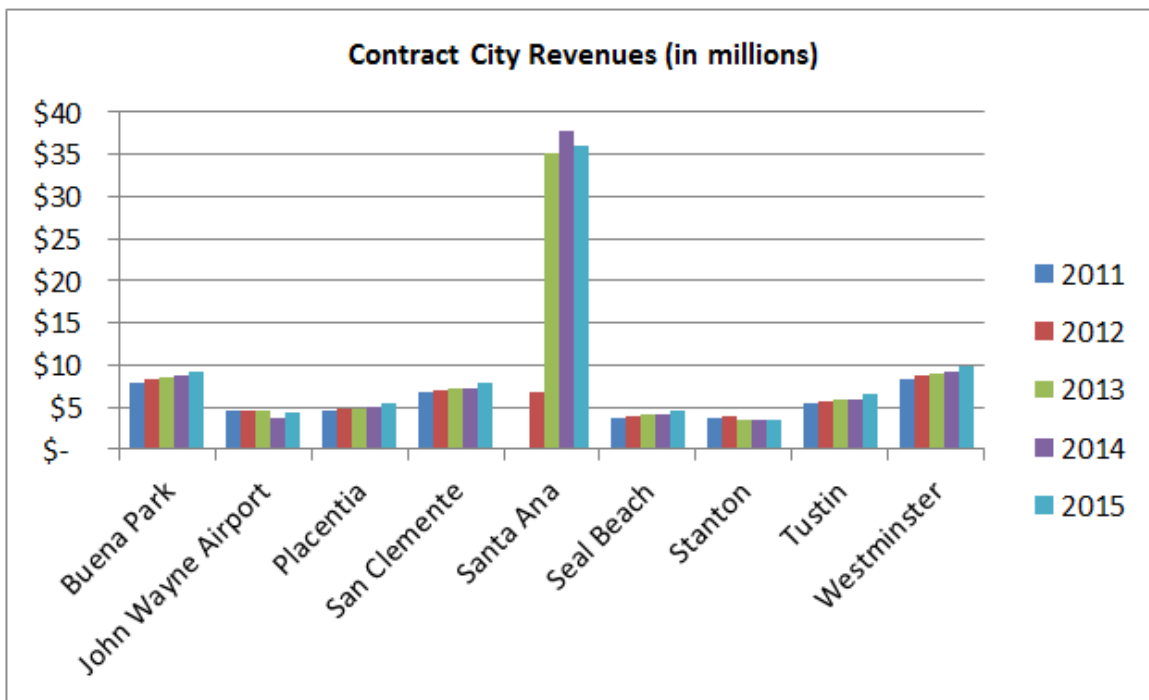


Contract Cities

Contract cities pay the OCFA for fire services out of their respective general funds. Contract cities currently include Buena Park, Placentia, San Clemente, Santa Ana, Seal Beach, Stanton, Tustin, Westminster and John Wayne Airport. There is also a contract with the state department of forestry that renews every three years. Contract cities are members of the OCFA for a current 20-year term that began on July 1, 2010 with the option of dropping out after 10 years.

Annually, OCFA calculates the total fire service charges for each contract city. The charge includes a base service charge, a shortfall catch up payment, vehicle replacement costs, and station maintenance costs. The base service charge is the sum of the prior year total service charge plus cost increases capped at no more than 4.5%. Generally, salary and benefits historically account for more than 90% of the base service charge. Thus, increases in salary and benefits have been the general drivers of the annual increase in base service charges. The shortfall catch up is a 10-year amortized payment of the difference between a contract city's 2009-2010 actual service charge and the contract city's service charge had there been no contractual caps of service charges for the 10 years prior to 2009-2010. Each city also pays into the vehicle replacement cost fund to recover depreciation expense for equipment assigned to that city. Finally, each contract city contributes \$15,000 per fire station in their boundaries to replenish the maintenance fund.

Every five years, OCFA compares actual operational costs for the fiscal year against the annual service charge of each contract city. Depending on the size of the difference between those two, the contract city may potentially end up paying to OCFA the entire difference in the current year or amortizing payment over the subsequent five years.



OCFA's Long-Term Liabilities (Non-OCERS' UAAL)

OCFA's long-term liabilities as of June 30, 2015 were \$611 million composed of the following: \$467 million in net pension liability, \$62 million in accrued workers' compensation claims, \$57

million in other post-employment benefits (OPEB), \$16 million in compensated balances for vacation and sick pay, and \$9 million in capital lease obligations for helicopters.

OCFA's Expedited UAAL Payment Plan

OCFA's total UAAL was \$467 million as of June, 2015. In September 2013, the OCFA Board of Directors approved an "Expedited Pension UAAL Payment Plan" with an expected payment of the entire UAAL balance over 13 years. During fiscal year 2013-14, OCFA made a total of \$5.5 million in additional payments to OCERS to help pay down its share of the UAAL. In fiscal year 2014-15, OCFA made an additional \$21.3 million in payments to OCERS to pay down the UAAL.

Net Position as of June 30, 2015

The total liabilities of OCFA exceeded its total assets at June 30, 2015 by \$169 million. The negative net position is in part due to GASB 68's requirement to include long-term unfunded pension liabilities in the Statement of Net Position, implemented in 2015. OCFA had a proportionate share of net pension liability of \$467 million to OCERS.

City of Irvine and Payment Amendment to Joint Powers Agreement

Nearly 33%, or about \$68 million, of 2015 SFF revenues were derived from the City of Irvine, more than any other city, or about 20% of total 2015 revenues. Beginning in fiscal year 2013-14, the OCFA amended its Joint Powers Agreement with SFF cities and the County to adjust revenues received from SFF members. OCFA agreed to pay "overfunded" SFF members a Jurisdictional Equity Adjustment Payment (JEAP). "Overfunded" means a SFF revenue rate greater than the average SFF revenue rate for all SFF members. The City of Irvine was entitled to receive its JEAP payment in fiscal year 2013-14. However, the County of Orange contested the JEAP amendment in Superior Court, and on August 4, 2014, the judge invalidated the JEAP amendment to the plan. This decision is under appeal as filed by attorneys for OCFA.

Contract Cities Agreements and UAAL

Neither the original March 1995 OCFA Joint Powers Authority Agreement, nor the March 2000 amendment, nor the July 2010 amendment renewing the OCFA membership of contract cities, structural fire fund cities, and the County, explicitly mention any requirement for a member city to pay a portion of OCFA's unfunded actuarial accrued liability to OCERS upon leaving OCFA. However, the March 2012 "Fire Services and Medical Services Agreement" between the City of Santa Ana and OCFA states:

"Upon termination or expiration of this Agreement or other cessation of city's membership in OCFA, city agrees to pay OCFA the amount of the unfunded pension

liability that had accrued during the term of this Agreement for the number of OCFA employees serving the city. In the event of any dispute regarding the amount of the unfunded pension liability at that time, the parties agree that the amount shall be determined by an independent actuary selected either by mutual agreement of the parties, or failing that, by the actuary used by the Orange County Employees Retirement System (OCERS).”

Leaving the JPA

Under the JPA, both SFF and Contract Cities shall be members of the Authority for a 20-year term commencing July 1, 2010. Twenty-year membership terms automatically renew in 2030. However, any city except the City of Irvine may give written notice of withdrawal prior to July 1 of the second to last year of every ten-year interval of a twenty-year term (e.g., for the first ten-year interval, notice must be given by July 1, 2018 to withdraw by June 30, 2020). However, the City of Irvine can leave the OCFA in 2020 if OCFA fails to make JEAP payments to Irvine, due to the Court decision.

Impact on OCERS from Withdrawal or Termination of Members or Dissolution of the OCFA JPA

Under JPA law, the “debts, liabilities, and obligations of the agency shall be debts, liabilities, and obligations of the parties to the agreement, unless the agreement specifies otherwise.” Govt. Code sec. 6508.1. In OCFA’s case, the JPA agreement expressly disclaims members’ liability for debts incurred by OCFA. While members are contractually obligated to OCFA to contribute their share towards OCFA’s operating expenses and bonded indebtedness, OCFA’s employer contribution obligations to OCERS are the obligations of OCFA alone.

SFF cities, contract cities and the County all have the contractual right to withdraw from the OCFA JPA at certain specified dates. The County may not withdraw until at least 2030. Alternatively, each participating city may be terminated for non-payment of its annual obligations to the JPA. In the event of a member withdrawal or termination, the JPA would remain liable to OCERS for its full portion of OCERS’ UAAL. Cities would remain liable to OCFA for their share of those liabilities generated during the period of their membership in the JPA.

The withdrawal or termination of a SFF city would not alter the County’s obligation to pay into the OCFA JPA that city’s share of annual property taxes collected by the County. In this manner, a continuous flow of new cash would come into the JPA, likely sufficient to meet OCFA’s anticipated UAAL payments to OCERS into the future. Further, OCFA has the authority to impose new special taxes or assessments in order to make up any funding shortage. Finally, under CERL and the California Constitution, OCERS has the right to accelerate the amortization

of OCFA's UAAL so that it could become immediately due and payable in the event of a threatened dissolution of the JPA.

Ultimately, however, if OCFA were to dissolve or elect Chapter 9 bankruptcy protection, OCERS' ability to recover the nearly \$500 million in UAAL payments for which the JPA presently is liable could be at risk. Among other available remedies, OCERS may be entitled to subrogate to the rights of the JPA in order to proceed directly against any SFF or contract city for its share of the pension obligations generated during the term of that city's membership in OCFA.

Orange County Superior Court

The State of California has 58 superior courts—one in each of the state’s 58 counties. Based on the number of authorized judicial officers, the Superior Court of Orange County is the third largest of the 58 courts. The Court has 124 Superior Court Judges and 20 Superior Court Commissioner positions. The Orange County Superior Court was part of the County of Orange until 1999 when it transitioned to the State of California and became a plan sponsor for OCERS. Orange County Superior Court does not issue stand-alone financial statements.

As of OCERS’ Fiscal Year 12/31/13

	06/30/13	06/30/14	06/30/15
Net pension liability	\$389 million	\$392 million	\$356 million
Total Pension Contributions	\$43 million	\$46 million	\$44 million (preliminary)

Superior Court is OCERS’ third largest plan sponsor, making approximately 4.9%, or \$46 million, of OCERS’ contributions in OCERS’ fiscal year 2014. It has 1,460 active members, or 6.8% of OCERS’ active membership, as of OCERS’ fiscal year 2014.

Trial courts in California are predominantly state-funded entities, whose funding appropriations are included in the State of California Budget under the Trial Court Trust Fund. Thus, the Judicial Branch is subject to the level of funding that is negotiated between the Governor and the state Legislature. Since the recession of 2008, the Judicial Branch has seen funding reductions. Over the past five years, the state of California has reduced State General Fund support for the Judicial Branch by nearly \$1 billion. The Superior Court had their fiscal year 2014-15 base allocation distributed by the Judicial Council at \$132 million.

Orange County Superior Court does not have audited financial statements solely for its entity. Financial information of Orange County Superior Court is included along with the other 57 superior courts in the audited financial statements for the state of California.

Revenue Allocation from California

In 2012, the Governor and Legislature tasked the Judicial Branch with developing a new funding methodology to more equitably distribute funding to the 58 trial courts. In 2013, the new methodology named the Workload-Based Allocation and Funding Methodology (WAFM) establishes a baseline funding formula for each court using data such as total court filings, filing-driven costs, and U.S. Bureau of Labor Statistics (BLS) labor cost data. Adjustments are taken to account for the ratio of simple and complex cases for each of the 58 trial courts. The WAFM result for each court will be updated annually and will vary year-to-year depending on actual filing trends, workload costs, and other various adjustments. The new methodology will be phased in over a period of five years accordingly (see table below “Revenues 2009-2015”). The

Orange County Superior Court's calculated share of revenues allocated by the State for Superior Courts was 8.23% last year and reduced to 7.26% for the current year. The experience of the last few fiscal years is that the amount of money available to the Court is declining.

Use of Reserves

During the past five years, the Court has been able to use its financial reserves to make up for budget shortfalls. The reserve balances were \$62.5 million at the conclusion of FY 2010-11. The court has used most of its reserves to replace an old case management system for family law and juvenile cases. To make its budget for 2013-14, the Court used \$23.5 million from reserves. The use of reserves has been an important resource for the court system to make up for budget shortfalls. However, beginning June 30, 2014, the Governor is limiting the courts to carry a reserve balance of no more than 1% of the prior year's operating budget plus restricted funds, which for the Court means an allowable reserve balance of just under \$2 million for the next fiscal year. In the past, the Legislature has used funds from construction fund balances generated from fine revenues to make up for budget shortfalls, but it is unclear whether this will continue.

Revenues

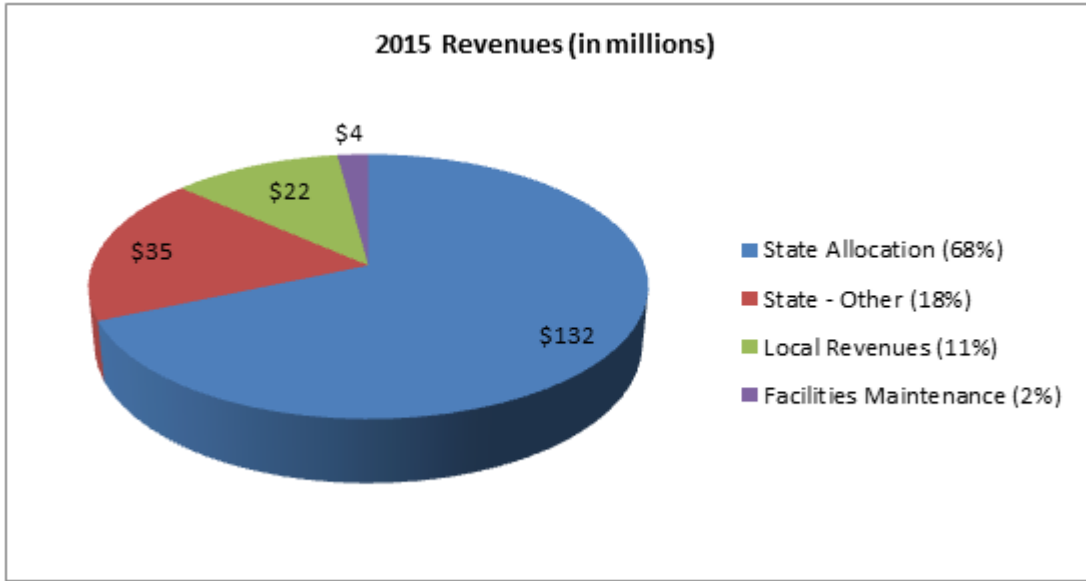
Superior Court's total revenues were \$193 million for the year ending June 30, 2015.

State Allocation of revenues to the Court was \$132 million for fiscal year ended June 30, 2015, as discussed above.

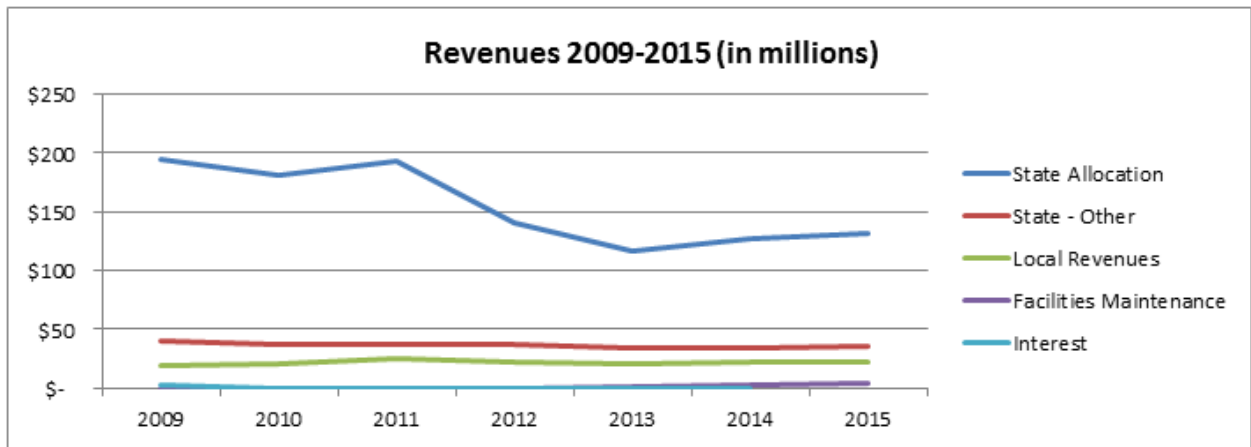
"State Other Revenue" was \$35 million that includes state grants and dollar for dollar reimbursements of expenditures for language interpreters, jury pay expenditures, complex case programs, and self-help programs.

Local Revenues were \$22 million and includes donations, reimbursements for services provided to the County, and cost recovery for the Enhanced Collections program and local fees, for example for copies of documents. Typically, local revenues remain consistent and do not fluctuate much from year to year. These are dollar in – dollar out reimbursement of expenses.

Facilities Maintenance was \$4 million and is a three-year pilot program in which the court gets reimbursed for facility maintenance and modifications, also a dollar in/dollar out arrangement.



Superior Court’s Past Revenue Trend



Orange County Transportation Authority (OCTA)

OCTA was established by state law on June 20, 1991. OCTA is governed by an 18-member Board of Directors (Board) that includes of five members of the Orange County Board of Supervisors, ten city representatives, two public members selected by the OCTA Board, and a non-voting representative appointed by the Governor of California. A Chief Executive Officer manages OCTA and acts in accordance with the directions, goals, and policies approved by the Board. OCTA serves Orange County residents and commuters by providing countywide bus and paratransit service, Metrolink commuter rail service, freeway improvements, street and road improvements, the 91 Express Lanes, motorist aid services, and taxi program regulation.

OCTA is OCERS’ fourth largest plan sponsor, making approximately 3.3%, or \$31 million, of OCERS’ contributions in fiscal year 2014. It has 1,454 active members, or 6.8% of OCERS’ active membership, as of 2014 year-end.

As of OCTA Fiscal Year

	06/30/13	06/30/14	06/30/15
Total Assets	\$2.0 billion	\$2.1 billion	\$2.1 billion
Total Liabilities	\$0.7 billion	\$0.7 billion	\$0.9 billion
Net Position	\$1.3 billion	\$1.4 billion	\$1.2 billion
Cash and Investments	\$1.1 billion	\$1.2 billion	\$1.3 billion
Net Pension Liability	\$219 million	\$222 million	\$209 million

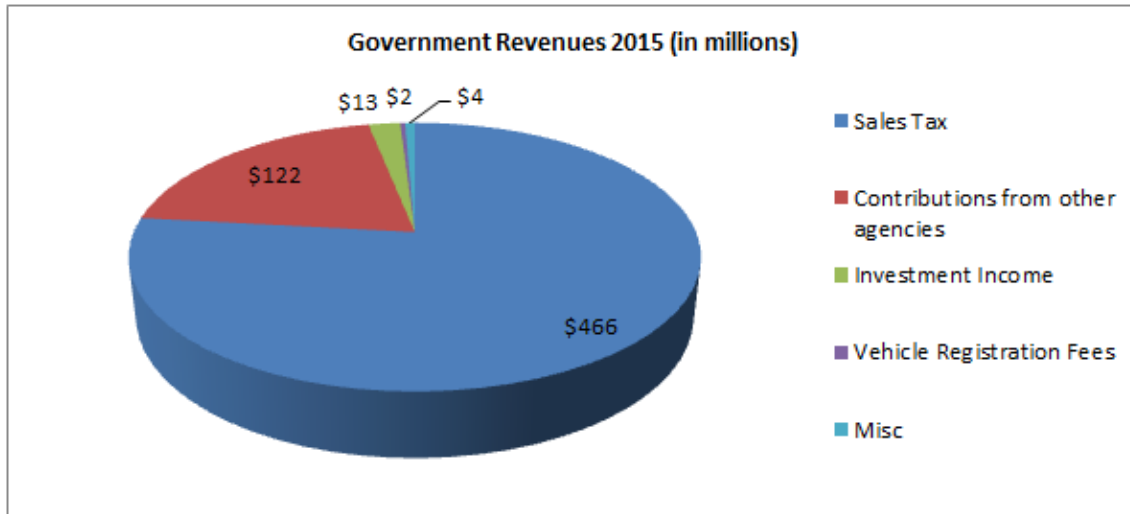
As of OCERS’ Fiscal Year

	12/31/13	12/31/14	12/31/15
Total Pension Contributions	\$27 million	\$31 million	\$33 million (preliminary)

OCTA’s total revenues were \$788 million for the year ending June 30, 2015.

2015 Revenues – Government Funds

OCTA’s total government fund revenues were \$607 million for the year ended June 30, 2015. OCTA’s key sources of revenue were Measure M sales taxes, state sales tax, and contributions from other agencies.



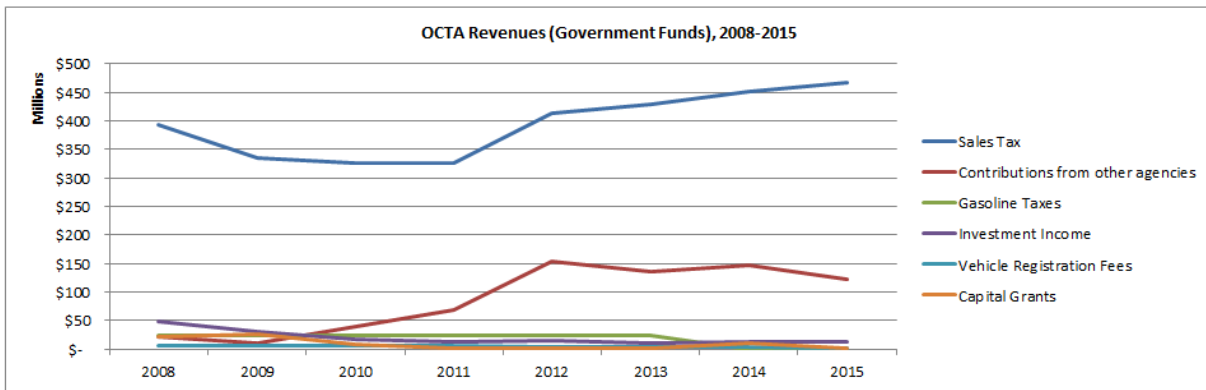
Sales Taxes of \$466 million were comprised of Orange County’s Measure M, California’s Transportation Development Act, and State Transit Assistance programs:

- Measure M ½ cent local sales tax - In 2006, Orange County voters renewed the M2 ½-cent sales tax for an additional 30 years. Allocation of M2 funds remains the same as the original M1 with 43% slated for freeway improvements, 32% for streets and roads, and 25% for transit projects and programs.
- California’s Transportation Development Act (TDA) ¼ cent state sales tax - TDA provides funding for public transportation via the Local Transportation Fund (LTF). This fund is for the development and support of public transportation needs that exist in California and are allocated to areas of each county based on population, taxable sales, and transit performance.
- State Transit Assistance (STA) revenue is generated by the state sales tax on diesel fuel as specified under the gas tax swap enacted in March 2010. STA revenues are then distributed based on several demographic factors.

Contributions from other agencies (\$121 million) include Federal Operating Assistance Grants, Federal Capital Assistance Grants, and other federal or state grants. These funds are available for para-transit operating assistance, preventive maintenance, capital cost of contracting, demonstration projects, transportation planning, and acquisition and construction of facilities, transit vehicles and related support equipment. Federal grant funds are allocated on a formula and competitive basis for capital projects. Federal revenues are legally restricted to their intended purposes and cannot be used to pay pension costs.

Other Income (\$20 million) include \$12 million in investment interest income, \$4 million in vehicle license fees, and \$4 million in miscellaneous income.

OCTA'S Past Revenue Trends (Government Funds)



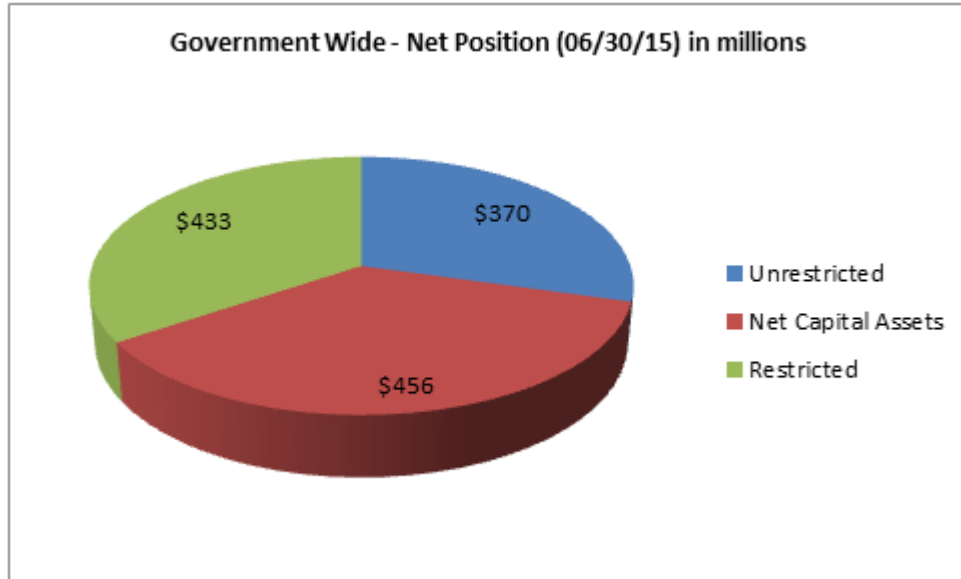
In addition to government fund revenues above, OCTA also had 2015 total proprietary (enterprise) operating revenues of \$101 million and non-operating revenues of \$80 million from the 91 Freeway Express Lanes (owned and operated by OCTA) and the Orange County Transit District (OCTA's predecessor agency which is now managed by OCTA). Enterprise funds are separately stated from government funds to emphasize the business-like nature of enterprise funds versus governmental operations.

Net Position as of June 30, 2015

The total assets of OCTA exceeded its total liabilities at June 30, 2015 by \$1.2 billion. Of this amount, \$370 million is unrestricted and may be used to meet OCTA's ongoing obligations to citizens and creditors. OCTA prepays its annual employer contributions to OCERS, and its total liabilities do not include its employer contribution.

The OCTA's Net Position was assigned or restricted to the funds listed below:

- **Net Investments in capital assets** of \$456 million includes buildings and improvements, machinery, equipment, furniture, transit vehicles, and transponders.
- **Restricted** was \$433 million, represents net position that is not accessible for general use because their use is subject to restrictions enforceable by third parties. This is mostly comprised of \$404 million of net assets restricted by Measure M2 legislation for transportation programs and motorist services.
- **Unrestricted** was \$370 million. These are available for any purpose approved by the Board of Directors.



Budgeting and Forecasting by OCTA

According to OCTA’s CAFR, in 2005 when Measure M (M2) was being developed, the revenue forecast at that time assumed M2 would generate \$24.3 billion during the 30 year program. This fiscal year will mark the fifth full year of sales tax collections for the approximately \$14.7 billion M2 program (current estimate). Also according to OCTA’ approved budget, the estimated taxable sales growth rate for FY 2015-2016 is 5.68%. This blended rate is based on forecasts from Chapman University, California State University, Fullerton, and University of California, Los Angeles.

Long-Term Obligations and Bond Ratings (Non-OCERS’ UAAL)

In 2010, OCTA issued \$293.5 million in par value worth of bonds. The outstanding amount as of June 30, 2015 was also \$293 million. M2 sales tax revenues are the revenue source assigned to pay down this debt. Currently, bond rating agencies have assigned AA+ ratings for these bonds. The maturity date for this debt is February 2041.

Also in 2010, OCTA issued \$59 million in par value worth of bonds. The outstanding amount as of June 30, 2015 was \$42 million. M2 sales tax revenues are the revenue source assigned to pay down this debt. Currently, bond rating agencies have assigned AA+ ratings for these bonds. The maturity date for this debt is February 2020.

The above debt issuances financed the M2 program which has a spending allocation of 43% for freeway projects, 32% for street projects, and 25% for transit projects.

In 2013, OCTA issued \$124 million in par value worth of bonds. The outstanding amount as of June 30, 2015 was also \$119 million. 91 Express Lane toll revenue is the revenue source assigned to pay down this debt. Currently, bond rating agencies have assigned AA- ratings for

these bonds. The maturity date for this debt is December 2030. This was issued to help OCTA finance the purchase of the 91 Express Toll lanes.

Past Trends

The CAFR also publishes a statistical section with information regarding financial trends, revenue capacity, and debt capacity for the past ten years. The net position for government and business type activities combined dropped by 24% during 2008 (due to the completion of the SR-22 project that transferred from OCTA's books to Caltrans) and mostly remained steady since then. However, with the implementation of GASB 69, net position was reduced in 2015 by OCTA's net pension liability of over \$200 million

This fiscal year will mark the fifth full year of sales tax collections for the approximately \$14.7 billion M2 program. Total OCTA debt had been steadily declining from 2004 until 2010. However, the issuance of \$352 million of bonds in 2010, and \$124 million in bonds in 2013, reversed this trend.

Orange County Sanitation District

The Sanitation District is a special district established by the California State legislature and governed by a 25-member board of directors. The directors are comprised of elected representatives for each of the sewer agencies or cities within OCSD's 479 square mile service area.

The Sanitation District owns and operates certain wastewater facilities in order to provide regional wastewater collection, treatment, and disposal services to approximately 2.5 million people in the northern and central portion of the County – 200 million gallons of daily wastewater. It is managed by an administrative organization comprised of directors appointed by the agencies and cities which are serviced by the Sanitation District.

The Sanitation District is OCERS' fifth largest plan sponsor, making approximately 16.2%, or \$150 million, of OCERS' contributions in 2014. (In November 2014, OCSD paid \$125 million against its net pension liability.) It has 594 active members, or 2.8% of OCERS' active membership, as of 2014 year end.

As of OCSD Fiscal Year

	06/30/13	06/30/14	06/30/15
Total Assets	\$3.1 billion	\$3.2 billion	\$3.2 billion
Total Liabilities	\$1.4 billion	\$1.4 billion	\$1.4 billion
Net Position	\$1.7 billion	\$1.8 billion	\$1.8 billion
Cash and Cash Equivalents	\$208 million	\$215 million	\$58 million
Net Pension Liability	\$205 million	\$203 million	\$57.4 million

As of OCERS' Fiscal Year

	12/31/13	12/31/14	12/31/15
Total Pension Contributions	\$23 million	\$150 million	\$19 million (preliminary)

Revenues

Sanitation District's total revenues were \$397 million for the year ending June 30, 2015.

Service Charges were \$302 million: user fees are ongoing fees for service paid by customers connected to the sewer system. A property owner, or user, does not pay user fees until connected to the sewer system and receiving services. Once connected, a user is responsible for his share of the system's costs, both fixed and variable, in proportion to his demand on the system. These fees are for both single family residences and multiple family residences. The 2014-15 single family residential rate, the underlying basis for all sewer rates, is \$316. Rates for commercial and

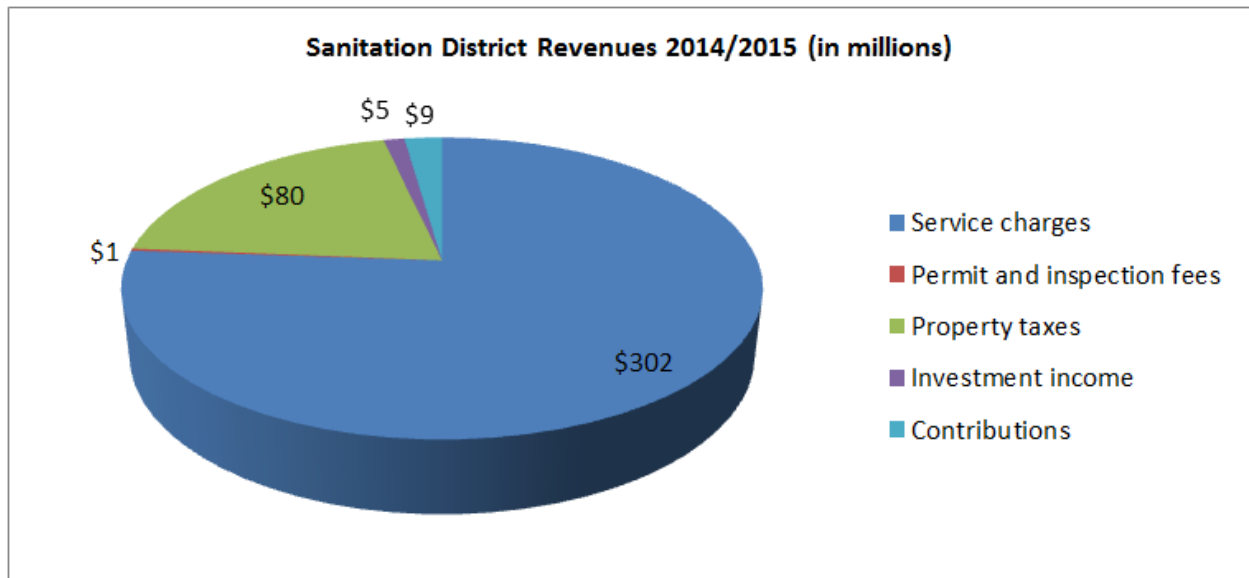
residential use are modified upward for the additional water flow that comes from these types of structures.

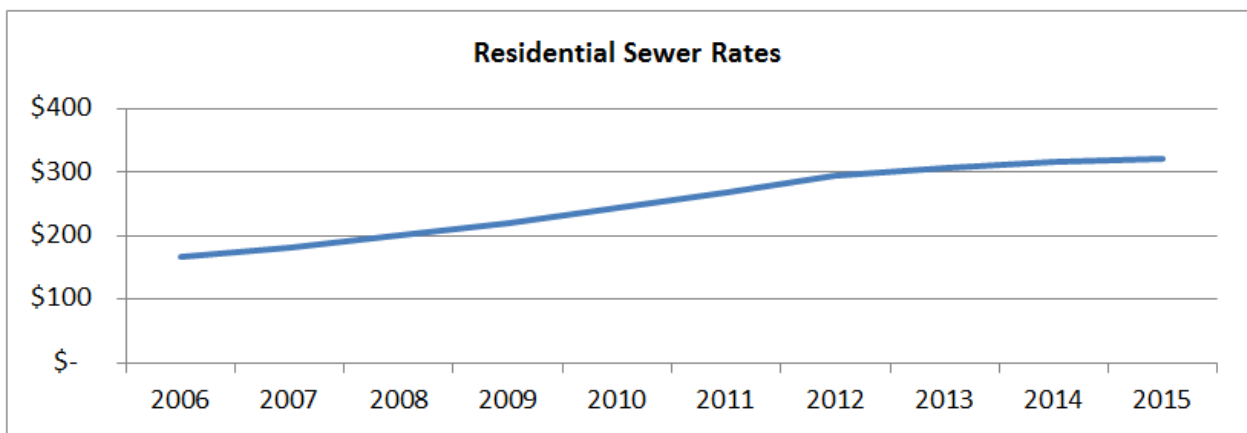
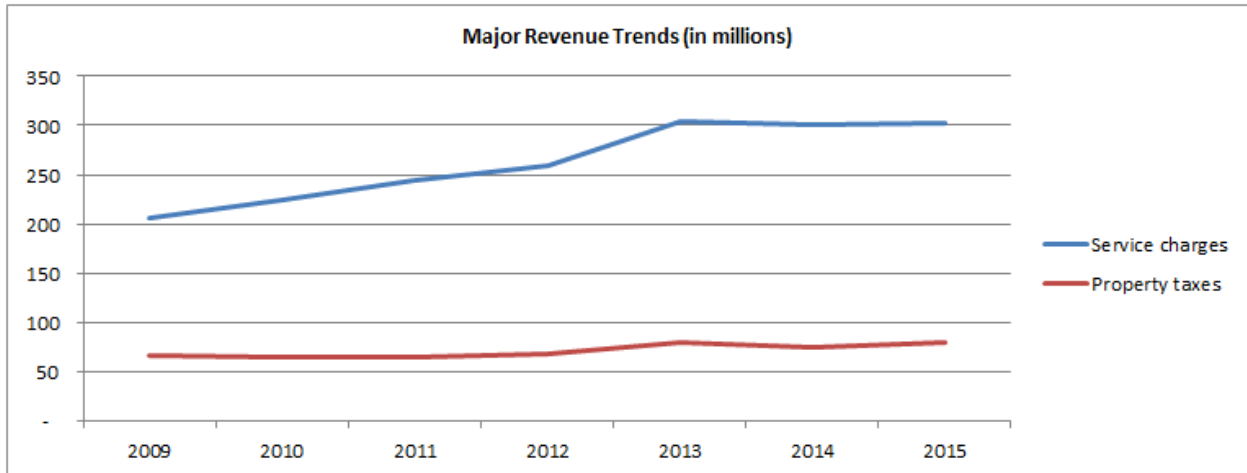
Property taxes were \$80 million: the County is permitted by State law (Proposition 13) to levy taxes at 1 percent of full market value (at time of purchase) and can increase the assessed value no more than 2 percent per year. The District receives a share of the basic levy proportionate to what was received from 1976 to 1978. The District's share of this revenue is dedicated for the payment of debt service.

Contributions from other government were \$9 million: this represents service charges to the Irvine Ranch Water District for its use of the Sanitation Districts' collection, treatment, and disposal system.

Permit and inspection fees were \$1 million: large industrial and commercial properties that discharge high volumes or high strength wastewater are required to obtain a discharge permit and pay extra fees. These fees are for the owner's share of the system's costs, both fixed and variable, in proportion to the demand placed on the system.

Investment interest was \$5 million in 2015.



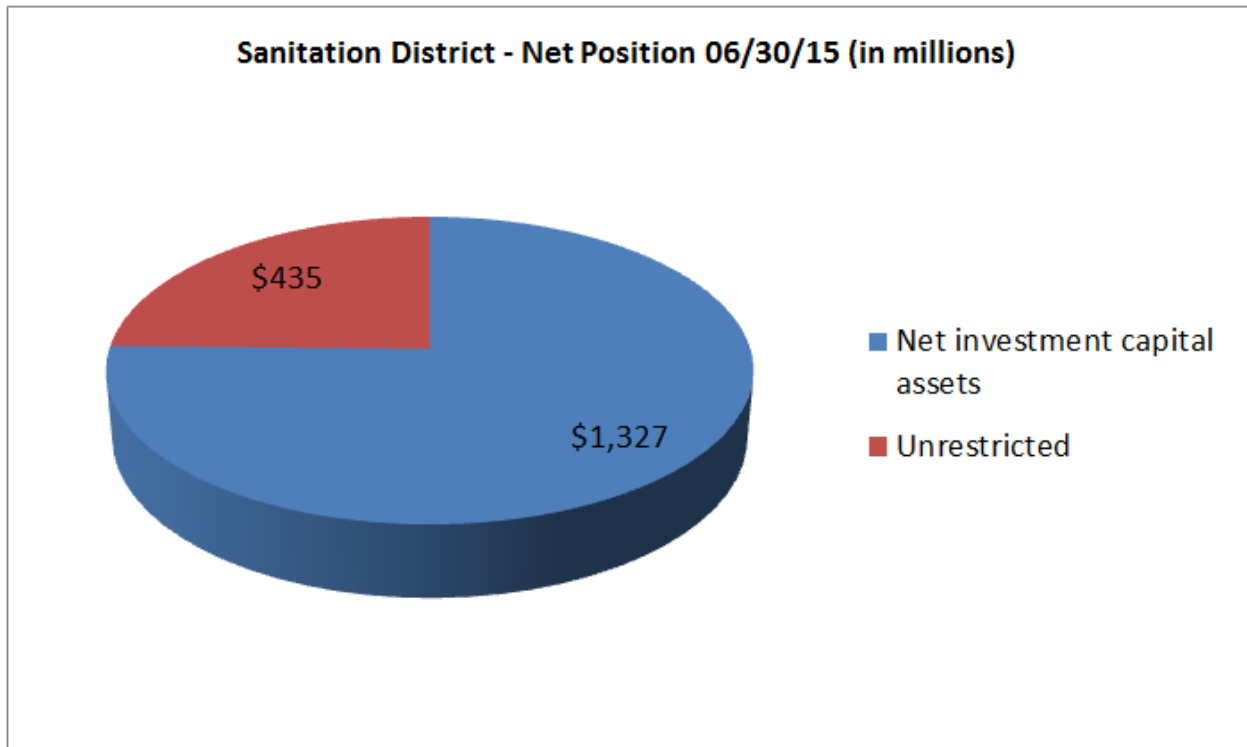


Net Position as of June 30, 2015

The total assets of the Sanitation District exceeded its total liabilities at June 30, 2015 by \$1.8 billion. Of this amount, \$434 million is unrestricted and may be used to meet the Sanitation District's ongoing obligations to citizens and creditors.

The County's Net Position was assigned or restricted to the funds listed below:

- Net investment in capital assets – \$1.3 billion:
 - Collection system - \$ 498 million
 - Treatment and disposal (land) \$4.5 million
 - Treatment and disposal (equipment) \$2 billion
 - (Less: debt of \$1.2 billion)
- Unrestricted – \$434 million: These are available for any purpose approved by the Board of Directors.



Long-Term Obligations and Bond Ratings (Non-OCERS' UAAL)

All of the outstanding debt of OCSD (\$1.2 billion as of June 30, 2015) has rate covenants that require a minimum coverage ratio of 1.25. The minimum coverage ratio is the ratio of net annual revenues available for debt service requirements to total annual debt service requirements. As of June 30, 2015, the coverage ratio for senior lien debt was 3.04.

Both Standard and Poor's Corporation and Fitch Ratings reaffirmed their AAA rating of the Orange County District in the past fiscal year.

City of San Juan Capistrano

The City of San Juan Capistrano contributed \$3.0 million to the OCERS' plan in 2014. It has 80 active members as of December 31, 2014. The City's Unfunded Actuarially Accrued Liability was estimated at \$27.8 million as of June 30, 2015.

The City has grown from a small community of approximately 10,000 persons in 1974 to a developed city of 36,282 in 2014. The City government is staffed by 81 employees plus seasonal and temporary workers and is governed by a City Council of five people elected to four year overlapping terms. San Juan Capistrano joined OCERS as a plan sponsor in 1975 and most current city employees are part of OCERS' Plan S (2.0% @ 57) or Plan J (2.7% at 55).

Revenues

The 2015 CAFR for the City of San Juan Capistrano was not available at the time of this report. The City's total revenues were \$54 million for the year ending June 30, 2014.

The City's total governmental revenues were \$30 million for the year ending June 30, 2014 and are broken down as follows:

Property Tax of \$12 million was allocated from county property taxes for properties within the City boundaries. The base property tax rate is 1%, and the City is entitled to 11% of this property tax; the other 89% is allocated to other entities by the County. Also included are additional property taxes from the state in lieu of vehicle license fees historically allocated to the City, indicating an expected increase of property taxes collected. Included in these property tax receipts, the City is receiving property taxes from the state in lieu of a portion of the sales tax historically allocated to the City.

Four major factors affecting property tax revenue include the property turnover rate, pricing, new construction activity, and Proposition 13's 2% inflation cap. The City also expects the construction of an additional 2 million square feet of non-residential real estate and over 2,000 residential units over the next eight years.

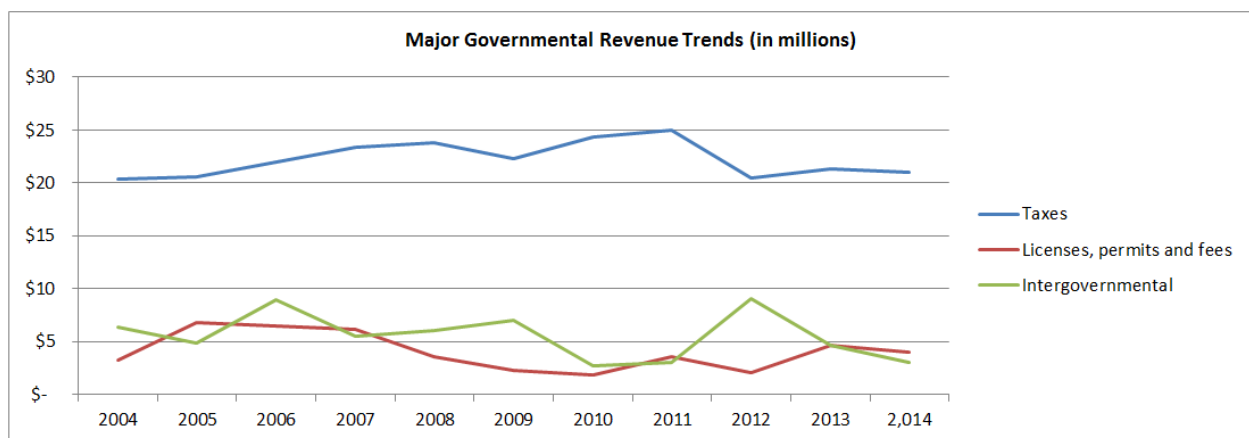
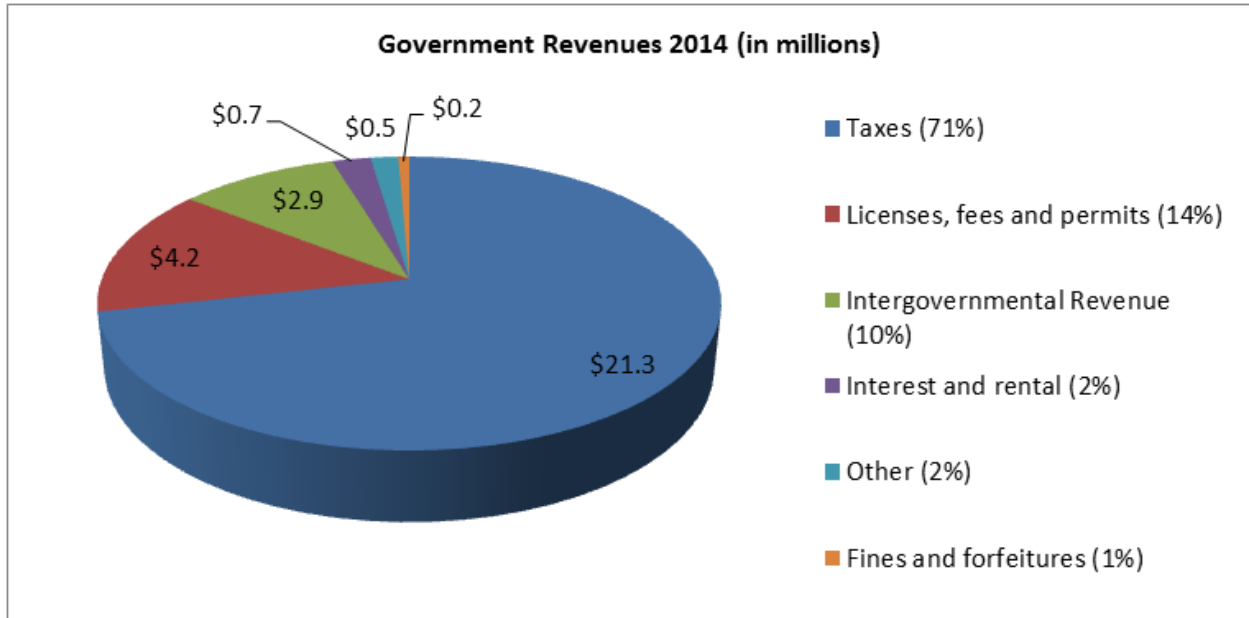
Sales Tax of \$9 million came from local sales tax charges. Sales tax is levied on all tangible retail goods sold within the San Juan Capistrano City limits. An 8% tax is levied at the site where the sale is made. One percent is remitted back to the City of San Juan Capistrano by the state of California.

License, fees, and permits were \$4 million and consist largely of charges to process building permits and engineering and planning division reviews of building development related projects.

Currently there are homebuilding developments that are expected to build over 2,000 residential units within the City.

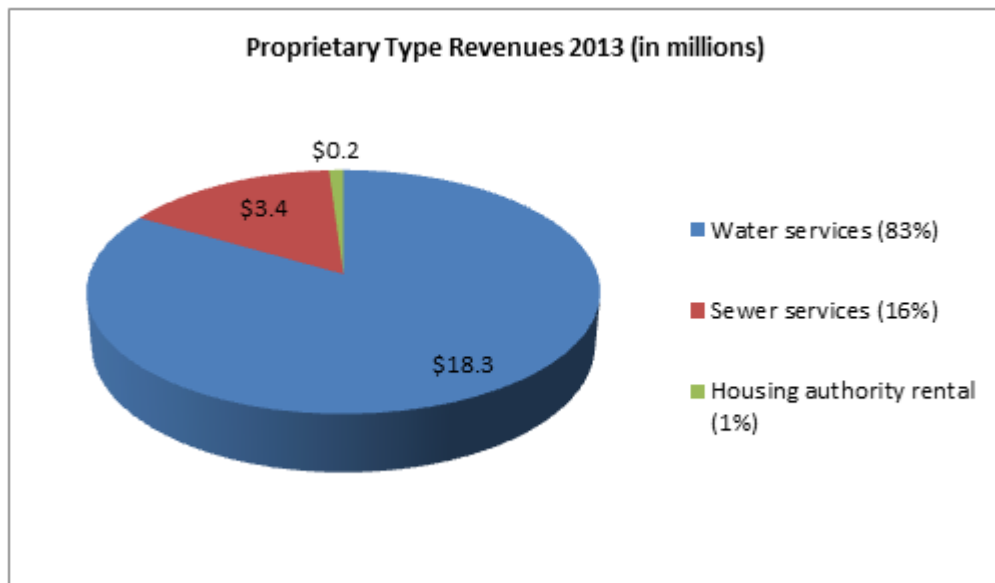
Intergovernmental Revenue were \$3 million and is mostly derived from highway and road constructions grants from both Federal and State sources, Measure M funds from the County of Orange, state gasoline tax revenue grants, and parks and recreation revenues.

Other Revenues such as fines, forfeitures, interest income totaled \$1.5 million.



The City’s total proprietary fund operating revenues were \$24 million for the year ended June 30, 2014. Proprietary funds are separately stated from government funds to emphasize the business-like nature of proprietary funds versus governmental operations.

Charges for water services and municipal sewer were 99% of operating revenues. Water service rates and municipal sewer rates are set by the City Council, primarily for cost recovery purposes. The remainder of service charges was comprised of rental income from low income housing projects within the City. Proprietary employee payments to pensions are paid from proprietary funds.



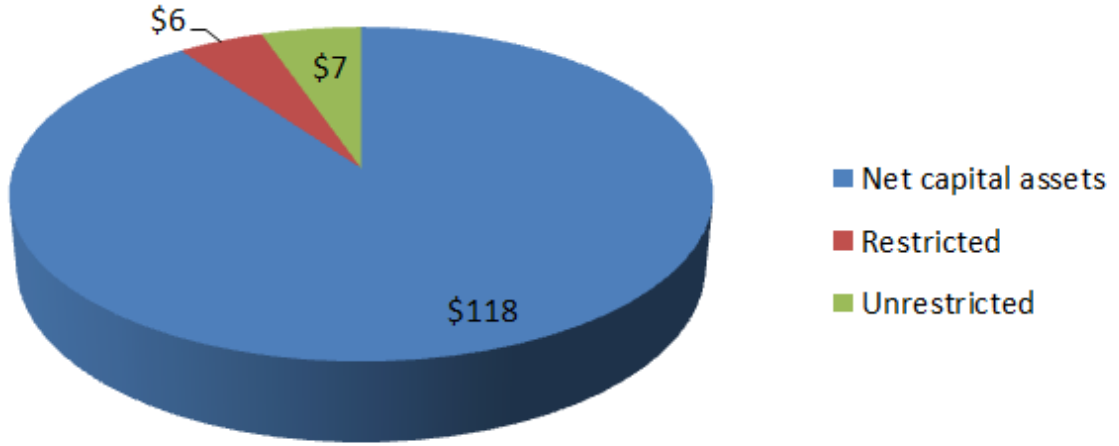
Net Position as of June 30, 2014

The total assets of the City of San Juan Capistrano exceeded its total liabilities at June 30, 2014 by \$181 million. Of this amount, \$57 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's Net Position was assigned or restricted to the funds listed below:

- **Net Investments in capital assets** of \$118 million includes buildings, equipment, and land and also included construction in progress, structures, equipment, software, and infrastructure.
- **Restricted** was \$6 million, which combined amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation. These funds are restricted to various public and development works projects and for the water rate stabilization project.
- **Unrestricted** was \$57 million. These are available for any purpose approved by the City Council.

Government Wide, Net Position (in millions)



Orange County Employees Retirement System (OCERS)

OCERS, as a plan sponsor, contributed \$2.6 million to OCERS' plan in 2014. It has 66 active members as of December 31, 2014. The Unfunded Actuarially Accrued Liability of OCERS as a plan sponsor was \$21 million as of June 2015.

As permitted by Government Code section 31580.2, administrative expenses, which include contributions to the OCERS' retirement plan, are charged directly against the earnings of the OCERS' pension trust fund.

Transportation Corridor Agencies

The Transportation Corridor Agencies (TCA), or The Toll Roads, contributed \$2 million to the OCERS' plan for the year ended December 31, 2014. It had 65 active members as of December 31, 2014. TCA's Unfunded Actuarially Accrued Liability was \$11 million as of June 30, 2014.

TCA is comprised of the two joint-powers agencies - the San Joaquin Hills Transportation Corridor Agency (SJHTCA) and the Foothill/Eastern Transportation Corridor Agency (FETCA) - formed in 1986 to manage the planning, financing, construction and operation of State Routes 73, 133, 241 and 261. TCA's Board of Directors is composed of elected officials from 18 cities and three members of the Orange County Board of Supervisors.

The San Joaquin Hills Transportation Corridor, commonly known as the 73 Toll Road, opened to traffic in 1996. At June 30, 2014 approximately 83,000 transactions were recorded on the 73 Toll Road every weekday, serving as an alternative route to the 405 and 5 Freeways.

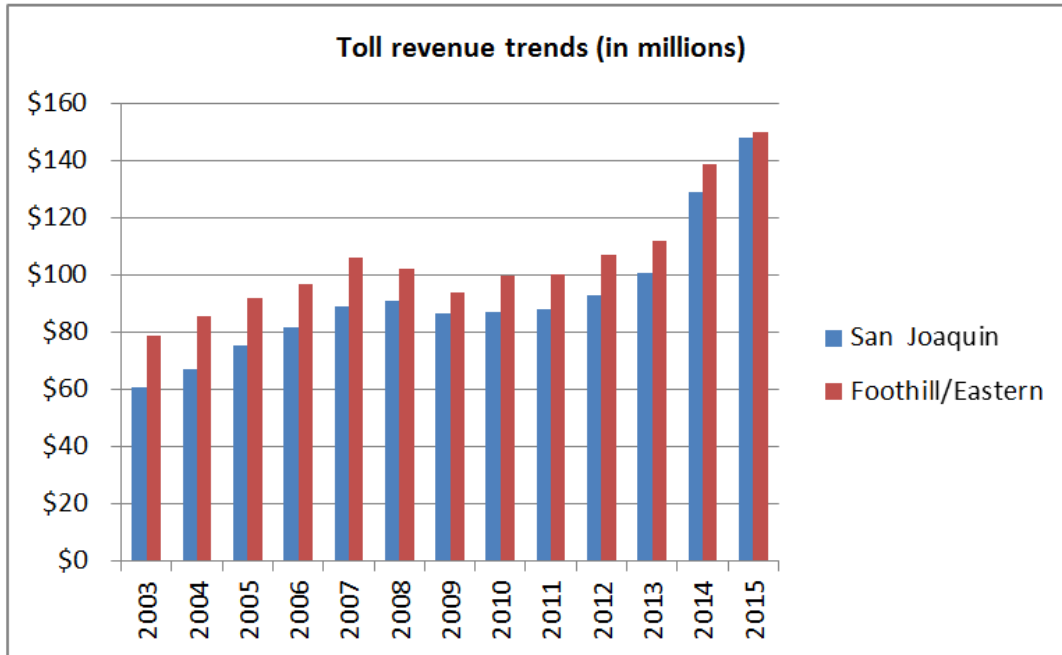
The Foothill/Eastern Transportation Corridor consists of the 241, 261, and 133 Toll Roads and first opened to traffic in 1993. For the year ending June 30, 2015, approximately 86 million transactions were recorded, serving as an alternative to local freeways and arterial roads.

Revenues

TCA' total revenues (SJHTCA and FETCA combined) were \$327 million for the year ending June 30, 2015.

San Joaquin Hills Transportation Corridor Agency earned \$148 million in tolls, fees, and fines during the year ended June 30, 2015. Foothill/Eastern Transportation Corridor Agency earned \$150 million in tolls, fees, and fines during the year ended June 30, 2015.

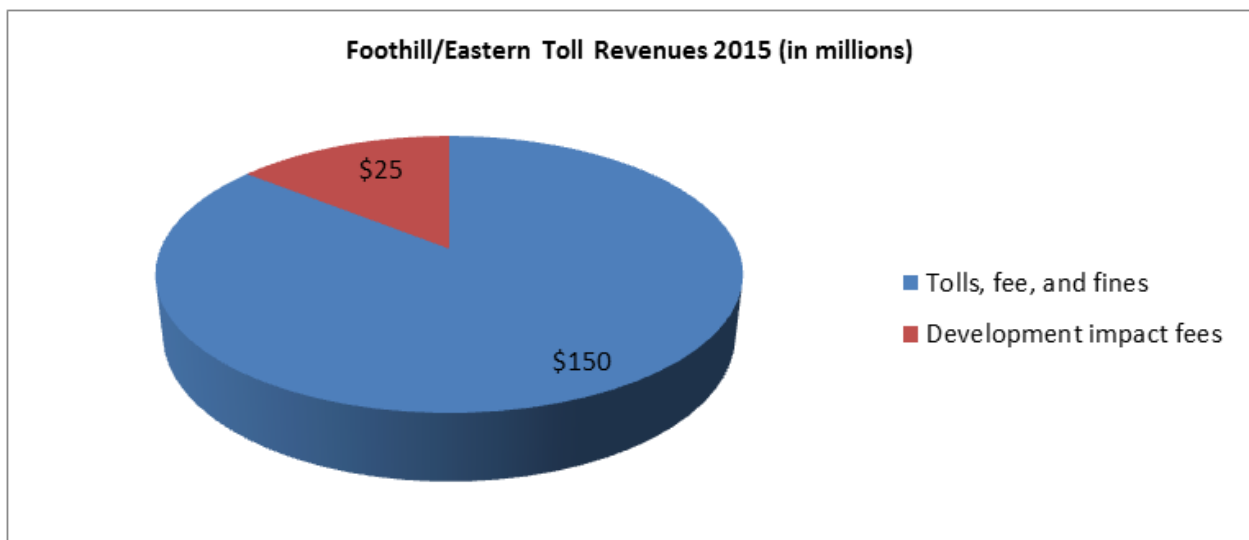
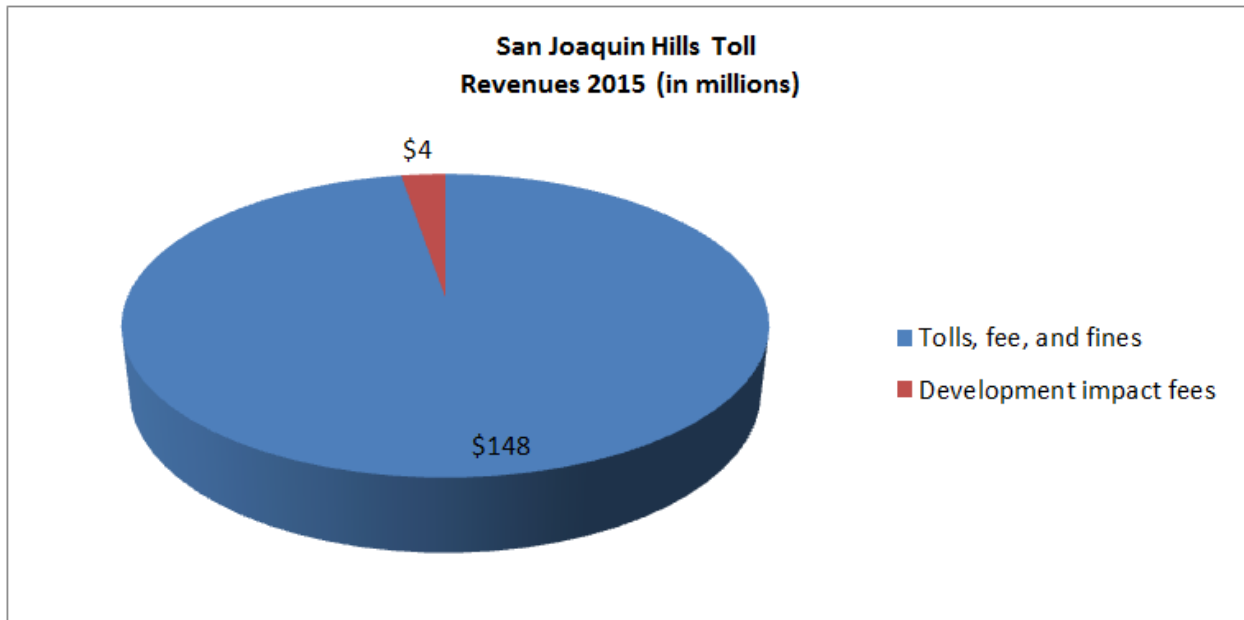
The bonds that financed the construction of the San Joaquin Hills toll road were restructured in 2011; in connection with this restructuring, toll rates were required to be adjusted annually to levels determined by an outside traffic consultant that would maximize toll revenue. However, during November 2014, SJHTCA completed a transaction that provided for refinancing \$1.4 billion of its senior lien debt and removal of the requirement that toll rates be maximized. As is the case for the FETCA, toll rates for the San Joaquin Hills toll road will be determined and approved by the Board of Directors, with the assistance of a traffic consultant, at levels intended to meet debt covenant requirements and increase use of the toll road.



Development impact fees during the year ended June 30, 2015:

- San Joaquin Hills Transportation Corridor Agency earned \$4 million in development impact fees during the year ended June 30, 2015.
- Foothill/Eastern Transportation Corridor Agency earned \$25 million in development impact fees during the year ended June 30, 2015.

Development impact fees are fees charged for new residential units and new commercial square footage developed in certain cities that surround and benefit from the Toll Roads. The cities collect these fees from property developers and remit them directly to the Toll Roads. Of the \$29 million development impact fees noted above, the City of Irvine was the largest city to remit funds and remitted \$21 million collected from the developers during the year ending June 30, 2015.



Long-Term Debt

Out of SJHTCA’s long-term debt of \$2.2 billion as of June 30, 2015, approximately \$1.4 billion has maturities extending up to 2050. Approximately \$2.2 billion of FETCA’s \$2.4 billion in long-term debt as of June 30, 2015 has maturities between 2020 and 2053. According to the JPA, SJHTCA’s and FETCA’s existence as independent agencies collecting tolls is to “sunset,” or cease, upon the payment in full of its respective debts. However, as has been done in the past, refinancing of debt can push back the “sunset” provision beyond the years 2050 and 2053, respectively, as noted above.

As rated by S&P, Fitch, and Moody’s, the bonds of SJHTCA and FETCA have ratings that fall in the BB (speculative grade) and BBB (good credit quality/investment grade) categories.

Net Position as of June 30, 2015

- **Restricted** – \$263 million and \$325 million, respectively, for SJHTCA and FETCA. This portion of Net Position is subject to externally imposed conditions that can be fulfilled by the actions of the agency or by the passage of time, and is related primarily to restricted bond proceeds and certain revenues collected.
- **Unrestricted** – \$35 million and \$143 million, respectively, for SJHTCA and FETCA. These amounts are available for any purpose approved by the Board of Directors.
- **Capital Assets** – Negative \$2,197 million and negative \$1,924 million, respectively, for SJHTCA and FETCA. The portion of Net Position related to investment in capital assets is actually a negative balance because ownership of the toll roads and related rights-of-way has been transferred to the State of California’s Department of Transportation and these assets are not presented within each agency’s financial statements. Thus, the balances presented include only certain other capital assets, offset by the debt that financed construction of the toll roads.

Orange County Public Law Library

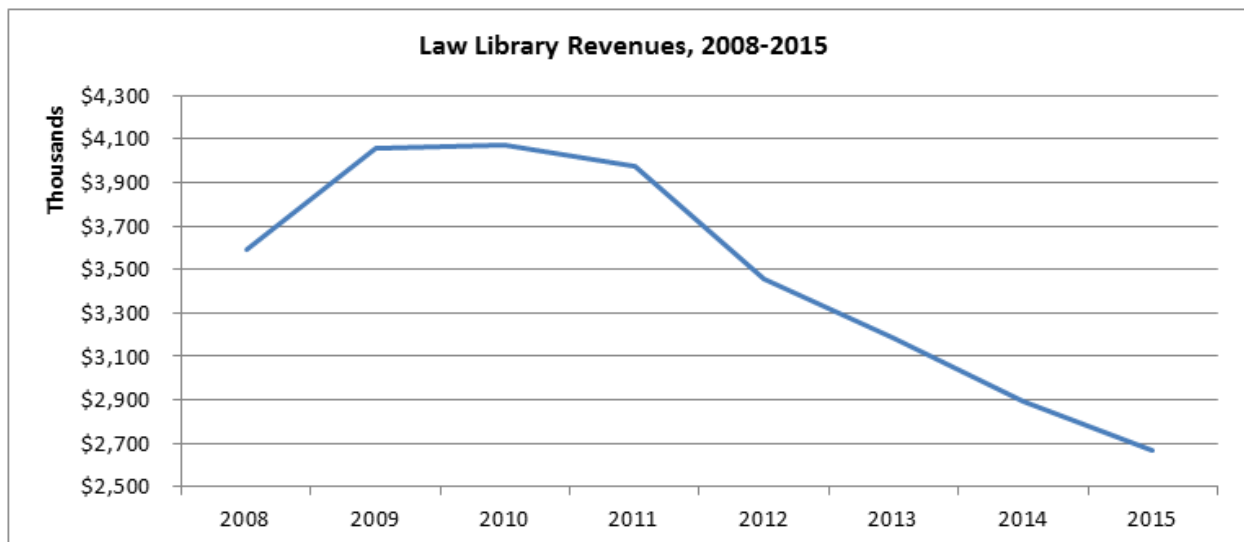
The Orange County Law Library contributed \$0.5 million to OCERS' plan in 2014. It has 17 active members as of December 31, 2014. The Law Library's Unfunded Actuarially Accrued Liability was at \$3 million as of June 30, 2015.

The library's Board of Trustees is composed of five judges chosen by the Orange County Superior Court and two attorneys chosen by the Orange County Board of Supervisors.

Revenues

The Law Library's total revenues were \$2.6 million for the year ending June 30, 2015.

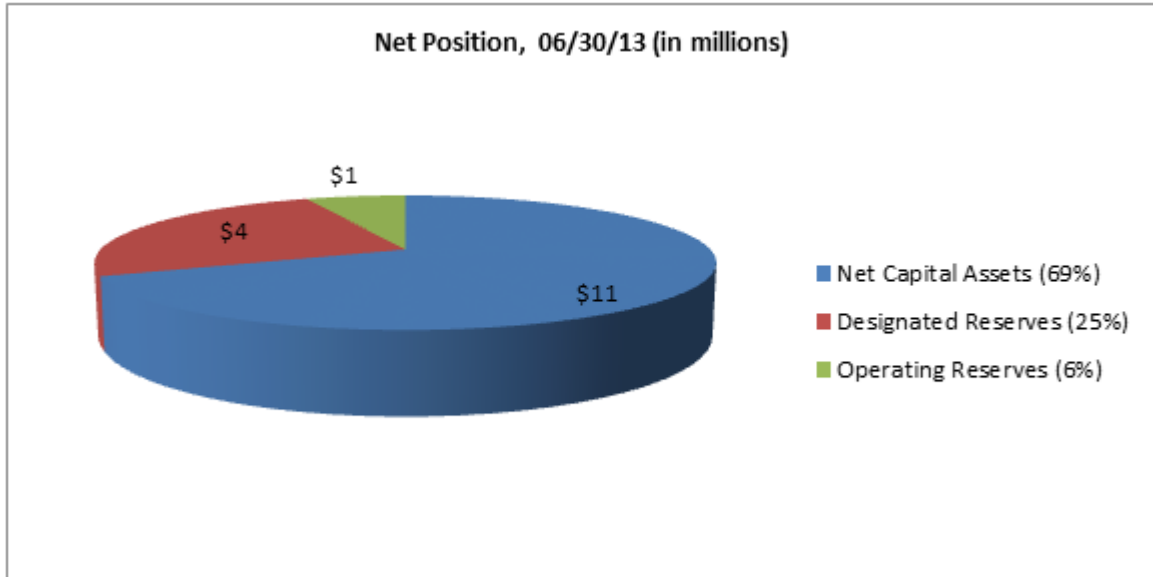
Filing Fees received by the Library accounted for 99% of total revenues for the year. The remaining 1% of revenues consisted of investment income and miscellaneous income. The library's court filing fees are derived from a filing fee paid for every civil action filed in Orange County Superior Court. The filing fee of \$35 (\$2 for small claims cases) is set statutorily by California and this rate has been stable for several years. However, the number of civil cases filed in court has declined – an 8% decline in 2013 preceded by a 13% decline in 2012 - leading to decreased court filing fee revenues for the library. Fee waivers granted by the court for civil cases also have a negative impact on revenues. Accordingly, the law library has no control over the number of civil filings nor the filing fee rate set by the state of California.



Net Position as of June 30, 2015

- **Net Investments in capital assets** of \$11 million comprised of facility, books and equipment.

- **Designated Reserves** of \$4 million, assets set aside by the Board of Trustees for replacement of equipment, future expansion of the existing facility, a self-insurance fund for protecting against earthquake damage, and other future capital requirements of the library.
- **Operating Reserves** of \$0.7 million – Net assets subject available for the general use of the library.



Children and Families Commission

The Children and Families Commission contributed approximately \$0.3 million to the OCERS' plan in 2014. It has 10 active members as of December 31, 2014. The Children and Families Commission's Unfunded Actuarially Accrued Liability was estimated at \$4 million as of June 30, 2015.

The Children and Families Commission of Orange County was created as a result of Proposition 10, the California Children and Families Act of 1998. The proposition added a 50-cent sales tax on tobacco products sold in California and requires that funds raised be used to support education, health and child development programs for children from the prenatal stage through age five. The State Commission, or First 5 California, receives 20 percent of Proposition 10 funds for state-wide programs and public outreach. The remaining 80 percent of funds are allocated to commissions in each of California's 58 counties by birth rate. Only Los Angeles and San Diego counties surpassed Orange County in terms of birth rate totals for 2011 in the state of California.

The commission is governed by a nine member board consisting of the County's Health Care Agency director, the County's Social Services Agency Director, one member of the County's Board of Supervisors, and six members from the public appointed by the Board of Supervisors.

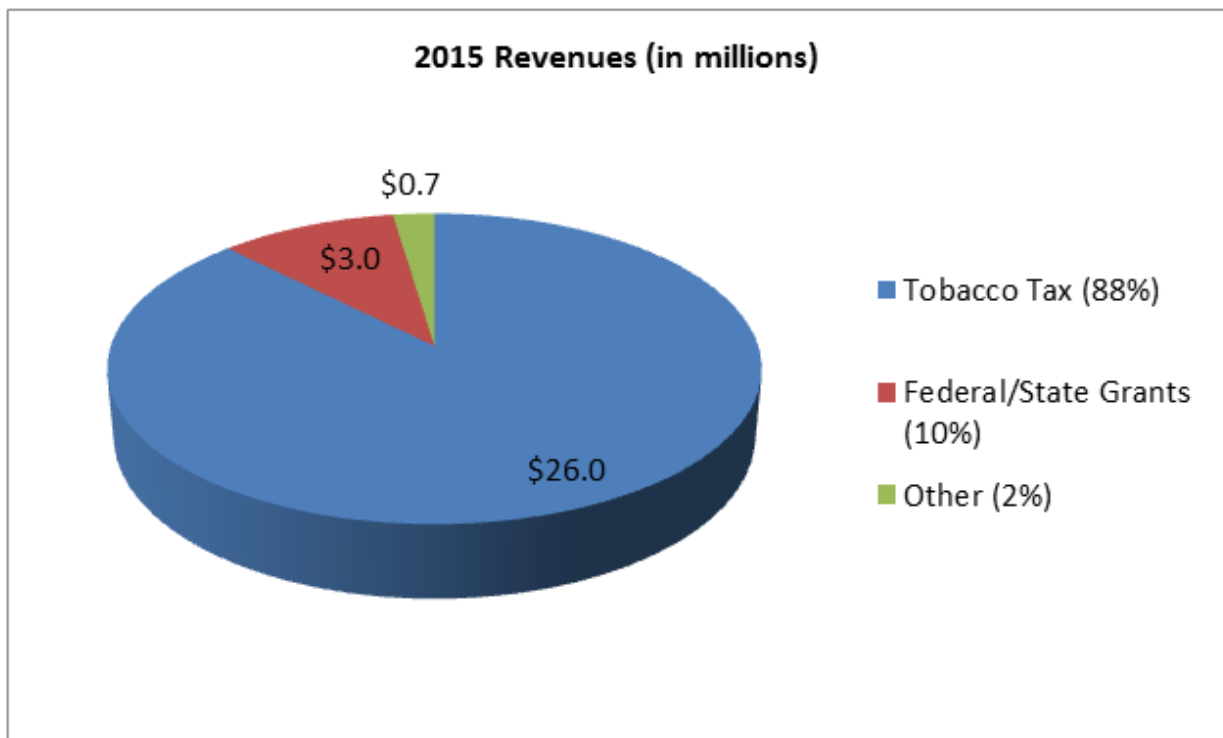
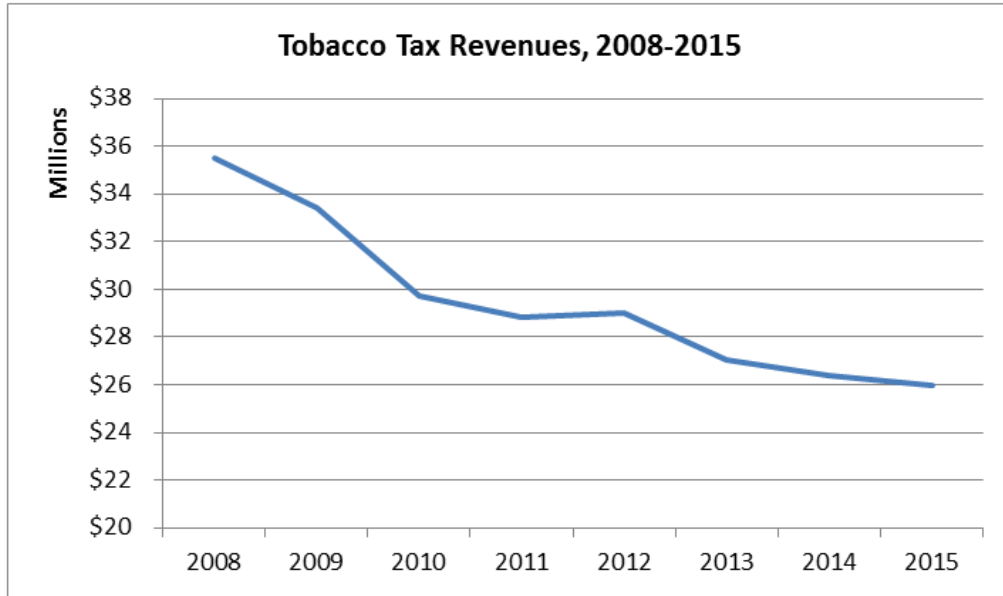
Revenues

OC Children and Families Commission's total revenues were \$29.7 million for the year ending June 30, 2015.

Tobacco Tax revenues received by the commission in 2015 amounted to \$26 million. The major purpose of the Tobacco Tax is to reduce smoking in California and accordingly tobacco tax revenues have declined by 33% since 2005; declining county birth rates of 15% over a similar period have also contributed to lower tax revenues. The commission budgets an annual decrease of 3% in tobacco tax revenues. Revenues of \$3 million were for from various state and federal grants for children programs such as the state's Child Signature Program and the federal American Recovery and Reinvestment Act (ARRA) Health Research grant. The remaining revenues of \$700,000 included investment income and other revenues.

Net Position as of June 30, 2015

The total assets of the Children and Families Commission exceeded its total liabilities at June 30, 2015 by \$55 million. The entire amount is unrestricted and may be used to meet the Commission's ongoing obligations to citizens and creditors as directed by its Board of Commissioners.



Orange County Cemetery District

The Orange County Cemetery District contributed approximately \$1.9 million to the OCERS' plan in 2014. It has 21 active members as of 2014 year end. The Cemetery District did not have an Unfunded Actuarially Accrued Liability as of June 30, 2015. In early 2014, the Cemetery District became the only current OCERS plan sponsor to pay off its entire unfunded actuarially accrued liability, paying its full share of \$1.7 million.

The Orange County Cemetery District is an independent special district governed by an appointed Board of Trustees who serve four-year terms. The three cemeteries owned and operated by the District are among the County's oldest with each having recorded burials prior to 1900.

Although privately owned in the beginning, the cemeteries were formed into separate independent districts in 1926. In 1985 the districts were consolidated under one governing board to create the Orange County Cemetery District. The district has three cemetery locations in Anaheim, Lake Forest and Santa Ana. The district typically averages between 800 to 900 lot sales per year.

Restricted funds have been set aside to fund the perpetual maintenance and care of cemeteries in accordance with the provisions of the Health and Safety Code, which will require continued staffing. The Orange County Cemetery District has also committed \$2.5 million for future land acquisitions.

Revenues

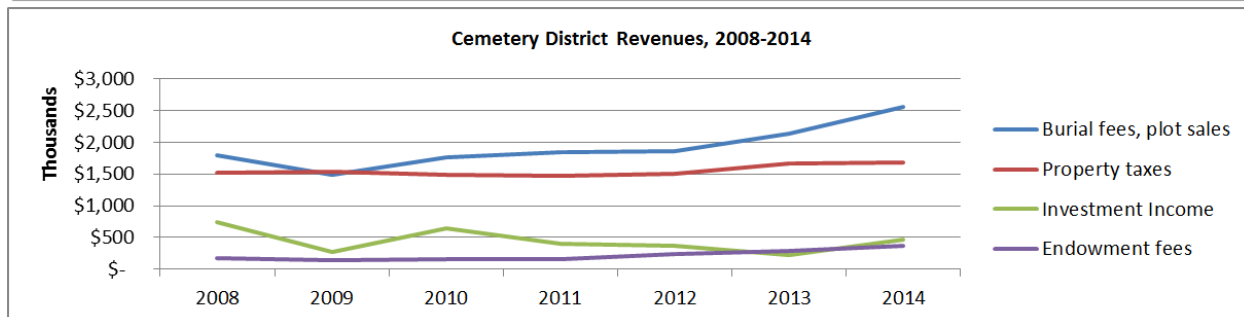
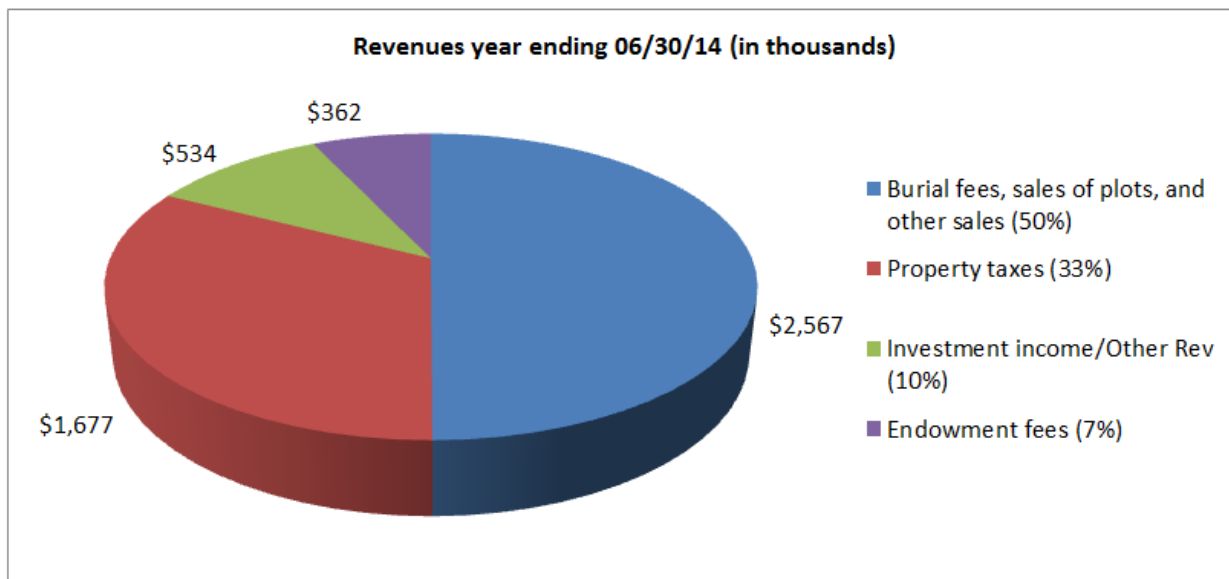
The 2015 CAFR for the OC Cemetery District was not available at the time of this report. OC Cemetery District's total revenues were \$5 million for the year ending June 30, 2014.

Burial fees, sales of plots, and other sales were \$2.6 million, which represents 50% of revenues received by the district in 2014. Since the district is a government agency, general burial and cremation costs are meant to help recover costs, keeping in line with price inflation and the district's expected share of property tax revenues.

Property taxes were \$1.7 million, or 33% of revenues, and were allocated to the district in 2014 from their minor share of County property tax revenues. Since county property tax revenue is allocated to the district to help keep burial costs lower, non-county residents must pay an extra fee to be buried at a district cemetery.

Investment Income and Other Revenues were \$534 thousand.

Endowment fees were \$362 thousand. Endowment fees of \$200-\$400 per regular burial/cremation are collected and placed into an endowment principal fund established to provide for the maintenance and care of all three cemeteries in accordance with the provisions of the County's Health and Safety Code.



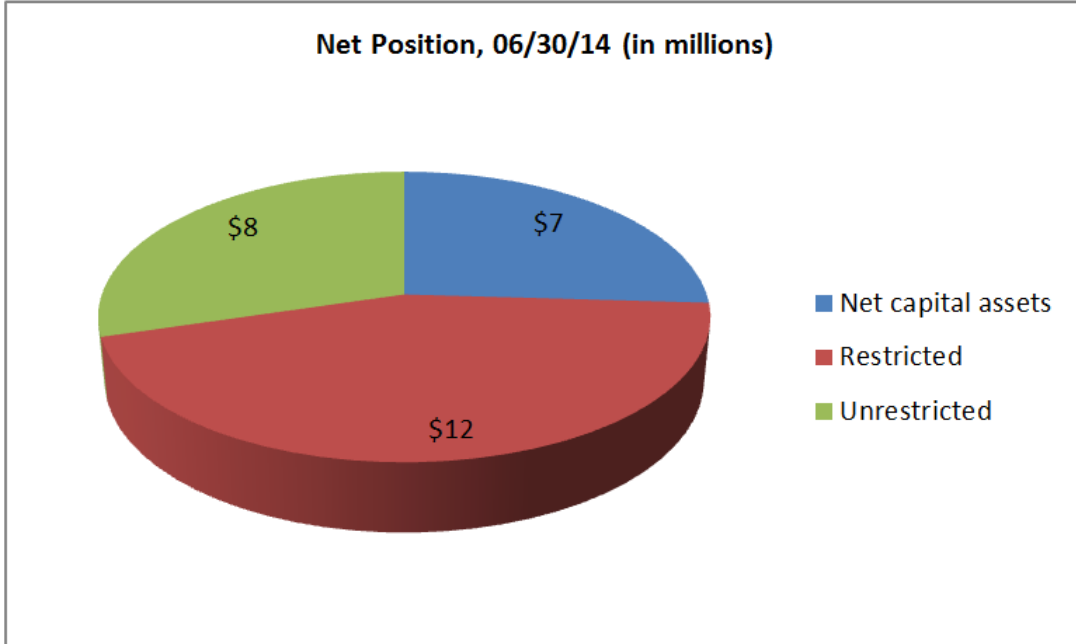
Net Position as of June 30, 2014

The total assets of the Cemetery District exceeded its total liabilities at June 30, 2014 by \$27 million. Of this amount, \$8 million is unrestricted and may be used to meet the Cemetery's ongoing obligations to citizens and creditors.

The Cemetery's Net Position was assigned or restricted to the funds listed below:

- **Net Investments in capital assets** of \$7, invested in capital assets (e.g., land, structures and improvements, and furniture and equipment) that are used to provide services to citizens; consequently.

- **Restricted** was \$12 million, restricted for the perpetual care of the cemetery grounds. These funds are invested and will continue to earn interest income which will eventually be used for the maintenance and operation of the District’s cemeteries.
- **Unrestricted** was \$8 million. These are available for any purpose approved by the Board of Trustees.



OC In-Home Supportive Services Public Authority

The Orange County In-Home Supportive Services Public Authority contributed approximately \$0.2 million to OCERS' plan in 2014. It has 20 active members as of 2014 year-end. Its net pension liability was \$0.7 million as of June 2015. The financial statements of Orange County In-Home Supportive Services Public Authority are blended with other government fund units in the CAFR for the County of Orange.

UC Irvine – Medical Center and Campus

The UC Irvine Medical Center and Campus contributed approximately \$0.15 million to OCERS' plan 2014. It has four remaining active members as of 2014 year end. Its net pension liability was \$26 million as of June 2015. Both UC Irvine and the County of Orange evenly split the payment of UC Irvine's employer contributions to OCERS.

Orange County Local Agency Formation Commission (LAFCO)

The LAFCO contributed approximately \$0.1 million, of OCERS' contributions in 2014. It had three active members as of 2014 year end. LAFCO's net pension liability was \$1.3 million as of June 2015.

In 1963, the California state legislature formed Local Agency Formation Commissions for each of the 58 counties located in the state. These Commissions are primary responsible for monitoring the boundaries of cities and special districts with the goal of ensuring municipal service are allocated efficiently and cost-effectively. This process includes the review and approval of incorporating cities within the county, annexing unincorporated areas to cities and special districts, and forming special districts among other actions.

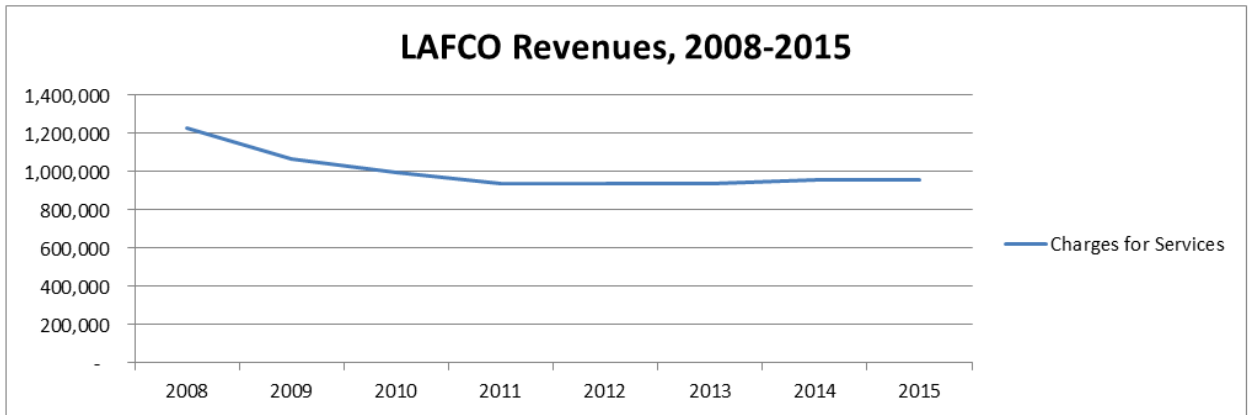
The appointed Board of Commissioners consists of two commissioners representing the County, two commissioners representing cities; two represent special districts; and one commissioner representing the public. An alternate also exists for each of these positions.

2015 Revenues

LAFCO's total revenues were \$959,000 for the year ending June 30, 2015.

Total Service Charges received by the Commission in 2015 amounted to \$956,000 and accounted for 99% of total revenues for the year.

The Commission's Service Charge revenue is comprised of funding apportionments allocated among the Commission's funding agencies. One-third is paid by the County of Orange. One-third is paid collectively by the 34 cities within Orange County. The final one-third is paid by special districts, such as the Orange County Water District, that operate in the County. Revenues are set annually by the Commissioners to fully recover the costs of operating the Commission which is staffed currently by four employees. Forecasted revenues over the next three years include an average 7% increase in service charges.



Net Position as of June 30, 2015

The total liabilities of LAFCO exceeded its total assets at June 30, 2015 by \$84,000.

Department of Education

The Department of Education had no active participants or contributions in 2014. However, it has a net pension liability of \$3.6 million as of June 2015 for its retirees.

Vector Control

Vector Control had no active participants or contributions in 2014. However, it has a net pension liability of \$2.9 million as of June 2015 for its retirees.

Plan Sponsors Review



Internal Audit Presentation to the Board
January 19, 2016

GASB 68 Net Pension Liability as of (in '000s), per Segal Consulting:		
Plan Sponsor	6/30/2014	6/30/2015
Orange County	3,925,918	3,897,232
OCFA	442,651	466,968
Superior Court	392,321	355,886
OCTA	217,568	203,591
Sanitation District	202,747	57,418
San Juan Capistrano	28,312	27,866
UCI	32,214	26,578
OCERS	21,259	20,656
Toll Roads	11,359	10,682
Children & Families	4,590	3,957
Dept of Education	2,691	3,637
Law Library	3,315	3,222
Vector Control	2,464	2,900
LAFCO	1,187	1,303
In-Home Support Services	706	672
Cemetery District	1,820	(95)
Total:	\$ 5,291,122	\$ 5,082,473



County of Orange

As of County Fiscal Year

	06/30/13	06/30/14	06/30/15
Total Assets	\$7.2 billion	\$7.5 billion	\$8.3 billion
Total Liabilities	\$2.1 billion	\$2.1 billion	\$6.3 billion
Net Position	\$5.1 billion	\$5.4 billion	\$2.0 billion
Cash and Cash Equivalents	\$2.2 billion	\$2.4 billion	\$2.6 billion
Net Pension Liability	\$4.0 billion	\$3.9 billion	\$3.9 billion

As of OCERS' Fiscal Year

	12/31/13	12/31/14	12/31/15
Total Pension Contributions	\$466 million	\$524 million	\$534 million (preliminary)

- In 2015, as a result of the rating process, S&P raised the County's issuer credit rating to AA+ from AA. Also, S&P raised the rating on the County's outstanding Lease Revenue Bonds and Pension Obligation Bonds from AA- to AA. The outlook on all ratings is stable, and they fall within the "high quality" range of Fitch, Moody's and S&P's ratings.

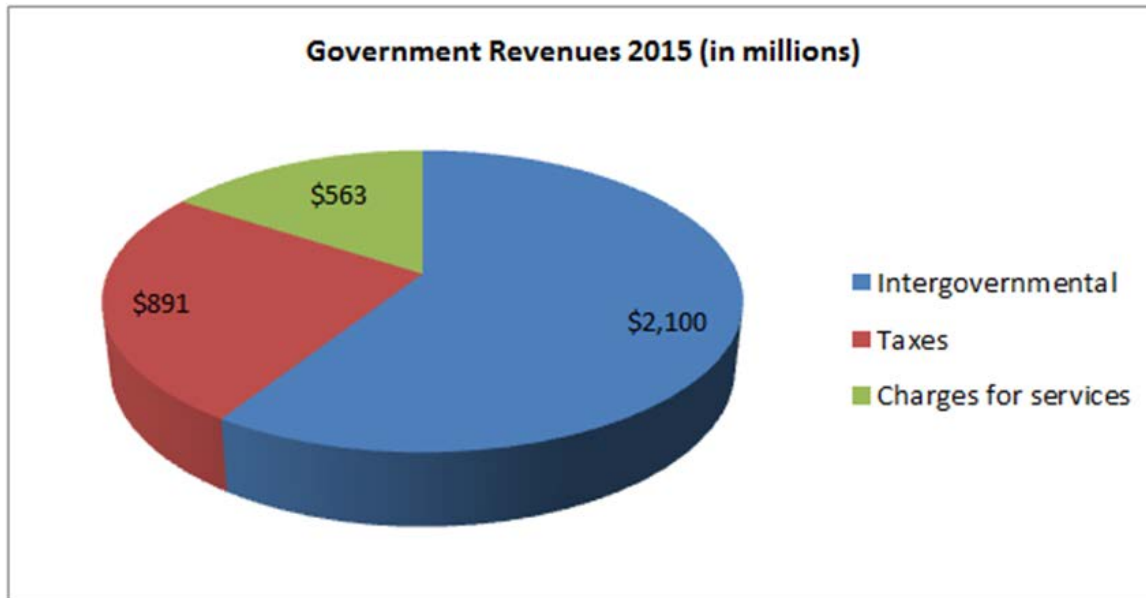


County of Orange

The County's **total revenues** were \$3.9 billion for the year ending June 30, 2015.

Key Revenue Sources (excluding CalOptima)

- Intergovernmental Revenues of \$2.1 billion - allocation of State and Federal revenues to the County and are restricted for the purpose of running various public assistance and health care programs.
- Taxes of \$891 million - property taxes levied for the General Fund , property Taxes In-Lieu of Motor Vehicle License Fees , taxes levied for parks, libraries, and other taxes,
- Service Charges of \$563 million – charges for Sheriff's Department and services such as park and recreation use, and engineering services provided to cities.

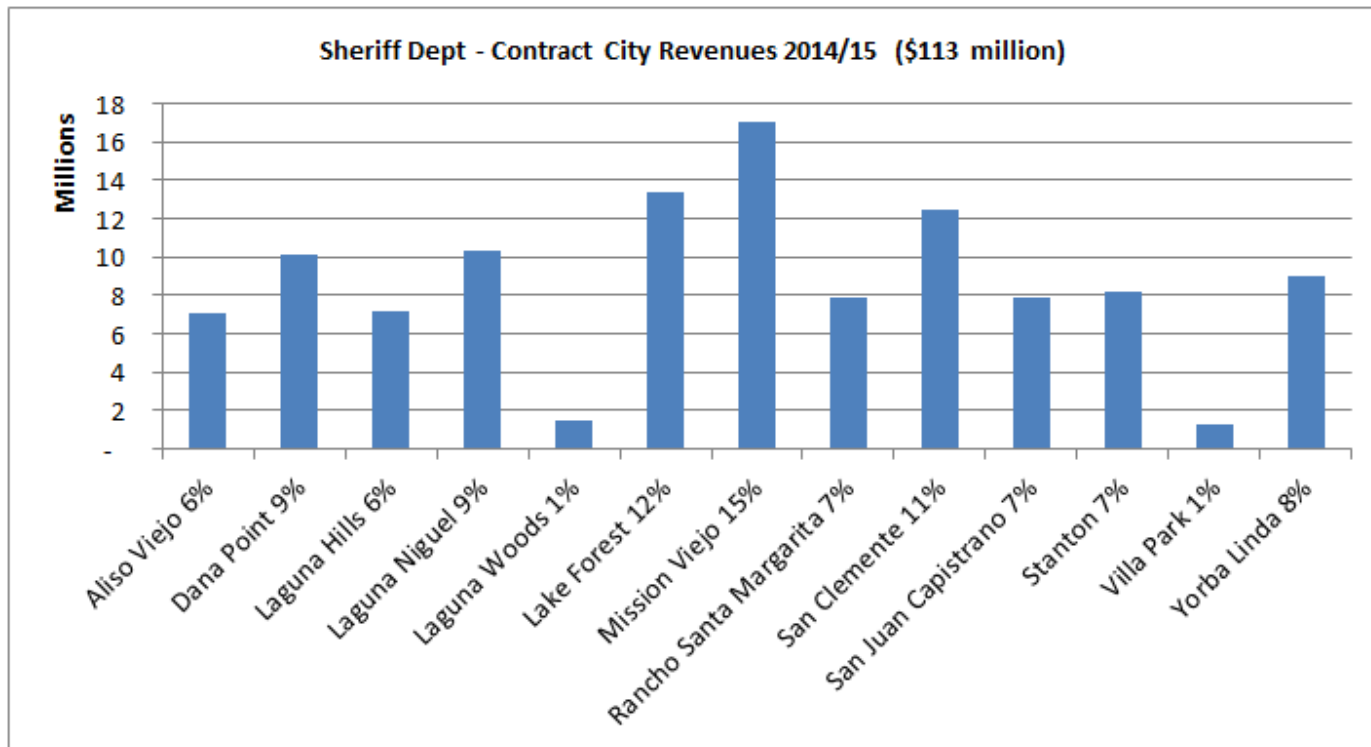




County of Orange

Orange County Sheriff's Department

- Provides public safety to 13 contract cities, unincorporated areas of the County, and Airport.
- Received \$297 million from the Proposition 172 Public Safety ½ Cent Sales Tax in 2014-15.
- For fiscal 2014-15, 13 contract cities paid \$113 million to obtain the services of the Sheriff's Department.
- City contracts with Sheriff's are annual.

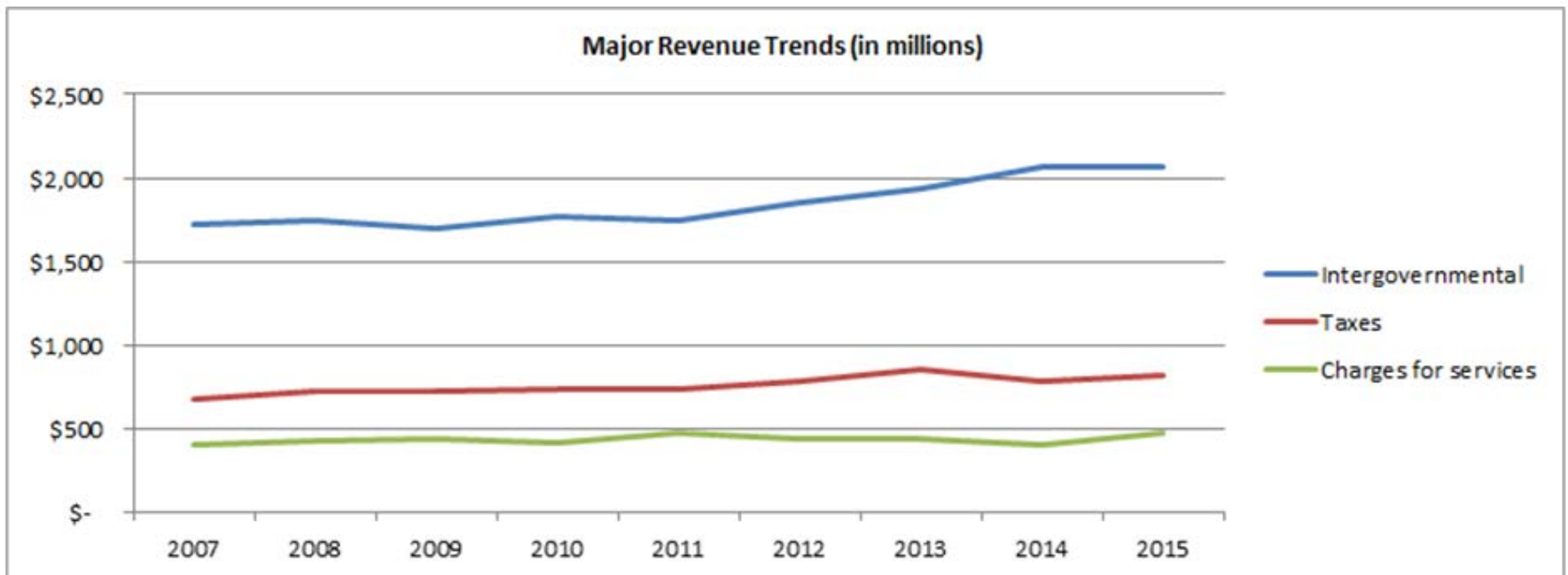




County of Orange

County Past Trends

- Financial crisis of 2008 had limited effect on the County net position, causing a relatively small decline only for two years before surpassing previous levels. The net change was negative only in 2008-09, and in 2011.
- The assessed value of taxable property declined in 2009-10, but by 2014-15, the value reached \$483 billion, surpassing the high of 2008-09.





OC Fire Authority

As of OCFA Fiscal Year

	06/30/13	06/30/14	06/30/15
Total Assets	\$394 million	\$397 million	\$493 million
Total Liabilities	\$136 million	\$153 million	\$662 million
Net Position	\$258 million	\$244 million	-\$169 million
Cash and Investments	\$157 million	\$160 million	\$165 million
Net Pension Liability	\$450 million	\$443 million	\$467 million

As of OCERS' Fiscal Year

	12/31/13	12/31/14	12/31/15
Total Pension Contributions	\$69 million	\$95 million	\$75 million (preliminary)

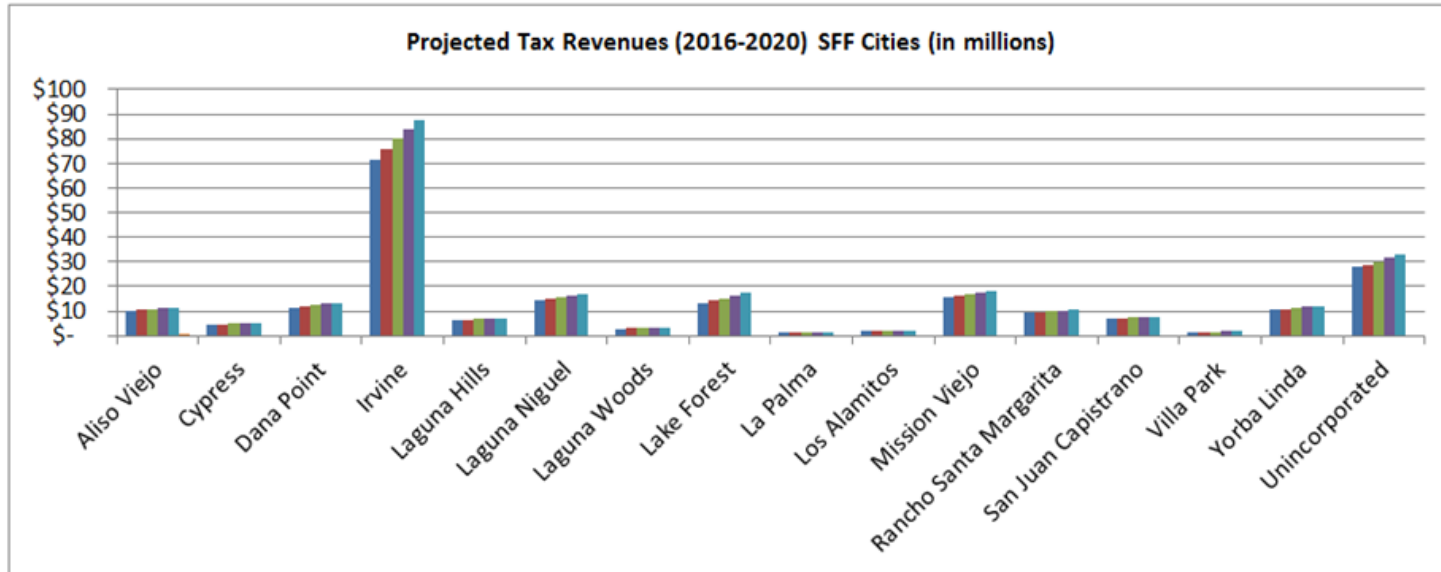


OC Fire Authority

Total revenues were \$341million for the year ending June 30, 2015.

Structural Fire Fund Revenue (SFF) - \$205million.

- The County remits a portion of property taxes collected from SFF cities to OCFA. In fiscal year 2014-15, 11.47% of the County's collected property tax was allocated to OCFA for SFF.
- Current 20-year term began on July 1, 2010 and ends on June 30, 2030.
- Approximately 47% of property tax revenues allocated to OCFA are generated from the City of Irvine and the County's unincorporated territory.

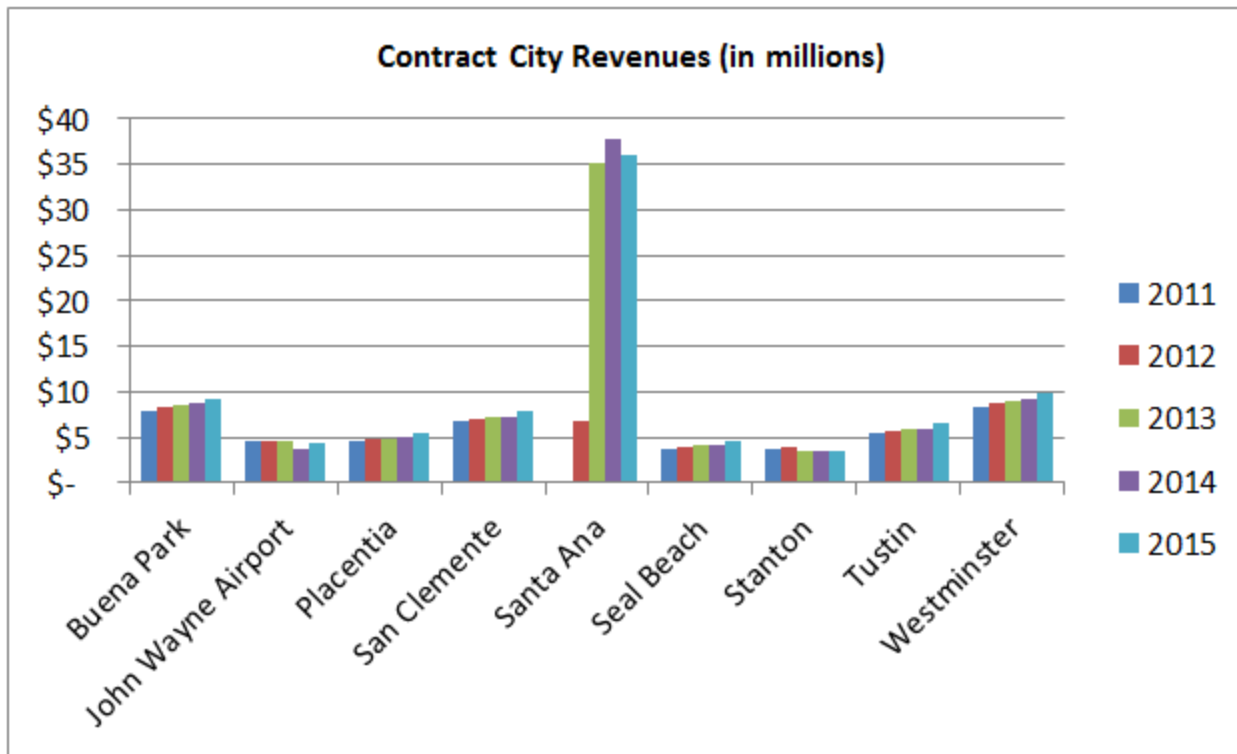




OC Fire Authority

Contract City Revenue was \$113 million in 2014-15.

- Contract cities pay the OCFA for fire services out of their respective general funds.
- Contract cities are members of the OCFA for a current 20-year term that began on July 1, 2010 with the option of dropping out after 10 years.





OC Fire Authority

OCFA's Expedited UAAL Payment Plan

- Expected payment of entire balance over 12 years.
- During FY 2014-15, OCFA made a total of \$21.3 million in additional payments to OCERS.

City of Irvine and Payment Amendment to Joint Powers Agreement

- Nearly 33%, or about \$68 million, of 2015 SFF revenues (or 20% of total 2015 revenues).
- Beginning in 2013-14, the OCFA amended JPA to allow for equity adjustment payments to City of Irvine.
- County of Orange contested the amendment in Superior Court, and on August 4, 2014, the judge invalidated the amendment.
- Under appeal as filed by attorneys for OCFA.



OC Fire Authority

Contract Cities Agreements and UAAL

- Neither the original March 1995 OCFA JPA Agreement, nor the March 2000 amendment, nor the July 2010 amendment renewing the OCFA membership of contract cities, structural fire fund cities, and the County, explicitly mention any requirement for a member city to pay a portion of OCFA's UAAL to OCERS upon leaving OCFA.
- Only Santa Ana's (joined OCFA in 2012) agreement says, "Upon termination or expiration of this Agreement or other cessation of city's membership in OCFA, city agrees to pay OCFA the amount of the unfunded pension liability that had accrued during the term of this Agreement for the number of OCFA employees serving the city..."

Leaving the JPA

- Both SFF and Contract Cities are 20-year members beginning July 1, 2010.
- 20-year membership terms automatically renew in 2030.
- Any city, except the City of Irvine, may give written notice by July 1, 2018 to withdraw by June 30, 2020.
- City of Irvine can leave the OCFA in 2020 if OCFA fails to make JEAP payments to Irvine, due to Court decision.

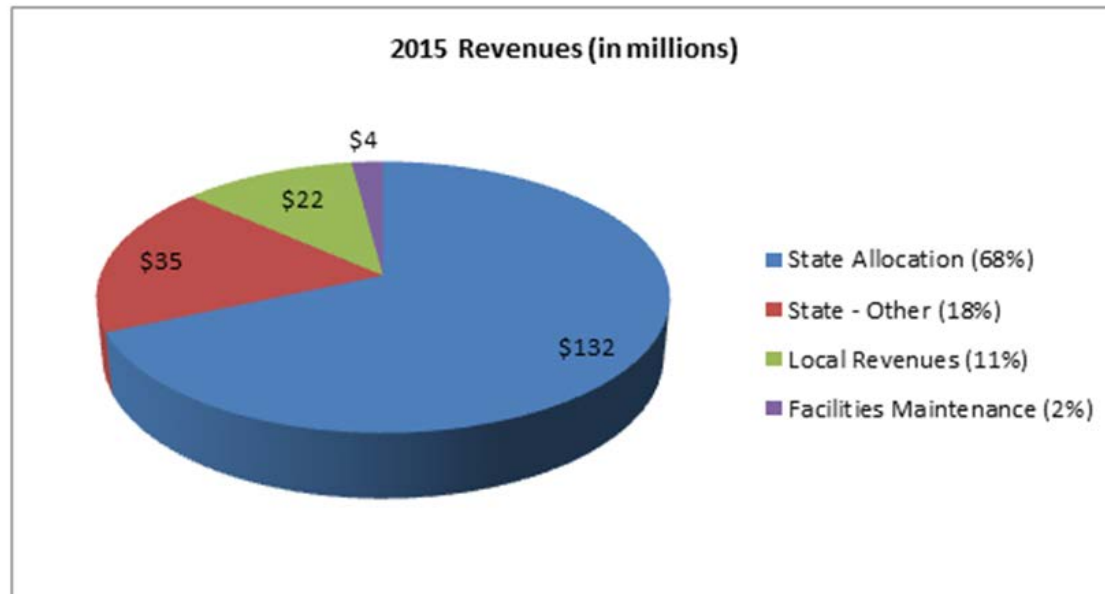


OC Superior Court

Total revenues were \$193million.

Key Revenue Sources

- State Allocation of \$132 million to the Court.
- State Other Revenue was \$35 million - includes state grants and reimbursements of expenditures for language interpreters, jury pay expenditures, complex case programs, and self-help programs.
- Local Revenues of \$22 million - includes donations, reimbursements for services provided to the County, and cost recovery for the Enhanced Collections program and local fees, for copies of documents.





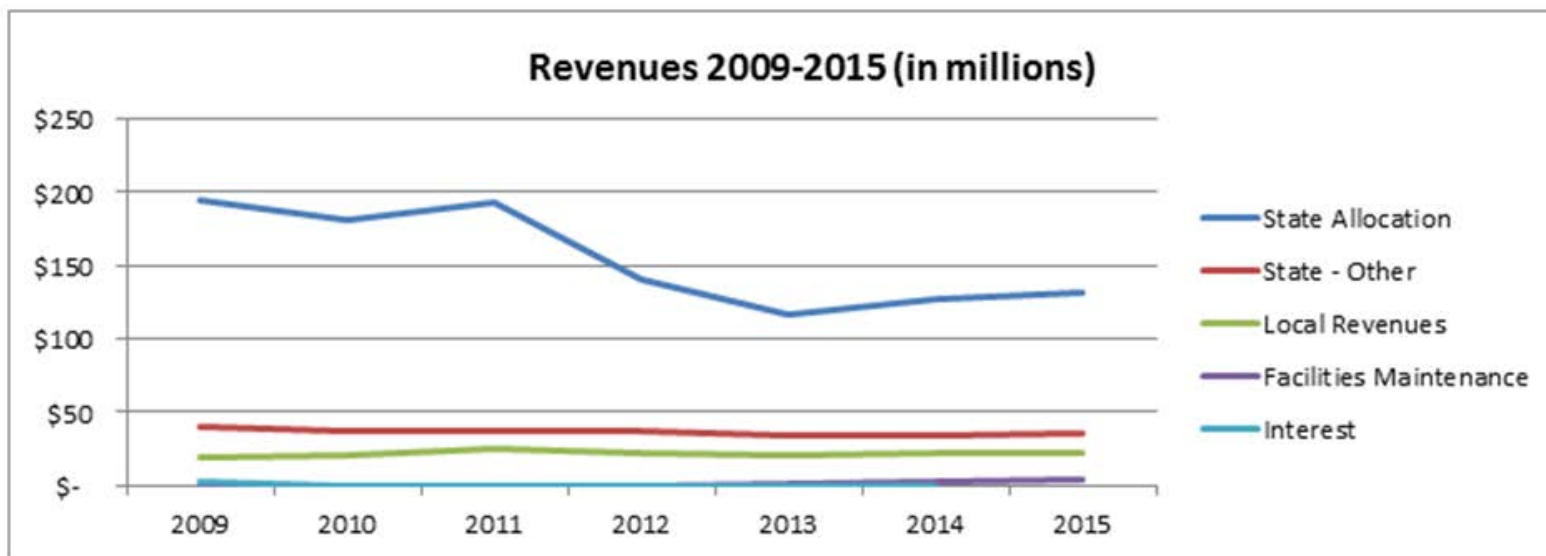
OC Superior Court

- Superior Court is subject to the level of funding that is negotiated between the Governor and State Legislature.
- Workload-Based Allocation and Funding Methodology (WAFM) funding formula for each of the 58 courts using following data:
 - Total court filings
 - Filing-driven costs
 - U.S. Bureau of Labor Statistics (BLS) labor cost data
 - Adjustments due to the ratio of simple and complex cases for each of the 58 trial courts in the state.



OC Superior Court

- Over the past five years, the state has reduced funding for the Judicial Branch by nearly \$1 billion.
- Starting in Fiscal Year 2014-15, local courts are prohibited from maintaining reserve funds of more than 1% of its operating budget.





Orange County Transportation Authority

As of OCTA Fiscal Year

	06/30/13	06/30/14	06/30/15
Total Assets	\$2.0 billion	\$2.1 billion	\$2.1 billion
Total Liabilities	\$0.7 billion	\$0.7 billion	\$0.9 billion
Net Position	\$1.3 billion	\$1.4 billion	\$1.2 billion
Cash and Investments	\$1.1 billion	\$1.2 billion	\$1.3 billion
Net Pension Liability	\$219 million	\$222 million	\$209 million

As of OCERS' Fiscal Year

	12/31/13	12/31/14	12/31/15
Total Pension Contributions	\$27 million	\$31 million	\$33 million (preliminary)

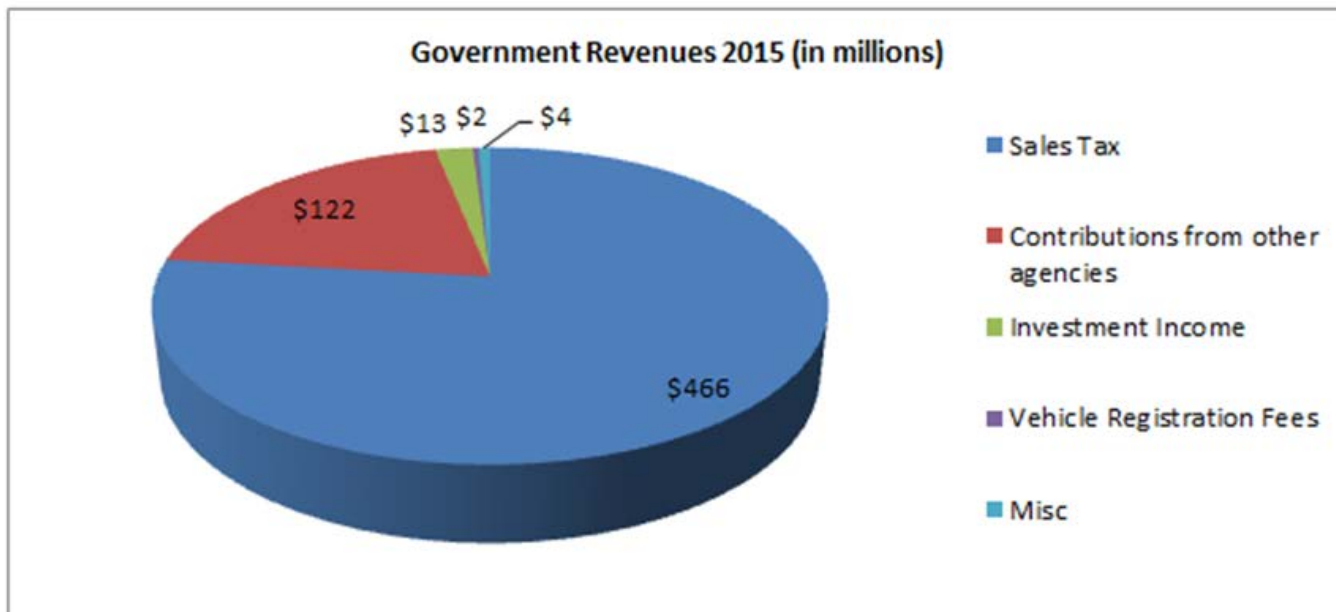


Orange County Transportation Authority

OCTA's **total revenues** were \$788 million.

Key Revenue Sources:

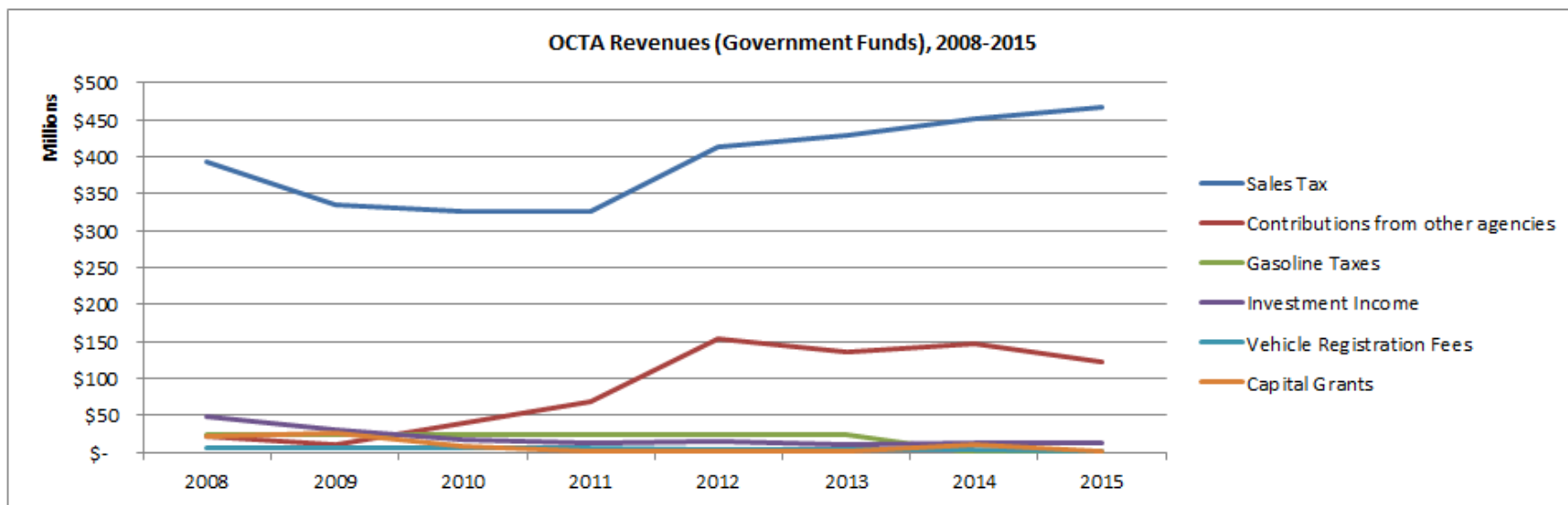
- **Sales Taxes** of \$466 million were comprised of Orange County's Measure M, California's Transportation Development Act, and State Transit Assistance programs.
- **Contributions from other agencies** (\$122 million) include Federal Operating Assistance Grants, Federal Capital Assistance Grants, and other federal or state grants.





Orange County Transportation Authority

The recent fiscal year marks the fifth year of sales tax collections for the approximately \$14.7 billion M2 program.





Orange County Sanitation District

As of OCSD Fiscal Year

	06/30/13	06/30/14	06/30/15
Total Assets	\$3.1 billion	\$3.2 billion	\$3.2 billion
Total Liabilities	\$1.4 billion	\$1.4 billion	\$1.4 billion
Net Position	\$1.7 billion	\$1.8 billion	\$1.8 billion
Cash and Cash Equivalents	\$208 million	\$215 million	\$58 million
Net Pension Liability	\$205 million	\$203 million	\$57.4 million

As of OCERS' Fiscal Year

	12/31/13	12/31/14	12/31/15
Total Pension Contributions	\$23 million	\$150 million	\$19 million (preliminary)

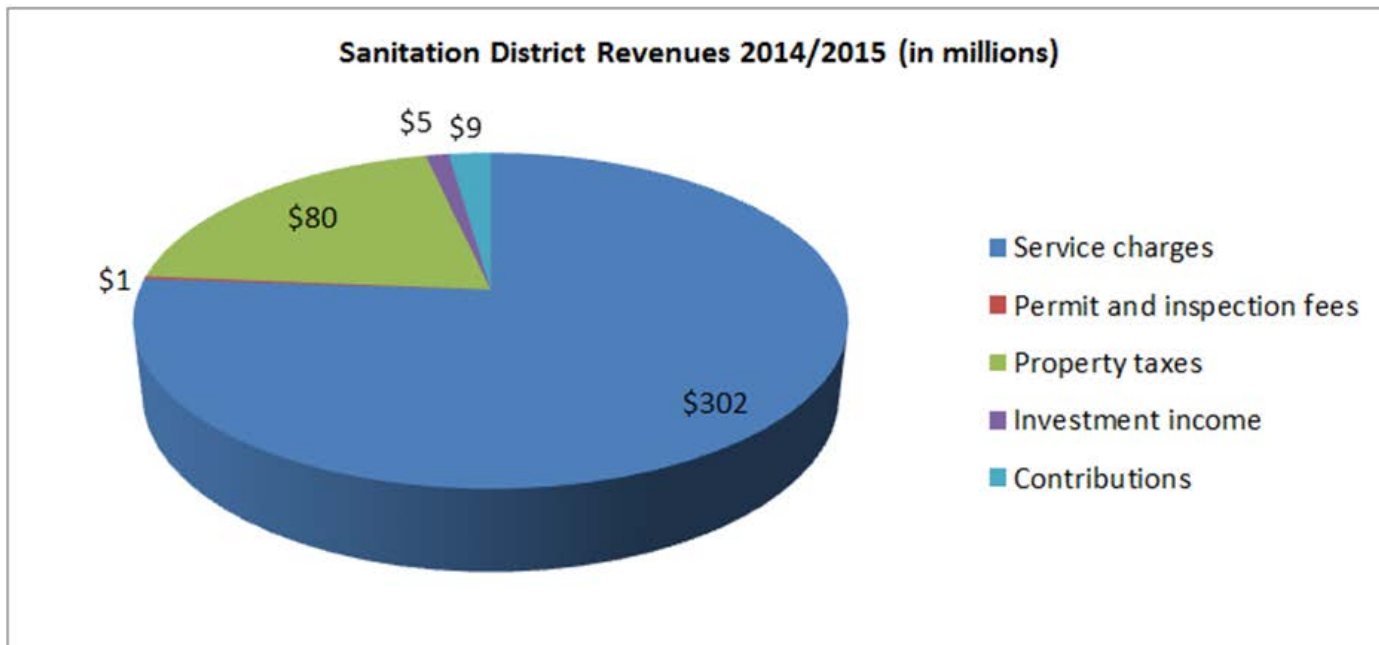


Orange County Sanitation District

Total revenues were \$397 million for the year ending June 30, 2015.

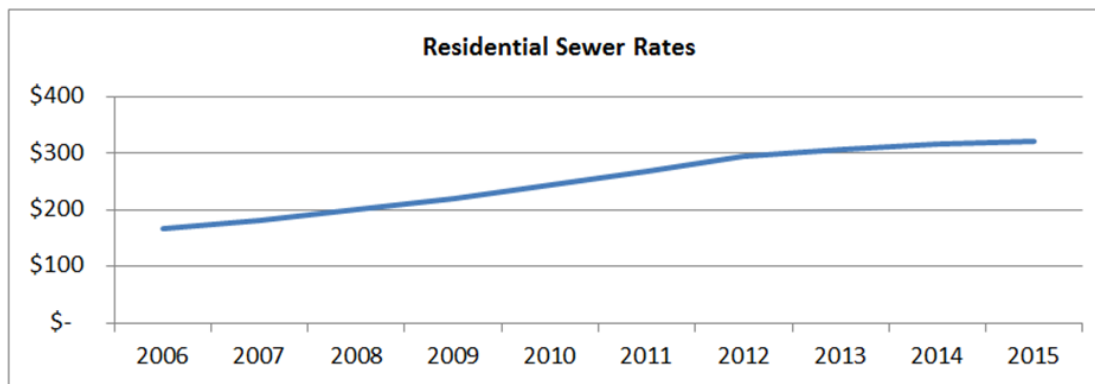
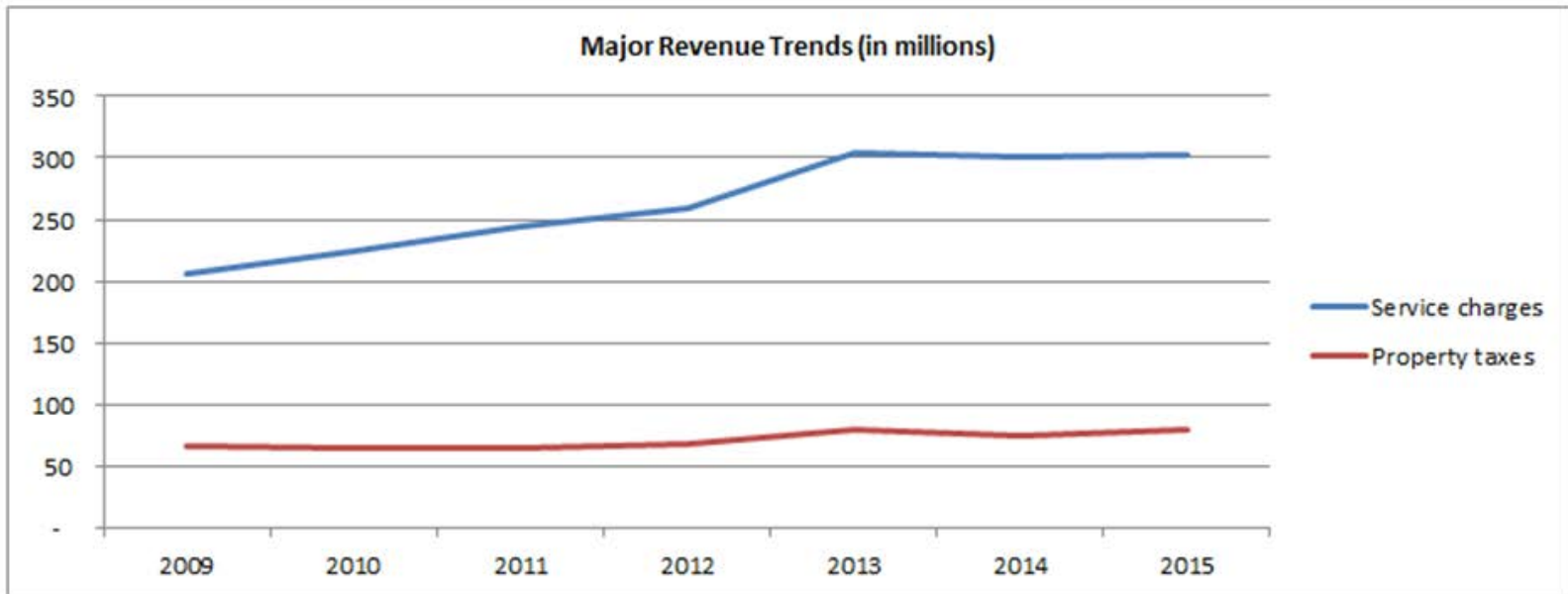
Key Revenue Sources

- Service Charges were \$302million: user fees are ongoing by customers connected to the sewer system.
- Property taxes were \$80 million: dedicated for the payment of debt service.



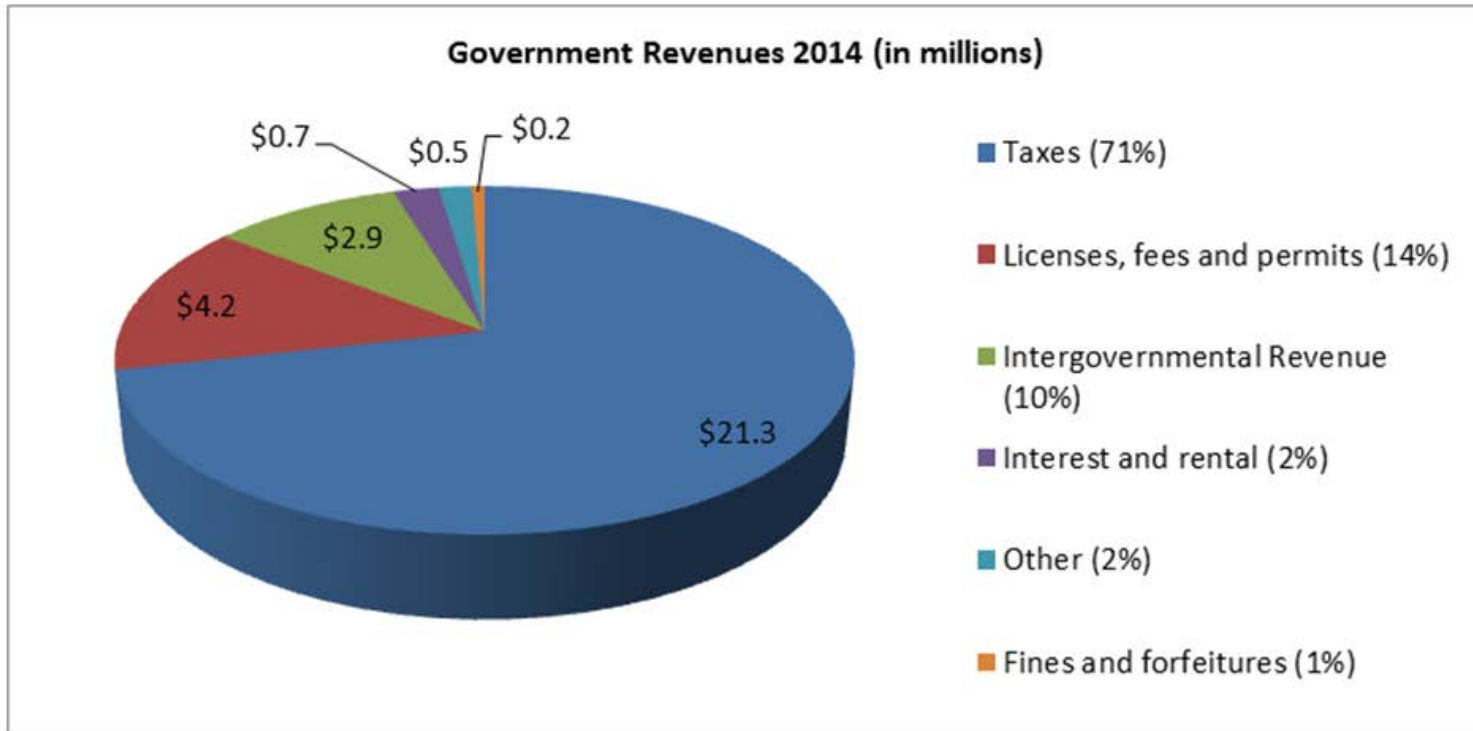


Orange County Sanitation District



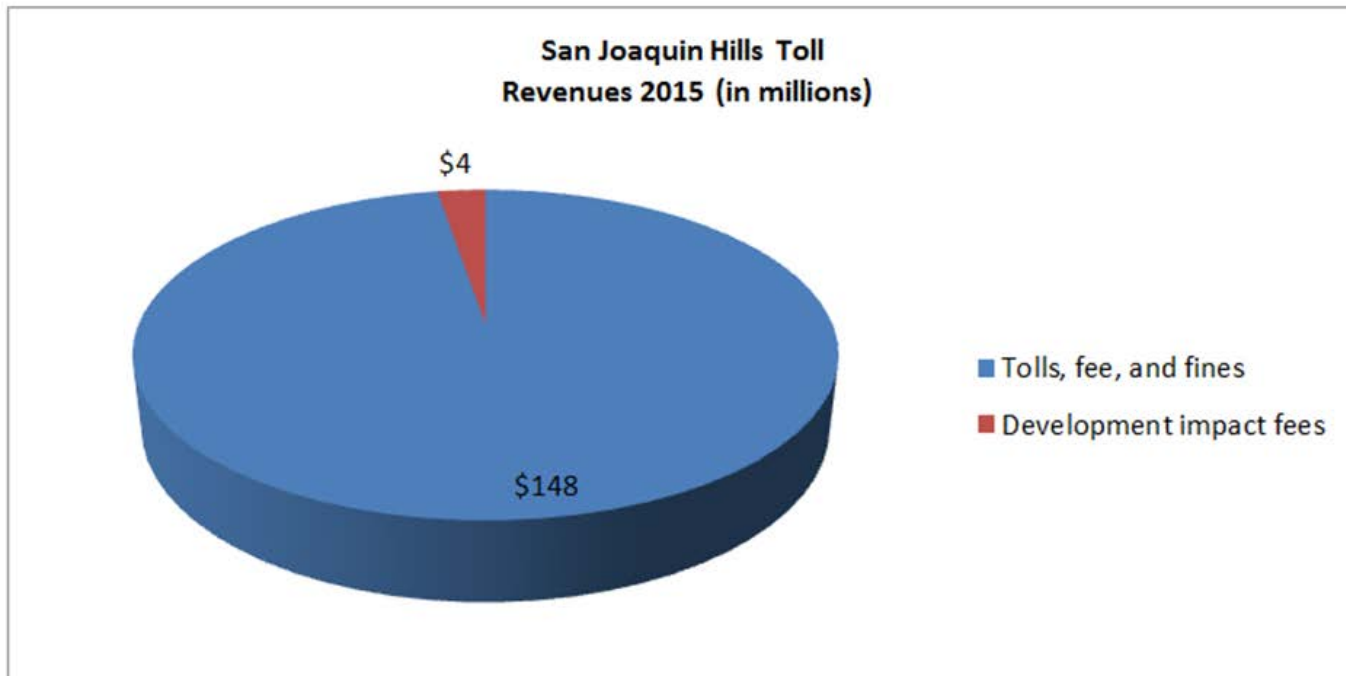
City of San Juan Capistrano

The City's **governmental revenues** were \$30 million for the year ending June 30, 2014.
(There was an additional \$20 million in service fee income)



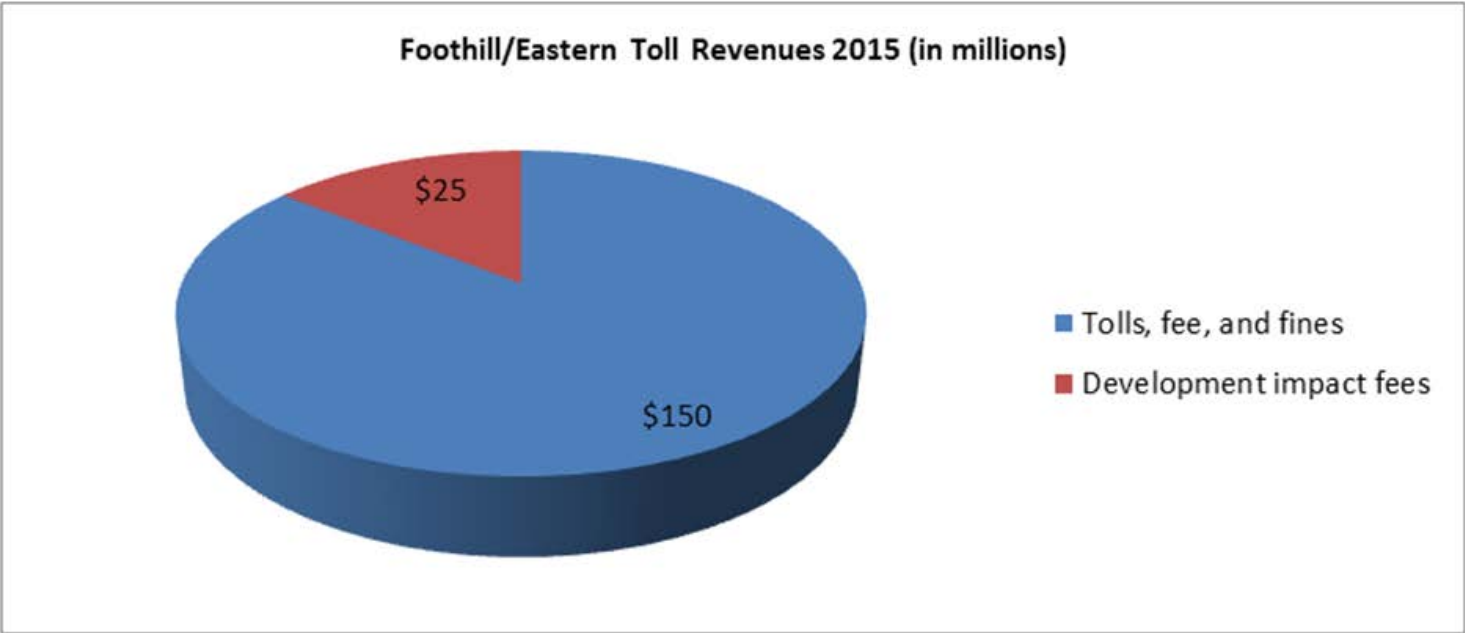
San Joaquin Hills Transportation Corridor Agency

- **Tolls, fees, and fines** of \$148 million.
- **Development impact fees** of \$4 million are fees charged for new residential units and new commercial square footage developed in certain cities that surround and benefit from the Toll Roads. The cities collect these fees from property developers and remit them directly to the Toll Roads.



Foothill/Eastern Transportation Corridor Agency

- **Tolls, fees, and fines** of \$150 million.
- **Development impact fees** of \$25 million are fees charged for new residential units and new commercial square footage developed in certain cities that surround and benefit from the Toll Roads. The cities collect these fees from property developers and remit them directly to the Toll Roads.



OCERS

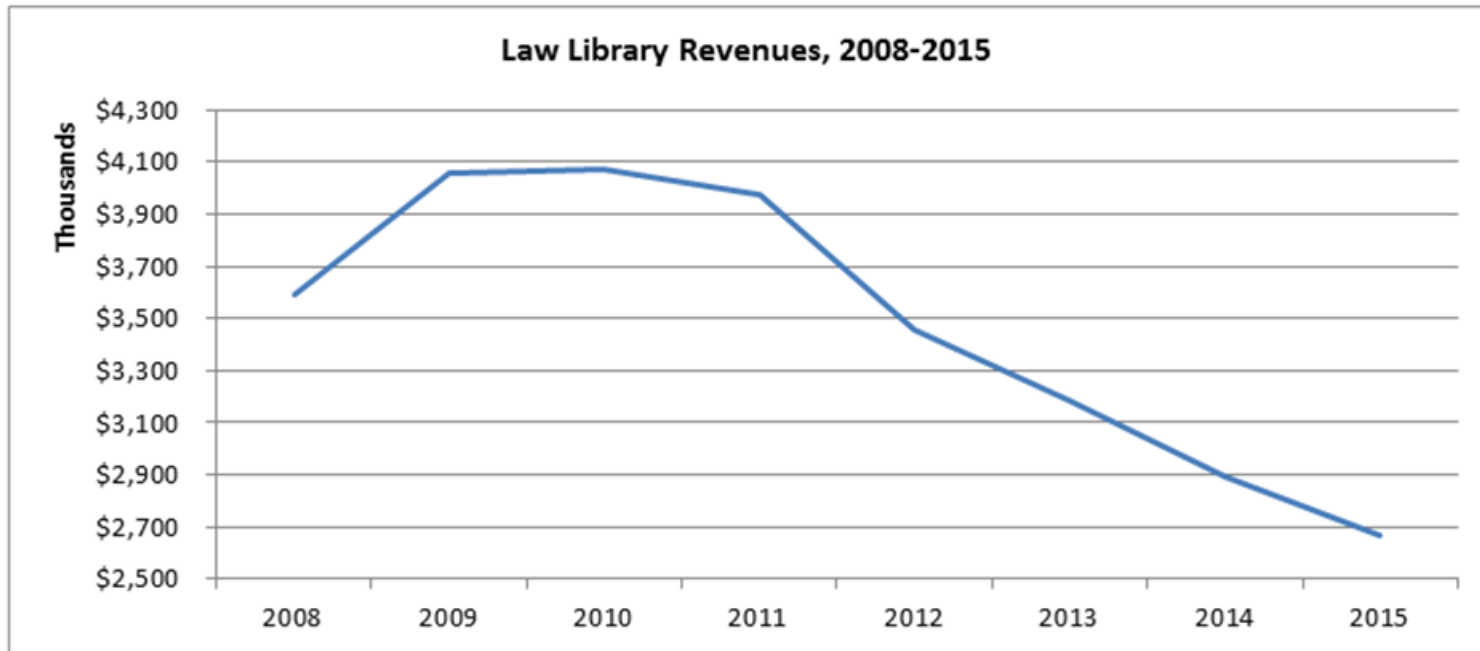
- OCERS, as a plan sponsor, contributed \$2.6 million to OCERS' plan in 2014. It has 66 active members as of December 31, 2014. The Unfunded Actuarially Accrued Liability of OCERS as a plan sponsor was \$21 million as of December 2014.
- As permitted by Government Code section 31580.2, administrative expenses, which include contributions to the OCERS' retirement plan, are charged directly against the earnings of the OCERS' pension trust fund.



Active Members: 17
Contributions: \$500k

Orange County Public Law Library

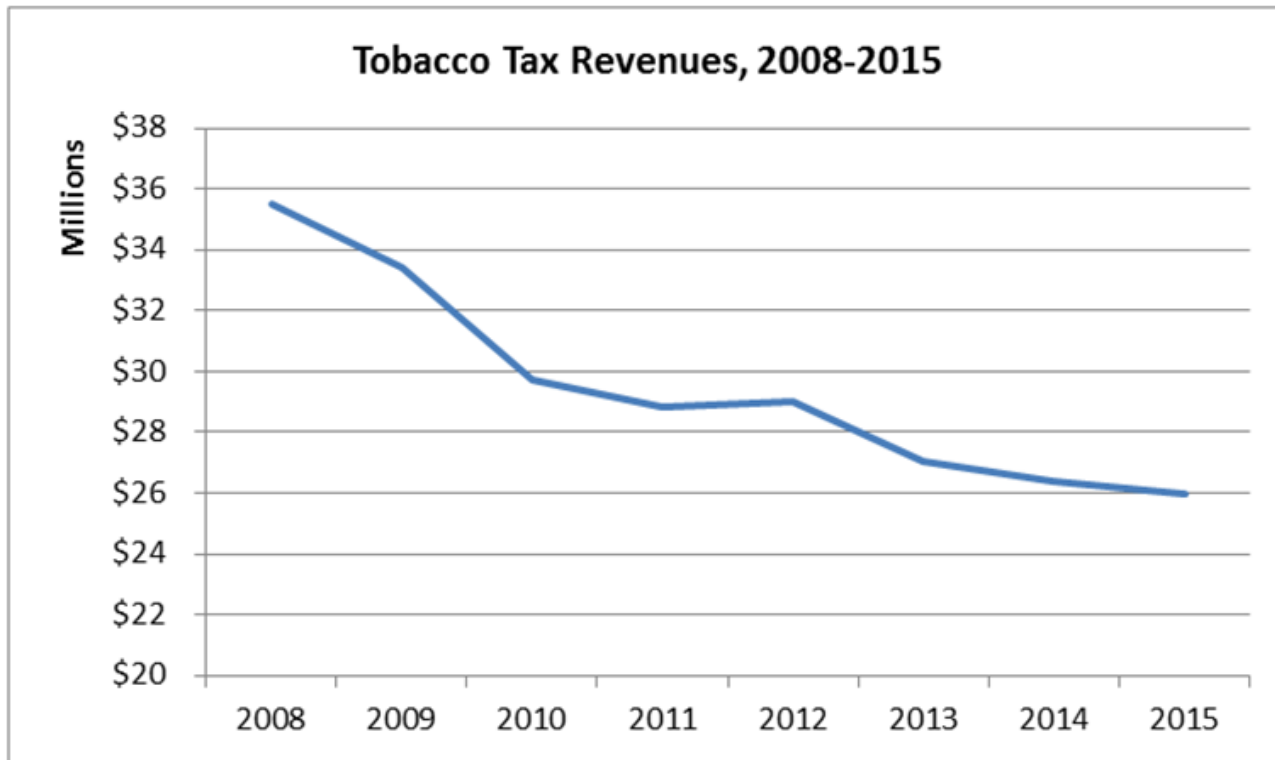
- **Court Filing Fees** of \$2.6 million - a filing fee paid for every civil action filed in OC Superior Court.
- The filing fee of \$35 (\$2 for small claims cases) is set statutorily by California and this rate has been stable for several years.
- Revenues have declined since 2010 from \$4.1 million because civil actions filed have declined.





Children & Families Commission

- **Tobacco Tax revenues** of \$26 million.
- **Federal and State Grants** of \$3 million - for children's programs.

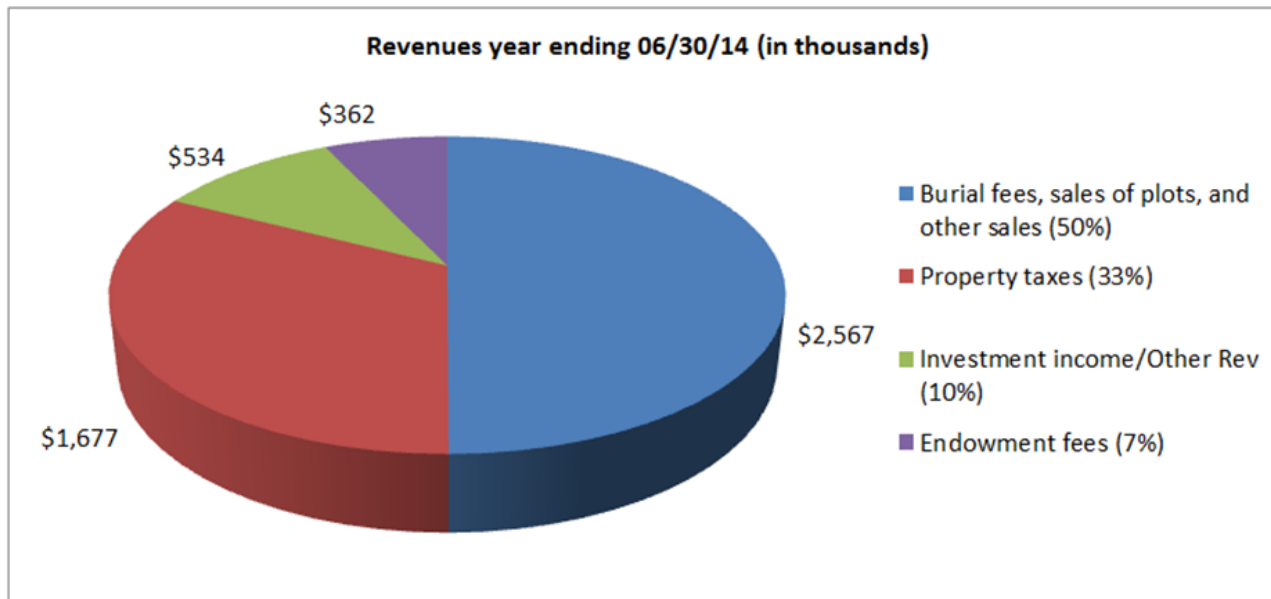




Active Members: 21
Contributions: \$299 k

OC Cemetery District

- In early 2014, became the first plan sponsor to pay off its entire UAAL of \$1.7 million.
- **Revenues of \$5 million**
 - **Burial fees, sales of plots** of \$2.6 million - general burial and cremation costs meant to help recover costs, keeping in line with price inflation and the district's expected share of property tax revenues.
 - **Property taxes revenues** of \$1.7 million - allocated to the district its minor share of County property tax revenues. To help keep costs lower, non-county residents must pay an extra fee to be buried at a district cemetery.



In-Home Support Services

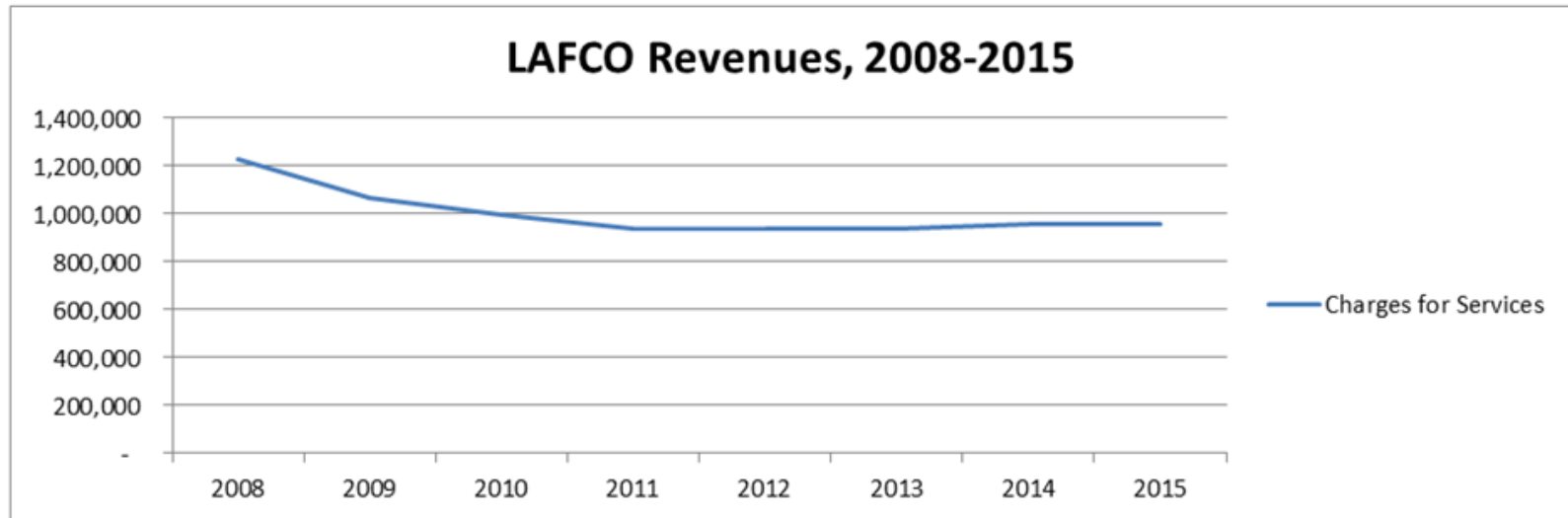
- The Orange County In-Home Supportive Services Public Authority contributed approximately \$0.2 million to OCERS' plan in 2014. It has 20 active members as of 2014 year-end.
- Its net pension liability was \$0.7 million as of June 2015.
- The financial statements of Orange County In-Home Supportive Services Public Authority are blended with other government fund units in the CAFR for the County of Orange.



Active Members: 3
Contributions: \$100 k

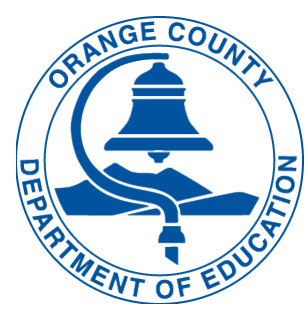
Local Agency Formation Commission

- The LAFCO contributed approximately \$0.1 million, of OCERS' contributions in 2014. It had three active members as of 2014 year end. LAFCO's net pension liability was \$1.3 million as of June 2015.



UCI Medical Center

- Plan closed prior to 1993.
- Average member years of service is 39 years.
- UCI & OC evenly split employer contributions.



Department of Education

- No Active members.
- Last active member retired in 2013.



Active Members: 0

Vector Control

- No Active members.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 9, 2016

Agenda Item No. 4A
Discussion Calendar

Monthly Investment Reports

Contact(s) for Further Information

Tricia Jakubiak, Treasurer Treasury & Financial Planning	triciajakubiak@ocfa.org	714.573.6301
Jane Wong, Assistant Treasurer	jane Wong@ocfa.org	714.573.6305

Summary

This agenda item is a routine transmittal of the monthly investment reports submitted to the Committee in compliance with the investment policy of the Orange County Fire Authority and with Government Code Section 53646.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of March 24, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Attached is the final monthly investment report for the month ending January 31, 2016. A preliminary investment report as of February 19, 2016, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – January 2016/Preliminary Report – February 2016

Orange County Fire Authority Monthly Investment Report



Final Report – January 2016

Preliminary Report – February 2016



Monthly Investment Report Table of Contents

<i>Final Investment Report – January 31, 2016</i>	<i>1</i>
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<i>Benchmark Comparison.....</i>	<i>3</i>
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Orange County Fire Authority

Final Investment Report

January 31, 2016



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of January 2016, the size of the portfolio decreased significantly by \$31.7 million to \$176.5 million. Significant receipts for the month included various apportionments of property taxes and pass-through taxes, intergovernmental contract and grant payments, a cash contract payment and other charges for current services totaling \$14.4 million. Significant disbursements for the month included two biweekly payrolls, which were approximately \$10.0 million each with related benefits. Significant disbursements also included a payment to OCERS in the amount of \$25 million for the prepayment of the retirement cost for fiscal year 2016/17. Total January cash outflows for operating expenditures including the prepayment to OCERS amounted to approximately \$47.0 million. The portfolio's balance is expected to decrease further in the following month as there are no major receipts scheduled for February.

In January, the portfolio's yield to maturity (365-day equivalent) increased by 9 basis points to 0.58% while the effective rate of return rose by 12 basis points to 0.52% for the month and by 3 basis points to 0.38% for the fiscal year-to-date. The average maturity of the portfolio lengthened by 62 days to 227 days to maturity.

Economic News

U.S. economic activity was mixed and appeared to pull back slightly in January 2016. Employment conditions were weaker with only 151,000 new jobs created for the month while a higher number had been expected. The unemployment rate, on the other hand, improved declining to 4.9% from 5.0% previously. Retail sales increased modestly in January despite mixed consumer confidence and volatile stock markets. Manufacturing activity improved slightly while the non-manufacturing activity decreased in January. The CPI (Consumer Price Index) remained unchanged and oil prices remained low. Housing activity was mixed in January. Existing home sales increased; however, new home sales dropped more than expected for the month. As the markets throughout the world continue to react to volatile and low oil prices and their effects on the respective economies, recent expectations are that the Fed will likely pause and keep interest rates on hold for now. Talks of a possible recession have also been noted by some economists.



BENCHMARK COMPARISON AS OF JANUARY 31, 2016

<i>3 Month T-Bill:</i> 0.26%	<i>1 Year T-Bill:</i> 0.54%
<i>6 Month T-Bill:</i> 0.43%	<i>LAIF:</i> 0.45%
<i>OCFA Portfolio:</i> 0.52%	

PORTFOLIO SIZE, YIELD, & DURATION

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>Prior Year</i></u>
<i>Book Value-</i>	\$176,489,384	\$208,214,408	\$170,300,354
<i>Yield to Maturity (365 day)</i>	0.58%	0.49%	0.27%
<i>Effective Rate of Return</i>	0.52%	0.40%	0.24%
<i>Days to Maturity</i>	227	165	148



**ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
January 31, 2016**

Orange County Fire Authority
1 Fire Authority Road
Irvine, Irvine, CA 92602
(714)573-6301

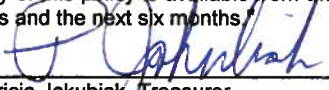
(See Note 1 on page 9)

(See Note 2 on page 9)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	7,138,134.05	7,138,134.05	7,138,134.05	4.05	1	1	0.001	0.001
Federal Agency Coupon Securities	38,000,000.00	38,024,270.00	37,983,756.73	21.57	1,020	861	1.097	1.112
Federal Agency Disc. -Amortizing	71,000,000.00	70,938,890.00	70,924,498.75	40.27	131	81	0.436	0.442
Treasury Coupon Securities	10,000,000.00	10,041,900.00	10,039,829.23	5.70	195	150	0.523	0.530
Local Agency Investment Funds	50,046,284.49	50,005,595.01	50,046,284.49	28.41	1	1	0.440	0.446
Investments	176,184,418.54	176,148,789.06	176,132,503.25	100.00%	284	227	0.567	0.575
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	367,983.15	367,983.15	367,983.15		1	1	0.000	0.000
Accrued Interest at Purchase		8,333.33	8,333.33					
Subtotal		376,316.48	376,316.48					
Total Cash and Investments	176,552,401.69	176,525,105.54	176,508,819.73		284	227	0.567	0.575

Total Earnings	January 31 Month Ending	Fiscal Year To Date
Current Year	85,438.02	372,659.52
Average Daily Balance	194,588,034.29	168,653,594.58
Effective Rate of Return	0.52%	0.38%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2015. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

 2/5/16
Patricia Jakubiak, Treasurer

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 176,508,819.73
GASB 31 Adjustment to Books (See Note 3 on page 9)	\$ (19,436.11)
Total	\$ 176,489,383.62

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ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
January 31, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	(See Note 1 on page 9)		(See Note 2 on page 9)		YTM/C 365	Days to Maturity	Maturity Date
					Par Value	Market Value	Book Value	Stated Rate			
Money Mkt Mutual Funds/Cash											
SYS528	528	High Mark 100% US Treasury MMF			7,138,134.05	7,138,134.05	7,138,134.05	0.001	0.001	1	
		Subtotal and Average	9,107,484.52		7,138,134.05	7,138,134.05	7,138,134.05		0.001	1	
Federal Agency Coupon Securities											
3133EEA75	861	Federal Farm Credit Bank		04/23/2015	9,000,000.00	9,000,450.00	9,000,000.00	0.990	0.998	721	01/22/2018
3133EFJP3	869	Federal Farm Credit Bank(Callable anytime)		10/15/2015	10,000,000.00	10,000,000.00	10,000,000.00	1.100	1.054	987	10/15/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	9,023,220.00	9,000,000.00	1.100	1.065	781	03/23/2018
3134G84A4	878	Fed Home Loan Mtg Corp(Callable 2-24-16)		12/18/2015	10,000,000.00	10,000,600.00	9,983,756.73	1.250	1.315	935	08/24/2018
		Subtotal and Average	37,983,950.11		38,000,000.00	38,024,270.00	37,983,756.73		1.112	861	
Federal Agency Disc. -Amortizing											
313396WM1	880	Freddie Mac		12/18/2015	9,000,000.00	8,990,460.00	8,988,125.00	0.500	0.515	95	05/06/2016
313396XB4	881	Freddie Mac		12/18/2015	9,000,000.00	8,989,020.00	8,986,102.50	0.510	0.525	109	05/20/2016
313396XR9	882	Freddie Mac		12/18/2015	9,000,000.00	8,987,400.00	8,984,010.00	0.520	0.536	123	06/03/2016
313396YF4	883	Freddie Mac		12/18/2015	9,000,000.00	8,985,960.00	8,982,018.75	0.525	0.541	137	06/17/2016
313384SZ3	874	Fed Home Loan Bank		12/03/2015	9,000,000.00	8,999,280.00	8,999,257.50	0.270	0.278	11	02/12/2016
313384US6	875	Fed Home Loan Bank		12/03/2015	9,000,000.00	8,996,130.00	8,995,905.00	0.315	0.324	52	03/24/2016
313384UD9	876	Fed Home Loan Bank		12/08/2015	9,000,000.00	8,997,120.00	8,996,100.00	0.400	0.412	39	03/11/2016
313384VX4	879	Fed Home Loan Bank		12/18/2015	8,000,000.00	7,993,520.00	7,992,980.00	0.390	0.401	81	04/22/2016
		Subtotal and Average	87,427,405.69		71,000,000.00	70,938,890.00	70,924,498.75		0.442	81	
Treasury Coupon Securities											
912828QR4	877	Treasury Note		12/18/2015	10,000,000.00	10,041,900.00	10,039,829.23	1.500	0.530	150	06/30/2016
		Subtotal and Average	10,043,812.15		10,000,000.00	10,041,900.00	10,039,829.23		0.530	150	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			50,046,284.49	50,005,595.01	50,046,284.49	0.446	0.446	1	
		Subtotal and Average	50,025,381.82		50,046,284.49	50,005,595.01	50,046,284.49		0.446	1	
		Total and Average	194,588,034.29		176,184,418.54	176,148,789.06	176,132,503.25		0.575	227	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
January 31, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2015	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2015	347,983.15	347,983.15	347,983.15		0.000	1
		Average Balance	0.00	Accrued Interest at Purchase		8,333.33	8,333.33			1
				Subtotal		376,316.48	376,316.48			
		Total Cash and Investments	194,588,034.29		176,552,401.69	176,525,105.54	176,508,819.73		0.575	227

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of February 1, 2016

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, Irvine, CA 92602
 (714)573-6301

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(02/01/2016 - 02/01/2016)	4 Maturities	0 Payments	57,552,401.69	32.61%	57,552,401.69	57,511,712.21
Aging Interval:	1 - 30 days	(02/02/2016 - 03/02/2016)	1 Maturities	0 Payments	9,000,000.00	5.10%	8,999,257.50	8,999,280.00
Aging Interval:	31 - 60 days	(03/03/2016 - 04/01/2016)	2 Maturities	0 Payments	18,000,000.00	10.19%	17,992,005.00	17,993,250.00
Aging Interval:	61 - 91 days	(04/02/2016 - 05/02/2016)	1 Maturities	0 Payments	8,000,000.00	4.53%	7,992,980.00	7,993,520.00
Aging Interval:	92 - 121 days	(05/03/2016 - 06/01/2016)	2 Maturities	0 Payments	18,000,000.00	10.18%	17,974,227.50	17,979,480.00
Aging Interval:	122 - 152 days	(06/02/2016 - 07/02/2016)	3 Maturities	0 Payments	28,000,000.00	15.87%	28,005,857.98	28,015,260.00
Aging Interval:	153 - 183 days	(07/03/2016 - 08/02/2016)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	(08/03/2016 - 11/01/2016)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	(11/02/2016 - 01/31/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	(02/01/2017 - 01/31/2019)	4 Maturities	0 Payments	38,000,000.00	21.52%	37,983,756.73	38,024,270.00
Aging Interval:	1096 days and after	(02/01/2019 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
			Total for	17 Investments	0 Payments	100.00	176,500,486.40	176,516,772.21



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank (formerly Union Bank) Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2015 includes an increase of \$18,799 to the LAIF investment and a decrease of (\$38,235) to the remaining investments.
- Note 4: The Highmark money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



Local Agency Investment Fund (LAIF)

As of January 31, 2016, OCFA has \$50,046,284 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of December 31, 2015 is 0.999186963. When applied to OCFA's LAIF investment, the fair value is \$50,005,595 or \$40,689 below cost. Although the fair value of the LAIF investment is lower than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at January 31, 2016 is included on the following page.



Orange County Fire Authority

Preliminary Investment Report

February 19, 2016



**ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
February 19, 2016**

Orange County Fire Authority
1 Fire Authority Road
Irvine, Irvine, CA 92602
(714)573-6301

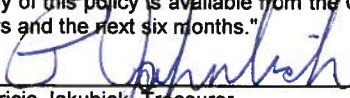
(See Note 1 on page 18)

(See Note 2 on page 18)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	8,021,236.43	8,021,236.43	8,021,236.43	4.77	1	1	0.001	0.001
Federal Agency Coupon Securities	38,000,000.00	38,001,120.00	37,984,091.10	22.61	1,020	842	1.097	1.112
Federal Agency Disc. -Amortizing	62,000,000.00	61,958,050.00	61,940,045.42	36.86	140	72	0.460	0.466
Treasury Coupon Securities	10,000,000.00	10,037,600.00	10,034,784.19	5.97	195	131	0.523	0.530
Local Agency Investment Funds	50,046,284.49	50,005,595.01	50,046,284.49	29.78	1	1	0.440	0.446
Investments	168,067,520.92	168,023,601.44	168,026,441.63	100.00%	294	225	0.580	0.588
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	1,388,422.41	1,388,422.41	1,388,422.41		1	1	0.000	0.000
Accrued Interest at Purchase		8,333.33	8,333.33					
Subtotal		1,396,755.74	1,396,755.74					
Total Cash and Investments	169,455,943.33	169,420,357.18	169,423,197.37		294	225	0.580	0.588

Total Earnings	February 19 Month Ending	Fiscal Year To Date
Current Year	52,618.34	425,277.86
Average Daily Balance	172,972,325.37	169,004,260.76
Effective Rate of Return	0.58%	0.39%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2015. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."


 Patricia Jakubiak, Treasurer 2/26/16

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 169,423,197.37
GASB 31 Adjustment to Books (See Note 3 on page 18)	\$ (19,436.11)
Total	\$ 169,403,761.26

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ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
February 19, 2016

(See Note 1 on page 18) (See Note 2 on page 18)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	High Mark 100% US Treasury MMF			8,021,236.43	8,021,236.43	8,021,236.43	0.001	0.001	1	
Subtotal and Average			7,761,570.38		8,021,236.43	8,021,236.43	8,021,236.43		0.001	1	
Federal Agency Coupon Securities											
3133EEA75	861	Federal Farm Credit Bank		04/23/2015	9,000,000.00	9,000,360.00	9,000,000.00	0.990	0.998	702	01/22/2018
3133EFJP3	869	Federal Farm Credit Bank(Callable anytime)		10/15/2015	10,000,000.00	9,973,300.00	10,000,000.00	1.100	1.054	968	10/15/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	9,027,360.00	9,000,000.00	1.100	1.065	762	03/23/2018
3134G84A4	878	Fed Home Loan Mtg Corp (Callable 2-24-16)		12/18/2015	10,000,000.00	10,000,100.00	9,984,091.10	1.250	1.315	916	08/24/2018
Subtotal and Average			37,983,932.71		38,000,000.00	38,001,120.00	37,984,091.10		1.112	842	
Federal Agency Disc. -Amortizing											
313396WM1	880	Freddie Mac		12/18/2015	9,000,000.00	8,993,520.00	8,990,500.00	0.500	0.515	76	05/06/2016
313396XB4	881	Freddie Mac		12/18/2015	9,000,000.00	8,992,260.00	8,988,525.00	0.510	0.525	90	05/20/2016
313396XR9	882	Freddie Mac		12/18/2015	9,000,000.00	8,990,730.00	8,986,480.00	0.520	0.536	104	06/03/2016
313396YF4	883	Freddie Mac		12/18/2015	9,000,000.00	8,989,380.00	8,984,512.50	0.525	0.541	118	06/17/2016
313384US6	875	Fed Home Loan Bank		12/03/2015	9,000,000.00	8,997,750.00	8,997,401.25	0.315	0.324	33	03/24/2016
313384UD9	876	Fed Home Loan Bank		12/08/2015	9,000,000.00	8,998,650.00	8,998,000.00	0.400	0.412	20	03/11/2016
313384VX4	879	Fed Home Loan Bank		12/18/2015	8,000,000.00	7,995,760.00	7,994,626.67	0.390	0.401	62	04/22/2016
Subtotal and Average			67,143,363.84		62,000,000.00	61,958,050.00	61,940,046.42		0.466	72	
Treasury Coupon Securities											
912828QR4	877	Treasury Note		12/18/2015	10,000,000.00	10,037,600.00	10,034,784.19	1.500	0.530	131	06/30/2016
Subtotal and Average			10,037,173.95		10,000,000.00	10,037,600.00	10,034,784.19		0.530	131	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			50,046,284.49	50,005,595.01	50,046,284.49	0.446	0.446	1	
Subtotal and Average			50,046,284.49		50,046,284.49	50,005,595.01	50,046,284.49		0.446	1	
Total and Average			172,972,325.37		168,067,520.92	168,023,601.44	168,026,441.63		0.588	225	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
February 19, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2015	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2015	1,368,422.41	1,368,422.41	1,368,422.41		0.000	1
		Average Balance	0.00	Accrued Interest at Purchase		8,333.33	8,333.33			1
				Subtotal		1,396,755.74	1,396,755.74			
		Total Cash and Investments	172,972,325.37		169,455,943.33	169,420,357.18	169,423,197.37		0.588	225

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of February 20, 2016

Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value		
Aging Interval:	0 days	(02/20/2016 - 02/20/2016)	4 Maturities	0 Payments	59,455,943.33	35.09%	59,455,943.33	59,415,253.85	
Aging Interval:	1 - 30 days	(02/21/2016 - 03/21/2016)	1 Maturities	0 Payments	9,000,000.00	5.31%	8,998,000.00	8,998,650.00	
Aging Interval:	31 - 60 days	(03/22/2016 - 04/20/2016)	1 Maturities	0 Payments	9,000,000.00	5.31%	8,997,401.25	8,997,750.00	
Aging Interval:	61 - 91 days	(04/21/2016 - 05/21/2016)	3 Maturities	0 Payments	26,000,000.00	15.33%	25,973,851.67	25,981,540.00	
Aging Interval:	92 - 121 days	(05/22/2016 - 06/20/2016)	2 Maturities	0 Payments	18,000,000.00	10.61%	17,970,992.50	17,980,110.00	
Aging Interval:	122 - 152 days	(06/21/2016 - 07/21/2016)	1 Maturities	0 Payments	10,000,000.00	5.92%	10,034,784.19	10,037,600.00	
Aging Interval:	153 - 183 days	(07/22/2016 - 08/21/2016)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00	
Aging Interval:	184 - 274 days	(08/22/2016 - 11/20/2016)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00	
Aging Interval:	275 - 365 days	(11/21/2016 - 02/19/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00	
Aging Interval:	366 - 1095 days	(02/20/2017 - 02/19/2019)	4 Maturities	0 Payments	38,000,000.00	22.42%	37,984,091.10	38,001,120.00	
Aging Interval:	1096 days and after	(02/20/2019 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00	
			Total for	16 Investments	0 Payments		100.00	169,414,864.04	169,412,023.85



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2015 includes an increase of \$18,799 to the LAIF investment and a decrease of (\$38,235) to the remaining investments.
- Note 4: The Highmark money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.

GLOSSARY

INVESTMENT TERMS

Basis Point. Measure used in quoting yields on bonds and notes. One basis point is .01% of yield.

Book Value. This value may be the original cost of acquisition of the security, or original cost adjusted by the amortization of a premium or accretion of a discount. The book value may differ significantly from the security's current value in the market.

Commercial Paper. Unsecured short-term promissory notes issued by corporations, with maturities ranging from 2 to 270 days; may be sold on a discount basis or may bear interest.

Coupon Rate. Interest rate, expressed as a percentage of par or face value, that issuer promises to pay over lifetime of debt security.

Discount. The amount by which a bond sells under its par (face) value.

Discount Securities. Securities that do not pay periodic interest. Investors earn the difference between the discount issue price and the full face value paid at maturity. Treasury bills, bankers' acceptances and most commercial paper are issued at a discount.

Effective Rate of Return. Rate of return on a security, based on its purchase price, coupon rate, maturity date, and the period between interest payments.

Federal Agency Securities. Securities issued by agencies such as the Federal National Mortgage Association and the Federal Farm Credit Bank. Though not general obligations of the US Treasury, such securities are sponsored by the government and therefore have high credit ratings. Some are issued on a discount basis and some are issued with coupons.

Federal Funds. Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed Funds are considered to be immediately available funds.

Fed Funds Rate. The interest rate charged by one institution lending federal funds to another.

Federal Open Market Committee. The branch of the Federal Reserve Board that determines the direction of monetary policy.

Local Agency Investment Fund (LAIF). A California State Treasury fund which local agencies may use to deposit funds for investment and for reinvestment with a maximum of \$50 million for any agency (*excluding bond funds, which have no maximum*). It offers high liquidity because

deposits can be converted to cash in 24 hours and no interest is lost. Interest is paid quarterly and the State's administrative fee cannot to exceed 1/4 of a percent of the earnings.

Market value. The price at which the security is trading and could presumably be purchased or sold.

Maturity Date. The specified day on which the issuer of a debt security is obligated to repay the principal amount or face value of security.

Money Market Mutual Fund. Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repurchase agreements and federal funds).

Par. Face value or principal value of a bond typically \$1,000 per bond.

Rate of Return. The amount of income received from an investment, expressed as a percentage. A *market rate of return* is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

Treasury Bills. Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes. Intermediate U.S. government debt securities with maturities of one to 10 years.

Treasury bonds. Long-term U.S. government debt securities with maturities of 10 years or longer.

Yield. Rate of return on a bond.

Yield-to-maturity. Rate of return on a bond taking into account the total annual interest payments, the purchase price, the redemption value and the amount of time remaining until maturity.

ECONOMIC TERMS

Conference Board Consumer Confidence Index A survey that measures how optimistic or pessimistic consumers are with respect to the economy in the near future.

Consumer Price Index (CPI). A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. Changes in CPI are used to assess price changes associated with the cost of living.

Durable Goods Orders. An economic indicator released monthly that reflects new orders placed with domestic manufacturers for delivery of factory durable goods such as autos and appliances in the near term or future.

Gross Domestic Product. The monetary value of all the finished goods and services produced within a country's borders in a specific time period. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

Industrial Production. An economic indicator that is released monthly by the Federal Reserve Board. The indicator measures the amount of output from the manufacturing, mining, electric and gas industries.

ISM Institute for Supply Management (ISM) Manufacturing Index. A monthly index that monitors employment, production inventories, new orders and supplier deliveries.

ISM Non-manufacturing Index. An index based on surveys of non-manufacturing firms' purchasing and supply executives. It tracks economic data for the service sector.

Leading Economic Index. A monthly index used to predict the direction of the economy's movements in the months to come. The index is made up of 10 economic components, whose changes tend to precede changes in the overall economy.

National Federation of Independent Business Small Business Optimism Index. An index based on surveys of small business owners' plans and expectations regarding employment, capital, inventories, economic improvement, credit conditions, expansion, and earnings trends in the near term or future.

Producer Price Index. An index that measures the average change over time in the selling prices received by domestic producers for their output.

University of Michigan Consumer Sentiment Index. An index that measures the overall health of the economy as determined by consumer opinion. It takes into account an individual's feelings toward his or her own current financial health, the health of the economy in the short term and the prospects for longer term economic growth.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 9, 2016

Agenda Item No. 4B
Discussion Calendar

Proposed New Purchasing Ordinance – Introduction

Contact(s) for Further Information

Lori Zeller, Assistant Chief Business Services Department	lorizeller@ocfa.org	714.573.6020
Debbie Casper, Purchasing Manager	debbiecasper@ocfa.org	714.573.6641

Summary

This item is submitted to the Budget and Finance Committee for consideration to adopt a more comprehensive Procurement Ordinance to govern the Orange County Fire Authority procurement functions, and to discuss modifications to the Roles, Responsibilities, and Authorities Matrix for various procurements.

Prior Board/Committee Action

Ordinance No. 006 and No. 007 were adopted on April 23, 2009, and the purchasing portions of the Roles, Responsibilities, and Authorities Matrix was last updated in February 2015. At the November 3, 2015, Human Resources Committee meeting, Director Hatch inquired about the feasibility of delegating more responsibility from the Board of Directors to administration to enable management to award higher dollar purchasing contracts without requiring Board approval. Director Hatch requested staff to develop recommendations for further discussion with the Budget and Finance Committee.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of April 28, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Introduce proposed Ordinance entitled AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY FIRE AUTHORITY REPEALING ORDINANCE NO. 006 AND ORDINANCE NO. 007 AND ESTABLISHING THE PURCHASING RULES AND PROCEDURES OF THE ORANGE COUNTY FIRE AUTHORITY establishing a comprehensive procurement ordinance based on the American Bar Association Model Procurement Code.
2. Approve the proposed Resolution Amending the OCFA Roles, Responsibilities, and Authorities Matrix.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

See attached extended background.

Attachment(s)

1. Ordinance No. 006 (current) Establishing Informal Bidding Procedures
2. Ordinance No. 007 (current) Establishing Purchasing Rules and Regulations
3. Proposed Ordinance Establishing a Comprehensive Procurement Ordinance based on the Model Procurement Code
4. Purchasing Authorities Comparison Chart
5. Proposed Resolution Adopting the Roles, Responsibilities, and Authorities for the OCFA

Background

The Orange County Fire Authority's purchasing ordinances and guidelines were originally established in 1995 and 1996 when OCFA had just formed and the organization was in the early stages of developing fiscal controls. The existing ordinances provide for centralized procurement functions and were subsequently updated in 2003, and again in 2009, to provide for updates allowing for electronic processes, increase informal bid limits, and to refine outdated or redundant language.

No substantial changes were made to either of the ordinances since their inception. As a result, the requirements that govern our procurement practices today are substantially the same as they were when they were adopted. The purpose of the new ordinance is to simplify, clarify, centralize, and modernize the requirements governing the procurement functions of the OCFA.

Based on a review of best practices in public procurement, staff is recommending a new comprehensive procurement ordinance or code based on the American Bar Association (ABA) Model Procurement Code. The ABA Model Procurement Code (MPC) was initially developed and adopted in 1979 and updated in 2000. The MPC is identified as the most recognized regulatory model for state and local government in the country. Due to its longevity and exposure to countless procurement challenges, the MPC provides the best standard. The MPC has been adopted in part and in whole by thousands of local jurisdictions across the United States.

The structure provides a flexible framework that promotes transparency, fairness, competition, and reliable processes for government agencies that have adopted the code. Ordinance No. 008 is structured into twelve articles providing policies, legal remedies and ethical considerations as summarized below. Articles 1 through 10 cover basic policies for the procurement of supplies, services and construction; disposal of supplies; and legal remedies. Article 11 is reserved for any new/additional policies that OCFA may elect to become subject to in the future and Article 12 establishes ethical standards for procurement staff.

The MPC provides a guide for addressing common procurement related concerns. Current OCFA Ordinance Nos. 006 and 007 are missing some key components typically found in government procurement regulations such as, authorization for best value procurements (request for proposals), protest provisions and authorization for cooperative purchasing. Need for further direction on these elements was referenced in a 2013 Internal Control Review of Purchasing Practices, which referenced some of these concerns and suggested the adoption of a purchasing ordinance based on the MPC. Due to the comprehensive changes and combination of the two ordinances into one, it was not feasible to red-line the prior ordinances in the incorporation.

Research on Procurement Limits

The current Roles and Responsibilities matrix was updated on February 26, 2015. Staff has reviewed and compared the purchasing limits of larger agencies in county including: the County of Orange, Orange County Transit Authority (OCTA), Irvine Ranch Water District (IRWD), and the cities of Anaheim and Irvine. The comparison chart is provided in Attachment 4. The proposed changes in purchasing authority will put the OCFA thresholds in line with other regional agencies of like-size.

The recommended changes in the matrix will provide further clarification to OCFA staff and will allow for additional authority in an effort to streamline the purchasing process for the day to day purchasing needs. The Executive Committee would retain the authority to approve non-competitive contracts and those with significant value.

Revisions to the matrix include:

- Reference to the procurement ordinance
- Purchasing Manager and Fire Chief have been inserted in the Authority Management column where appropriate to provide better clarification of authority for internal staff
- Separate commodity from fixed asset, provide a new term (fixed price term contracts), and increase limits to \$250,000 (prior authority based on unit cost less than \$100,000)
- Allow amendment to fixed term contracts. Another change that was made, was the addition of contract amendment for the fixed price term contract
- Authorize the purchase of fixed assets that are approved within the budgeted amount
- Separate out maintenance and service contracts, provide authority to approve contracts with values less than \$100,000 annually or up to \$250,000 for a multi-year period so long as the contract doesn't exceed five years.
- Professional services contract amounts remain, more clarification is provided (competitively bid and three years).
- Clarification added to change orders and public works contracts
- Emergency public works is addressed providing the Fire Chief the authority to address the emergency.

The establishment of one ordinance that governs procurement will create a clear and consistent guide for staff, vendors doing business with OCFA, and the public. The structure of the ordinance will allow for future amendments as required without rescinding and replacing the entire ordinance. Staff recommends adoption of a new OCFA Procurement Code, the proposed ordinance, which is consistent with the ABA Model Procurement Code.

Revision to the Roles, Responsibilities, and Authorities Matrix will provide the OCFA staff with the tools needed to address the daily needs of the Fire Authority while providing the Executive Committee and the Board of Directors with oversight in the process.

OCFA legal counsel has authorized OCFA staff to place the consideration of the proposed purchasing ordinance, substantially in the form attached, on this month's Budget and Finance Committee's agenda; however, due to the detail and nature of the proposed ordinance, legal counsel will continue its in-depth review of the document. Should this review be completed prior to the deadline for the Board's next meeting, this item will be placed on the Board of Directors meeting of March 24, 2016.

ORDINANCE NO. 006

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY FIRE AUTHORITY REPEALING ORDINANCE NO. 002 AND ESTABLISHING INFORMAL BIDDING PROCEDURES UNDER THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT (SECTION 22000, ET SEQ, OF THE PUBLIC CONTRACT CODE)

RECITALS

A. WHEREAS, on February 22, 1996, the Orange County Fire Authority adopted OCFA Ordinance No. 002 establishing informal bidding procedures under the Uniform Public Construction Cost Accounting Act; and

B. WHEREAS, at the time of adoption of Ordinance 002, the UPCCAA authorized informal bidding procedures to be applied for construction contracts no greater than \$75,000, and accordingly, Ordinance 002 limited the application of informal bidding procedures to contracts no greater than \$75,000; and

C. WHEREAS, since the adoption of Ordinance 002, the UPCCAA has been amended to authorize public agencies to apply informal bidding procedures to larger construction contracts, with the limit presently set at \$125,000; and

D. WHEREAS, the Board of Directors wishes to replace the existing \$75,000 limitation established in Ordinance 002 with the maximum limit set forth in the UPCCAA, as that limitation may be amended from time to time, and to make related administrative changes in the procedures.

THEREFORE, the Board of Directors of the Orange County Fire Authority does hereby ordain as follows:

Section 1. Repeal of Ordinance No. 002; Replacement.

As of the effective date of this Ordinance, Ordinance No. 002 is hereby repealed and replaced, in its entirety, with the provisions of this Ordinance.

Section 2.0 Informal Bid Procedures

Public works projects, as defined by the Uniform Public Construction Cost Accounting Act, and in accordance with the limits listed in Section 22302 of the Public Contract Code, as those limits may be amended from time to time, may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Public Contract Code.

Section 2.1 Contractors List

A list of qualified contractors, identified according to categories of work, shall be developed and maintained by the Authority in accordance with the provisions of Section 22034 of the Public Contract Code and criteria established from time to time by the California Uniform Construction Cost Accounting Commission.

Section 2.2 Notice Inviting Informal Bids

Where a public works project is to be performed which is subject to the provisions of this Ordinance, a notice inviting informal bids shall be mailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section 2.1, or to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code, unless the product or service is proprietary. Additional contractors and/or construction trade journals may be notified at the discretion of the Authority. If there is no list of qualified contractors maintained by the Authority for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission.

Section 2.3 Mailing of Notices and Description of Project

All mailing of notices to contractors or construction trade journals pursuant to Section 2.2 shall be completed not less than 10 calendar days before bids are due. The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and state the time and place for the submission of bids.

Section 2.4 Bids in Excess of the Formal Limit

If all bids received are in excess of the formal limit then set forth in Section 22032, the Board may, by passage of a resolution by a 4/5ths vote, award the contract to the lowest responsible bidder, if the Board determines the cost estimate was reasonable and if the contract amount does not exceed the maximum amount then permissible set forth in Section 22034.

Section 2.5 Award of Contracts

Except as specified under Section 2.4, the Orange County Fire Authority Purchasing Manager is authorized to award informally bid contracts pursuant to provisions of this ordinance.

Section 3. Severability

If any section, subsection, subdivision, sentence, clause, or phrase of this Ordinance is for any reason held to be unconstitutional or otherwise invalid, such invalidity shall not affect the validity of the entire Ordinance or any of the remaining portions.

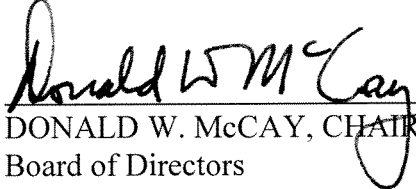
Section 4. Precedence

This Ordinance shall supercede the provisions of any previously adopted ordinance, resolution or policy inconsistent herewith.

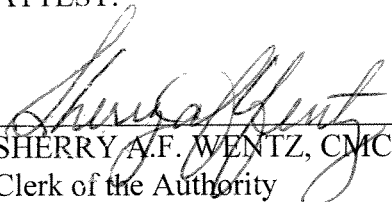
Section 5. Effective Date; Publication

This Ordinance shall take effect and be in force thirty (30) days after the date of its passage. Before the expiration of fifteen (15) days after its passage, it or a summary of it shall be published once, with the names of the members of the Board of Directors voting for and against the same in the Orange County Register, a newspaper of general circulation published in the County of Orange.

PASSED, APPROVED, AND ADOPTED this 23rd day of April 2009.


DONALD W. McCAY, CHAIR
Board of Directors

ATTEST:


SHERRY A.F. WENTZ, CMC
Clerk of the Authority

Orange County Fire Authority
Ordinance No. 006
Page 4

STATE OF CALIFORNIA }
COUNTY OF ORANGE } ss.
CITY OF ORANGE }

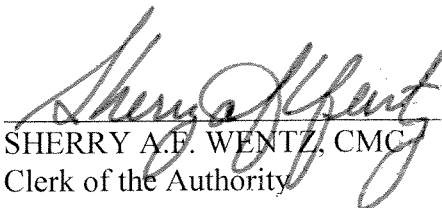
I, SHERRY A.F. WENTZ, Clerk of the Orange County Fire Authority, do hereby certify that the foregoing Ordinance No. 006 was duly introduced and placed upon its first reading at a regular meeting of the Orange County Fire Authority Board of Directors on the 26th day of March 2009, and that thereafter, said Ordinance was duly adopted and passed at an adjourned regular meeting of the Board of Directors of the Orange County Fire Authority held on the 23rd day of April 2009, by the following vote, to wit:

<p>AYES:</p> <p>Joe Aguirre, Alternate, Placentia Bill Campbell, County of Orange Dr. Steven S. Choi, Irvine Trish Kelley, Mission Viejo Janet Nguyen, County of Orange Brad Reese, Villa Park Martin Rhodes, Alternate, Laguna Woods Todd Seymore, Cypress David Sloan, Seal Beach Mark Tettermer, Lake Forest Steven Weinberg, Dana Point</p>	<p>Neil Blais, Rancho Santa Margarita Henry Charoen, La Palma Troy Edgar, Los Alamitos Don McCay, Buena Park Jim Palmer, Alternate, Tustin Nancy Rikel, Yorba Linda R. Craig Scott, Laguna Hills David Shawver, Stanton Tri Ta, Westminster Dr. Londres Uso, San Juan Capistrano</p>
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NOES: None

ABSTAIN: None

<p>ABSENT:</p> <p>Carmen Cave, Aliso Viejo Greg Sowards, Placentia Doug Davert, Tustin</p>	<p>Gary Capata, Laguna Niguel James Dahl, San Clemente</p>
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 SHERRY A.F. WENTZ, CMC
 Clerk of the Authority

ORDINANCE NO. 007

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY FIRE AUTHORITY REPEALING ORDINANCE NO. 005 AND ESTABLISHING THE PURCHASING RULES AND REGULATIONS OF THE FIRE AUTHORITY

RECITALS

A. WHEREAS, on January 16, 2003, the Orange County Fire Authority adopted OCFA Ordinance No. 005 establishing the Authority's purchasing rules and regulations of the Fire Authority. Ordinance No. 005 established the general guidelines for all purchasing activities (except Public Works projects) of the Fire Authority; and

B. WHEREAS, Ordinance No. 005 limited more expedited informal bidding processes to contracts of not greater than \$5,000, the same limits established when the Fire Authority was established in 1995; and

C. WHEREAS, revising the informal bid limit to \$10,000 will help keep pace with the escalating cost of goods and services, and will result in efficiency savings; and

D. WHEREAS, additional improvements in contracting efficiency for the Fire Authority and those contracting with it can be achieved by: changing the award criteria for emergency purchases from "quickest" to "most value-added"; providing an alternate Published Notice requirement to include posting on the OCFA website; allowing for a secure, web-based system to receive formal bids; allowing posting of bid tabulations on the OCFA website; and allowing for posting bid solicitations on the OCFA website.

THEREFORE, the Board of Directors of the Orange County Fire Authority does hereby ORDAIN:

Section 1. Repeal of Ordinance No. 005; Replacement:

As of the effective date of this Ordinance, Ordinance No. 005 is hereby repealed and replaced, in its entirety, with the provisions of this Ordinance.

Section 2. ADOPTION OF PURCHASING SYSTEM

In order to establish efficient procedures for the purchase of services, supplies and equipment; to secure for the Fire Authority supplies, equipment, services at the lowest possible cost commensurate with quality needed; to exercise positive financial control over purchases; to clearly define authority for the purchasing functions; to assure the quality of purchases; and to buy without favor or prejudice, a purchasing system is hereby adopted and shall control the procedure for all purchases except Public Works projects and as otherwise provided by law.

Section 3. DEFINITION OF TERMS

The following terms, whenever used in this Ordinance, shall be construed as follows:

- A. Fire Authority: The Orange County Fire Authority.
- B. Purchases: Purchases of services, supplies and equipment shall include Master Lease Agreements and other debt service agreements.
- C. Purchasing Manager: The official appointed by the Fire Chief for enforcement of this division. The duties of the Purchasing Manager may be combined with those of another position.
- D. Services, Supplies and Equipment: Any and all services, articles, things, or personal property furnished to or used by the Fire Authority.

Section 4. A CENTRALIZED PURCHASING PROGRAM

There is hereby created a centralized purchasing program within the Orange County Fire Authority in which is vested authority for the purchase of services, supplies and equipment. The Board of Directors shall adopt by resolution policies setting forth the authority and limitations of the centralized purchasing program.

Section 5. PURCHASING MANAGER GENERAL POWERS

The Purchasing Manager shall direct and supervise the purchasing program. He/she shall appoint such deputies, assistants or other employees as shall from time to time be authorized. The Purchasing Manager utilizing sound professional purchasing practices, shall endeavor to obtain as full and open competition as reasonable on all purchases and shall award all purchases to qualified bidders. He/she shall furnish the Board of Directors with such reports and information as the Board may from time to time require, and shall establish methods and procedures necessary for the proper functioning of the purchasing program in an efficient and economical manner.

Section 6. PURCHASING MANAGER AUTHORITY

The Purchasing Manager shall have the authority to:

- A. Purchase Material: Purchase all services, supplies, equipment and other personal property required by the Fire Authority in accordance with the policies and procedures adopted by the Board of Directors, administrative procedures approved by the Fire Chief, or as otherwise provided by law. Except in cases of emergency, pursuant to Section 12 or where the Board of Directors or the Executive Committee has retained authority, no purchase of services, supplies and

equipment by any person other than the Purchasing Manager or his or her appointed designee shall be binding upon the Fire Authority or constitute a lawful charge against Fire Authority funds.

- B. Contract Generally: Enter into any contract permitted by law, including but not limited to purchase orders, price agreements, equipment service contracts, lease purchase agreements, professional service contracts and rental agreements, subject to any restrictions set forth in this division or specifically provided for by law.
- C. Dispose of Surplus Property: Dispose of all Fire Authority surplus supplies and equipment and any other surplus personal property in accordance with the provisions of Section 13 of this Ordinance.

Section 7. PURCHASING REQUIREMENTS

Purchases of services, supplies, and equipment shall be made and accomplished in conformity with Section 8, except:

- A. When the amount is less than ten thousand dollars (\$10,000); or
- B. When the Purchasing Manager determines that an emergency exists which requires that an order be placed with the most value-added source of supply; or
- C. When an emergency exists pursuant to Section 12; or
- D. When the Purchasing Manager, with the approval of the Fire Chief, determines that the services, supplies, and equipment needed can feasibly be obtained from one source only; or
- E. When the Board of Directors has contracted for or transferred the authority to make the purchase of services, supplies and equipment to another governmental agency or officer thereof pursuant to lawful authority; or
- F. When the Board of Directors finds that the public interest and convenience require the purchase of services, supplies, and equipment utilizing purchasing agreements maintained by the county, state or other public agencies; or
- G. When the Board of Directors determines to dispense with such bidding and other procedures in any individual instance upon finding that it would be impractical, useless or uneconomical in such instance to follow the bidding or other procedures, and that the welfare of the public would be promoted by dispensing with the same.

Section 8. BIDDING - PROCEDURES

The bidding procedure for the Orange County Fire Authority shall be one of the following:

A. Formal Written Bid Process:

A formal written bid shall be processed as indicated below for all purchases where required by state and/or federal laws or when required by action of the Board of Directors or Executive Committee, but shall not apply to public works contracts. The process shall include the following components:

1. NOTICE INVITING BIDS. Notices inviting bids shall include a general description of the articles to be purchased and shall state where the bid documents and specifications may be secured and the time and place for opening bids.
 - a. Published Notice: The first notice inviting bids shall be published at least ten days before the opening of the bids. Notice shall be published at least twice, not less than five days apart, in a newspaper of general circulation, printed and published in the County of Orange; or the notice may be posted on the Fire Authority's website at least ten days prior to the opening of bids.
2. BIDDERS' SECURITY. When deemed necessary, or when required by state and/or federal law, bidders' security will be prescribed in the public notices inviting bids. The security shall be returned upon rejection of a bid, provided that a successful bidder shall forfeit his bid security upon refusal or failure to execute the contract within ten days after the award of contract has been mailed, unless the Fire Authority is responsible for or agrees to the delay. The Board of Directors may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest responsive and responsible bidder. If the Fire Authority awards the contract to the next lowest responsive and responsible bidder, the amount of the lowest bidders' security shall be applied by the Fire Authority to the difference between the low bid and the second lowest bid, and the surplus, if any shall be returned to the lowest bidder or to the surety if a bidder's bond is used.
3. BID OPENING PROCEDURE. Sealed bids shall be submitted to the Fire Authority and shall be identified as bids on the envelope. Bids shall be opened in public at the time and place stated in the public notices.

A secure, web-based system or other appropriate media may be used in lieu of sealed bids opened in public, provided that the Purchasing Manager has approved the system for accuracy, confidentiality, and reliability.

A tabulation of all bids received shall be posted on the Fire Authority's website; or, open for public inspection during regular business hours for a period of not less than thirty calendar days after the bid opening.

4. REJECTION OF BIDS. At its discretion, the Board of Directors may reject all bids presented and re-advertise for bids.
5. AWARD OF CONTRACTS. Contracts shall be awarded to the lowest responsive and responsible bidder, except as otherwise provided herein.
6. TIE BIDS. If two or more bids received are for the same total amount or unit price with equal quality and service, and if the public interest will not permit the delay of re-advertising for bids, the Fire Authority shall accept the bidder whose business is located within the OCFA service areas, or accept the one it chooses, or accept the lowest responsive and responsible bid made by negotiation with the tie bidders.
7. PERFORMANCE BONDS. The Board of Directors shall have the authority to require a performance bond before entering into a contract in such amount as it shall find reasonably necessary to protect the best interests of the Fire Authority. If the Fire Authority requires a performance bond, the form and amount of the bond shall be described in the notice inviting bids or in the contract specifications.

B. Open Market Process:

Purchase of services, supplies, and equipment shall be made by the Purchasing Manager following the open market process described herein where neither state and federal laws nor action of the Board of Directors or Executive Committee require the use of the formal written bid process, or where these procedures are not otherwise exempted. This process shall include the following:

1. MINIMUM NUMBER OF BIDS. Open market purchases shall, whenever possible, be based on at least three bids.
2. SOLICITING BIDS. The Purchasing Manager shall solicit bids from prospective vendors by written request, FAX, telephone, or by public notice posted on the Fire Authority's website.

3. AWARD OF PURCHASE. Open market purchases shall be awarded to the most qualified bidder as determined by the Orange County Fire Authority.

Section 9. RECORD RETENTION

The Purchasing Manager shall maintain records of all sealed written bids and open market orders resulting therefrom for a period of one year after the submission of the bids or the placing of orders. This record, while so kept, shall be open to public inspection during regular business hours.

Section 10. ENCUMBRANCES OF FUNDS

Except in cases of emergency, or in cases where specific authority has been first obtained from the Fire Chief, the Purchasing Manager shall not issue any purchase orders for supplies or equipment unless there exists an unencumbered appropriation in the fund account against which said purchase is to be charged. All purchases, regardless of encumbrances, shall be made in conformance with the policies established by this Ordinance.

Section 11. INSPECTION AND TESTING

The Purchasing Manager may inspect supplies and equipment delivered to determine their conformance with the specifications set forth in the order or contract. The Purchasing Manager shall have authority to require chemical and physical tests of samples submitted with bids and samples of deliveries which are necessary to determine compliance with specifications.

Section 12. EMERGENCY PURCHASES

In the event services, equipment or supplies are immediately necessary for the preservation to life or property, emergency purchases may be made without compliance with Section 8 by:

The Fire Chief and/or his designee who shall provide a full report of the circumstances of all emergency purchases in excess of the Fire Chief's delegated authority. Such purchases require prior approval of the Chair or Vice-Chair and shall be reported at the next meeting of the Executive Committee.

Section 13. SURPLUS SUPPLIES AND EQUIPMENT

The process for the disposition of surplus supplies and equipment shall be as follows:

- A. Disposition of Surplus Property: The approved disposition process for surplus property will be determined by the Purchasing Manager and shall be in accordance with guidelines as established in the OCFA Purchasing Handbook.

- B. Donated Property: If the surplus property has an estimated value of less than \$5,000 and it is proposed that the property may be donated, the Purchasing Manager has the authority to determine whether the proposed donation of the surplus property to another local agency or non-profit organization is in keeping with the intent of the California Constitution. Under the California Constitution, when a public agency gives a surplus item to another organization, the item must be used for a public purpose of interest and benefit generally to the people of the agency's jurisdiction and in keeping with the agency's purpose. Said donations shall require the prior approval of the Fire Chief and a release of liability to OCFA from the agency accepting the surplus property. Donations of surplus property with an estimated value of \$5,000 or more must require prior approval of the Executive Committee or Board of Directors.
- C. Historical Surplus Property: Surplus Property deemed to have historical significance, by the Fire Chief and/or his designee, will be transferred and placed in the custody of a designated section manager for safe keeping.
- D. Surplus Property: The Purchasing Manager shall provide an annual report of surplus property disposition to the Assistant Chief of Business Services.

Section 14. SEVERABILITY

If any section, subsection, subdivision, sentence, clause, or phrase of this Ordinance is for any reason held to be unconstitutional or otherwise invalid, such invalidity shall not affect the validity of the entire Ordinance or any of the remaining portions.

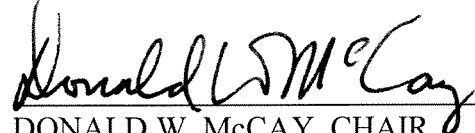
Section 15. PRECEDENCE

This Ordinance shall supercede the provisions of any previously adopted ordinance, resolution or policy inconsistent herewith.

Section 16. EFFECTIVE DATE; PUBLICATION.

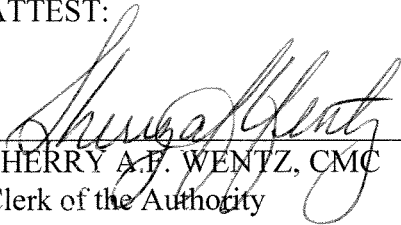
This Ordinance shall take effect and be in force thirty (30) days from the date of its passage. Before the expiration of fifteen (15) days after its passage, it or a summary of it shall be published once, with the names of the members of the Board of Directors voting for and against the same in the Register, a newspaper of general circulation published in the County of Orange.

PASSED, APPROVED, AND ADOPTED this 23rd day of April 2009.



DONALD W. McCAY, CHAIR
Board of Directors

ATTEST:

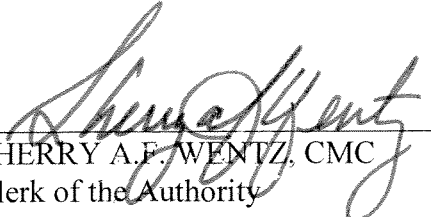


SHERRY A.F. WENTZ, CMC
Clerk of the Authority

STATE OF CALIFORNIA }
COUNTY OF ORANGE } ss.
CITY OF ORANGE }

I, SHERRY A.F. WENTZ, Clerk of the Orange County Fire Authority, do hereby certify that the foregoing Ordinance No. 007 was duly introduced and placed upon its first reading at a regular meeting of the Orange County Fire Authority Board of Directors on the 26th day of March 2009, and that thereafter, said Ordinance was duly adopted and passed at an adjourned regular meeting of the Board of Directors of the Orange County Fire Authority held on the 23rd day of April 2009, by the following vote, to wit:

AYES:	Joe Aguirre, Alternate, Placentia	Neil Blais, Rancho Santa Margarita
	Bill Campbell, County of Orange	Henry Charoen, La Palma
	Dr. Steven S. Choi, Irvine	Troy Edgar, Los Alamitos
	Trish Kelley, Mission Viejo	Don McCay, Buena Park
	Janet Nguyen, County of Orange	Jim Palmer, Alternate, Tustin
	Brad Reese, Villa Park	Nancy Rikel, Yorba Linda
	Martin Rhodes, Alternate, Laguna Woods	R. Craig Scott, Laguna Hills
	Todd Seymore, Cypress	David Shawver, Stanton
	David Sloan, Seal Beach	Tri Ta, Westminster
	Mark Tettermer, Lake Forest	Dr. Londres Uso, San Juan Capistrano
	Steven Weinberg, Dana Point	
NOES:	None	
ABSTAIN:	None	
ABSENT:	Carmen Cave, Aliso Viejo	Gary Capata, Laguna Niguel
	Greg Sowards, Placentia	James Dahl, San Clemente
	Doug Davert, Tustin	


SHERRY A.F. WENTZ, CMC
Clerk of the Authority

ORDINANCE NO. 008

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY FIRE AUTHORITY REPEALING ORDINANCE NO. 006 AND ORDINANCE NO. 007 AND ESTABLISHING THE PURCHASING RULES AND PROCEDURES OF THE ORANGE COUNTY FIRE AUTHORITY

RECITALS

A. WHEREAS, on April 23, 2009, the Orange County Fire Authority adopted OCFA Ordinance No. 006 establishing informal bidding procedures under the Uniform Public Construction Cost Accounting Act; and

B. WHEREAS, on April 23, 2009, the Orange County Fire Authority adopted OCFA Ordinance No. 007 establishing the purchasing rules and procedures; and

C. WHEREAS, the Board wishes to replace these two ordinances with a single ordinance based on the American Bar Association Model Procurement Code.

THEREFORE, the Board of Directors of the Orange County Fire Authority does hereby ordain as follows:

Section 1. Repeal of Ordinance Nos. 006 and 007; Replacement.

As of the effective date of this Ordinance, Ordinance No. 006 and No. 007 are hereby repealed and replaced, in their entirety, with the Orange County Fire Authority Procurement Code attached hereto as Exhibit A.

Section 2. Effective Date; Publication.

This Ordinance shall take effect and be in force thirty (30) days from the date of its passage. Before the expiration of fifteen (15) days after its passage, it or a summary of it shall be published once, with the names of the members of the Board of Directors voting for and against the same in the Register, a newspaper of general circulation published in the County of Orange.

PASSED, APPROVED and ADOPTED this ____ day of _____ 2016.

GENE HERNANDEZ, CHAIR
OCFA Board of Directors

ATTEST:

SHERRY A.F. WENTZ, CMC
Clerk of the Authority

STATE OF CALIFORNIA }

COUNTY OF ORANGE } ss

CITY OF ORANGE }

I, SHERRY A.F. WENTZ, Clerk of the Orange County Fire Authority, do hereby certify that the foregoing Ordinance No. 008 was duly introduced and placed upon its first reading at a regular meeting of the Orange County Fire Authority Board of Directors on the 24th day of March 2016, and that thereafter, said Ordinance was duly adopted and passed at a regular meeting of the Board of Directors of the Orange County Fire Authority held on the _____ day of _____ 2016, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

SHERRY A.F. WENTZ, CMC
Clerk of the Authority

Purchasing Authorities Comparison Chart

	County of Orange	OCTA	IRWD	City of Anaheim	City of Irvine
Commodity Fixed Asset Service	<p>Budgeted assets that are approved in the budget don't require further approval prior to purchase</p> <p>Board approval is required if the asset costs exceed 10% or \$100,000 whichever is less</p>	<p>Competitive over \$250,000,</p> <p>Non - competitive over \$25,000</p>	<p>Operating budget line items are part of the approved budget do not need Board approval</p>	<p>Competitively bid or cooperative contracts over \$100,000</p>	<p>Approval for purchase occurs with budgetary pre-approval process at the line item detail for service contracts, no further approval needed</p>
Professional Services	<p>Board of Supervisors approval for contracts exceeding \$100,000 in any year of the contract.</p> <p>Multi-year contracts where the total contract exceeds \$500,000</p>	<p>Competitive over \$250,000, non-competitive over \$25,000</p>	<p>Professional Services contracts over \$100,000</p>	<p>Professional Services contracts over \$100,000</p>	<p>Once budgetary approval is attained, the procurement process is concluded and the contracts are awarded</p> <p>Signing authority for unanticipated contracts or if cost exceeds budgeted amount.</p> <p>Dept. Director up to \$100K, City manager up to \$1 million</p>

RESOLUTION NO. 2016-XX

**A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY
AMENDING THE ROLES RESPONSIBILITIES AUTHORITIES
MATRIX TO COINCIDE WITH THE NEW PURCHASING CODE**

RECITALS

A. WHEREAS, the Orange County Fire Authority Board of Directors last amended the roles, responsibilities and authorities matrix on February 26, 2016, and

B. WHEREAS, because the OCFA is adopting the new procurement code (Ordinance No. 008), it is appropriate to update the Roles, Responsibilities and Authorities Matrix to coordinate with the new procurement code; and

C. WHEREAS, the Board has considered the attached amendments to the matrix.

THEREFORE, the Board of Directors of the Orange County Fire Authority does hereby resolve as follows:

The Roles, Responsibilities, and Authorities Matrix is amended as indicated by the redline version attached hereto as Exhibit A.

PASSED, APPROVED and ADOPTED this 24th day of March 2016.

GENE HERNANDEZ, CHAIR
OCFA Board of Directors

ATTEST:

SHERRY A.F. WENTZ, CMC
Clerk of the Authority

EXHIBIT A

ORANGE COUNTY FIRE AUTHORITY
PROCUREMENT CODE

Chapter 1

- Art. I. In General, §§ 1-1--1-10**
- Art. II. Chief Procurement Officer Authority, §§ 1-11--1-14**
- Art. III. Source Selection and Contract Formation, §§ 1-15--1-40**
- Art. IV. Specifications, §§ 1-41--1-46**
- Art. V. Procurement of Public Works Projects and Professional Design Services, §§ 1-47--1-57**
- Art. VI. Contract Terms and Conditions, §§ 1-58--1-61**
- Art. VII. Cost Principles, §§ 1-62--1-65**
- Art. VIII. Materials Management, §§ 1-66--1-74**
- Art. IX. Legal and Contractual Remedies, §§ 1-75--1-125**
- Art. X. Cooperative Purchasing, §§ 1-126--1-131**
- Art. XI. Reserved, §§ 1-132--1-136**
- Art. XII. Ethics in Public Contracting, §§ 1-137--1-140**

Article I. General Provisions

- Sec. 1-1. General Law.
- Sec. 1-2. Applicability.
- Sec. 1-3. Definitions.
- Sec. 1-4. Supplementary general principles of law applicable.
- Sec. 1-5. Requirement of good faith.
- Sec. 1-6. Confidential information.
- Secs. 1-7--1-10. Reserved.

Article II. Chief Procurement Officer Authority

Sec. 1-11. Authority of the Chief Procurement Officer.

Sec. 1-12. Written determinations.

Secs. 1-13, 1-14. Reserved.

Article III. Source Selection and Contract Formation

Sec. 1-15. Definitions.

Sec. 1-16. Methods of source selection.

Sec. 1-17. Competitive sealed bidding.

Sec. 1-18. Competitive sealed proposals.

Sec. 1-19. Contracting for legal counsel.

Sec. 1-20. Small purchases.

Sec. 1-21. Sole source procurement.

Sec. 1-22. Emergency procurements.

Sec. 1-23. Special procurements.

Sec. 1-24. Competitive reverse auctions

Sec. 1-25. Cancellation of solicitations.

Sec. 1-26. Rejection of individual bids, proposals, quotations or statements of qualifications

Sec. 1-27. Responsibility of bidders, offerors and respondents.

Sec. 1-28. Bid and contract security, material or service contracts.

Sec. 1-29. Types of contracts.

Sec. 1-30. Approval of accounting system.

Sec. 1-31. Multi-year contracts.

Sec. 1-32. Right to inspect.

Sec. 1-33. Right to audit records.

Sec. 1-34. Reporting of anticompetitive practices.

Sec. 1-35. Prospective vendors lists.

Sec. 1-36. Contract form and execution.

Sec. 1-37. Assignment of rights and duties.

Sec. 1-38. Efficient resource procurement and utilization.

Sec. 1-39. Reserved.

Article IV. Specifications

Sec. 1-41. Definition.

Sec. 1-42. Maximum practicable competition.

Sec. 1-43. Specifications prepared by other than Fire Authority personnel.

Sec. 1-44. Brand name or equal specification.

Sec. 1-45. Brand name specification.

Sec. 1-46. Reserved.

Article V. Procurement of Public Projects and Professional Design Services

Sec. 1-47. Definitions.

Sec. 1-48. Procurement of public projects.

Sec. 1-49. Public project informal bidding procedures.

Sec. 1-50. Public project formal bidding procedures.

Sec. 1-51. Procurement of professional design services.

Sec. 1-52. Procurement of construction services.

Sec. 1-53. Public works emergencies procedures.

Sec. 1-54--1-57. Reserved.

Article VI. Contract Terms and Conditions

Sec. 1-58. Contract terms and conditions.

Secs. 1-59--1-61. Reserved.

Article VII. Cost Principles

Sec. 1-62. Cost principles.

Sec. 1-63. Cost or pricing data.

Secs. 1-64, 1-65. Reserved.

Article VIII. Materials Management

Sec. 1-66. Definitions.

Sec. 1-67. Materials management guidelines.

Sec. 1-68. Inventory management.

Sec. 1-69. Disposition of surplus property.

- Sec. 1-70. Disposition of unclaimed, lost, confiscated property.
- Sec. 1-71. Donations.
- Secs. 1-72--1-74. Reserved.

Article IX. Legal and Contractual Remedies

- Sec. 1-75. Definitions.
- Sec. 1-76. Authority of the Chief Procurement Officer.
- Sec. 1-77. Right to protest.
- Sec. 1-78. Filing of a protest.
- Sec. 1-79. Time for filing protests.
- Sec. 1-80. Stay of procurements during the protest.
- Sec. 1-81. Confidential information.
- Sec. 1-82. Decision by the Chief Procurement Officer.
- Sec. 1-83. Remedies.
- Sec. 1-84. Appeals to the Fire Chief.
- Sec. 1-85. Notice of appeal.
- Sec. 1-86. Stay of procurement during appeal.
- Sec. 1-87. Contract procurement officer report.
- Sec. 1-88. Dismissal by the Fire Chief.
- Sec. 1-89. Remedies.
- Sec. 1-90. Filing of a contract claim.
- Sec. 1-91. Chief Procurement Officer's decision.
- Sec. 1-92. Issuance of timely decision.
- Sec. 1-93. Appeals to the Fire Chief.
- Sec. 1-94. Fire Authority claims against a contractor.
- Sec. 1-95. Mediation.
- Sec. 1-96. Arbitration.
- Sec. 1-97. Final decision by the Fire Chief.
- Sec. 1-98. Judicial review of protests or claims.
- Sec. 1-99. Exclusive remedy.

Secs. 1-100--1-115. Reserved.

Article X. Cooperative Purchasing

Sec. 1-116. Definitions.

Sec. 1-117. Applicability.

Sec. 1-118. Cooperative purchasing agreements required.

Sec. 1-119. Cooperative purchasing authorized.

Secs. 1-120, 1-121. Reserved.

Article XI. Reserved

Secs. 1-122--1-126. Reserved.

Article XII. Ethics in Public Contracting

Sec. 1-127. Procurement Ethics Standards

Secs. 1-128--1-130. Reserved.

ARTICLE I. GENERAL PROVISIONS

Purpose

The purpose of the Orange County Fire Authority Procurement Code is to:

- (a) Simplify, clarify, centralize, and modernize the law governing procurement by the Fire Authority.
- (b) Permit the continued development of procurement policies and practices.
- (c) Provide for increased public confidence in the procedures followed in public procurement.
- (d) Ensure the fair and equitable treatment of all persons who deal with the procurement system of the Fire Authority.
- (e) Provide increased economy in Fire Authority procurement activities and maximize, to the fullest extent practicable, the purchasing value of public monies of the Fire Authority, and foster effective broad-based competition within the free enterprise system.
- (f) Provide safeguards for the maintenance of a procurement system of quality and integrity.
- (g) Obtain in a cost-effective and timely manner the materials, services, and construction required by the Fire Authority to better serve its citizens.

Sec. 1-1. General Law.

Pursuant to and to the extent required by Government Code Section 6509, the Orange County Fire Authority shall be restricted in the exercises of its powers in the same manner as is a general law city in accordance with the joint power agreement formed as of February 3, 1995, and as subsequently amended.

Sec. 1-2. Applicability.

Sec. 1-2(1). The provisions of this chapter shall apply to the following:

- (a) Every expenditure of public monies by the Fire Authority irrespective of their source, including State and Federal assistance monies;
- (b) Disposal of property; and
- (c) Contracts where there is no expenditure of public monies or where the Fire Authority is offering something of value to the business community when the Fire Authority determines source selection and award of a contract.

Sec. 1-2(2). The following are exempt from the provisions of this chapter:

- (a) Grants awarded by the Fire Authority and approved by the Board of Directors;
- (b) The sale or lease of Fire Authority real property;
- (c) Contracts for professional witnesses if the purpose of such contracts is to provide for services or testimony relating to an existing or probable judicial proceeding in which the Fire Authority

is or may become a party to contracts for special investigative services for law enforcement purposes;

(d) Agreements negotiated by the Fire Authority in settlement of litigation or threatened litigation; or

(e) Contracts with other governmental agencies.

Sec. 1-3. Definitions.

In this chapter, unless the context otherwise requires:

Sec. 1-3(1). "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture or any other private legal entity.

Sec. 1-3(2). "Change order" means a written document authorized by the Chief Procurement Officer which directs the contractor to make changes with or without the consent of the contractor.

Sec. 1-3(3). "Chief Procurement Officer" means the official appointed by the Fire Chief as the purchasing and materials manager and the central procurement and contracting authority for the Fire Authority.

Sec. 1-3(4). "Contract" means all types of Fire Authority agreements, regardless of what they may be called, for the procurement of materials, maintenance, services, public works, construction or the disposal of materials.

Sec. 1-3(5). "Construction" means the process of building, altering, repairing, improving or demolishing any public infrastructure facility, including public structure, public building, or other public improvements of any kind to any real property. Construction does not include the routine operation, routine repair, or routine maintenance of existing public infrastructures or facilities, including structures, buildings or real property.

Sec. 1-3(6). "Contract amendment" means any written alteration in the terms and conditions of any contract accomplished by mutual action of the parties of the contract.

Sec. 1-3(7). "Contract officer" means any person duly authorized by the Chief Procurement Officer to facilitate the source selection process, including but not limited to; preparing solicitations and written determinations, conducting negotiations, making award recommendations, and administering contracts.

Sec. 1-3(8). "Contractor" means any person who has a contract with the Fire Authority.

Sec. 1-3(9). "Days", unless otherwise specified, means calendar days and shall be computed by excluding the first day and including the last working day, unless the last day is a holiday, and then it is also excluded.

Sec. 1-3(10). "Department" means the Purchasing Section of Business Services.

Sec. 1-3(11). "Designee" means a duly authorized representative of the Chief Procurement Officer, designated by the Chief Procurement Officer.

Sec. 1-3(12). "Disposal of material" means sale of surplus by public auction, competitive sealed bidding, small purchase procedures, recycling, or other appropriate method designated by this chapter.

Sec. 1-3(13). "Electronic" means electrical, digital, magnetic, optical, electromagnetic, or any other similar technology.

Sec. 1-3(14). "Emergency" means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

Sec. 1-3(15). "Executive Committee" means the Executive Committee of the Orange County Fire Authority Board of Directors.

Sec. 1-3(16). "Fire Authority" means the Orange County Fire Authority.

Sec. 1-3(17). "Grant" means the furnishing of assistance, whether financial or otherwise, to any person to support a program authorized by law. Grant does not include an agreement whose primary purpose is to procure a specific end product, whether in the form of materials, services or, construction. A contract resulting from such an agreement is not a grant but a procurement contract.

Sec. 1-3(18). "Materials" means all property, including but not limited to, equipment, supplies, printing, insurance and buildings but does not include land, a permanent interest in land or leases of real property.

Sec. 1-3(19). "Person" means any corporation, consultant, business, individual, union, committee, club, other organization or group of individuals.

Sec. 1-3(20). "Procurement" means buying, purchasing, renting, leasing, or otherwise acquiring any materials, services, or construction. Procurement also includes all functions that pertain to the acquisition of any material, service, or construction including but not limited to, description of requirements, selection and solicitation of sources, preparation, negotiation and, award of contract, and all phases of contract administration.

Sec. 1-3(21). "Professional service" means a unique, technical function performed by an independent contractor or firm qualified by education, experience, and/or technical ability to provide services and may include consulting, marketing analysis, banking services, auditing, software development/design, and editing services.

Sec. 1-3(22). "Public notice" means the distribution or dissemination of information to interested parties using methods that are reasonably available. Such methods may include electronic mailing lists and a website maintained for that purpose.

Sec. 1-3(23). "Services" means the furnishing of labor, time or effort by a contractor, consultant, subcontractor or sub-consultant which does not involve the delivery of a specific end product other than required design documents or reports and performance. Services do not include employment agreements or collective bargaining agreements. The definition of services includes, but is not limited to: consulting, personal, professional, legal counsel, auditing, technical, professional design and construction services.

Sec. 1-3(24). "Subcontractor or subconsultant" means a person who contracts to perform work or render service to a contractor or consultant as defined by this section or to another subcontractor or subconsultant as a part of a contract with the Fire Authority.

Sec. 1-3(25). "Written or in writing" means the product of any method for forming characters on paper or other material or viewable screen, which can be read, retrieved, and reproduced, including

information that is electronically transmitted and stored.

Sec. 1-3(26). "Using agency" means any organizational unit of the Fire Authority, which utilizes any materials, services or construction procured under this chapter.

Sec. 1-4. Supplementary general principles of law applicable.

Unless displaced by the particular provisions of this chapter, the principles of law and equity, including the uniform commercial code of this state, the common law of contracts as applied in this state and law relative to agency, fraud, misrepresentation, duress, coercion and mistake supplement the provisions of this chapter.

Sec. 1-5. Requirement of good faith.

This chapter requires all parties involved in the negotiation, performance, or administration of Fire Authority contracts to act in good faith.

Sec. 1-6. Confidential information.

If a person believes that a bid, proposal, offer, specification, or protest contains information that should be withheld from public record, a statement advising the contract officer of this fact should accompany the submission and the information shall be so identified wherever it appears. A determination on the request for confidential information shall be resolved in accordance with California Public Records Act, Government Code Section 6250.

Secs. 1-7--1-10. Reserved.

**ARTICLE II.
CHIEF PROCUREMENT OFFICER AUTHORITY**

Sec. 1-11. Authority of the Chief Procurement Officer.

Sec. 1-11(1). Except as otherwise provided in this chapter, the Chief Procurement Officer may adopt operational procedures consistent with this chapter governing the procurement and management of all materials, services, and construction to be procured by the Fire Authority and the disposal of materials.

Sec. 1-11(2). The Chief Procurement Officer shall serve as the central procurement and contracting authority of the Fire Authority.

Sec. 1-11(3). Except as otherwise provided in this chapter, the Chief Procurement Officer shall:

- (a) Procure or supervise the procurement of all materials, services and construction needed by the Fire Authority and establish the methods and procedures necessary for the proper, efficient, and economical functioning of the procurement program.
- (b) Establish guidelines for the management of all inventories of materials belonging to the Fire Authority.
- (c) Sell, trade or otherwise dispose of surplus materials belonging to the Fire Authority in accordance with the provisions of Section 1-69.
- (d) Prepare, issue, revise, maintain, and monitor the use of specifications for materials, services and construction required by the Fire Authority.

(e) Manage the Fire Authority's procurement card (pCard) program.

(f) Furnish the Board of Directors with such reports and information as the Board may require.

Sec. 1-11(4). The Chief Procurement Officer may delegate procurement authority to designees or to any using agency or official of the Fire Authority.

Sec. 1-11(5). The Chief Procurement Officer may determine in writing that noncompliance with any provision of this chapter is not substantial and may allow for correction or may waive minor informalities or irregularities. The basis for the decision shall be included in the determination.

Sec. 1-11(6). The Chief Procurement Officer, in accordance with this chapter, shall have the authority to award contracts not exceeding the amount defined under management authority in the Roles and Responsibilities Matrix. Contracts exceeding management authority shall be executed by the Chief Procurement Officer upon approval by the Executive Committee.

Sec. 1-11(7). Except in cases of emergency, pursuant to Section 1-22, or where the Board of Directors or the Executive Committee has retained authority, no purchase of services, supplies and equipment by any person other than the Chief Procurement Officer or designee shall be binding upon the Fire Authority or constitute lawful charge against Fire Authority funds.

Sec. 1-12. Written determinations.

Written determinations required by this chapter shall be retained in the department.

Secs. 1-13, 1-14. Reserved.

ARTICLE III. SOURCE SELECTION AND CONTRACT FORMATION

Sec. 1-15. Definitions.

In this article, unless the context otherwise requires:

Sec. 1-15(1). "*Best value*" means a method in the competitive sealed proposal process which permits the evaluation of criteria to determine the best overall value to the Fire Authority.

Sec. 1-15(2). "*Discussions*" means communication with an offeror, bidder or respondent for the purpose of:

- (a) Eliminating minor irregularities, informalities, or apparent clerical mistakes in the offer or response;
- (b) Clarifying any offer or response to assure full understanding of, and responsiveness to, solicitation requirements;
- (c) Resolving minor variations in contract terms and conditions; or
- (d) Establishing the competency or financial stability of any offeror, bidder or respondent.

Sec. 1-15(3). "*Invitation for bid*" means all documents, written or electronic, whether attached or incorporated by reference, which are used for soliciting bids in accordance with the procedures prescribed in Section 1-17.

Sec. 1-15(4). "Invitation for reverse auction bids" means all documentation, written or electronic, whether attached or incorporated by reference, which are used for soliciting bids in accordance with procedures prescribed in Section 1-24.

Sec. 1-15(5). "Minor informality" means mistakes, or non-judgmental errors, that have negligible effect on price, quantity, quality, delivery, or other contractual terms whereby the waiver or correction of such mistakes does not prejudice other bidders, offerors or respondents.

Sec. 1-15(6). "Negotiations" means an exchange of information or any form of cooperation during which the offeror and the Fire Authority may alter or otherwise change the conditions, terms, and price, unless prohibited, of the proposed contract.

Sec. 1-15(7). "Proposal revision" means a change to a proposal made after the solicitation closing date at the request of, or as allowed by, a contract officer as the result of negotiation.

Sec. 1-15(8). "Request for proposals" means all documents, written or electronic, whether attached or incorporated by reference, which are used for soliciting proposals in accordance with procedures prescribed in Section 1-18.

Sec. 1-15(9). "Request for qualifications" means all documents, written or electronic, whether attached or incorporated by reference, which are used for soliciting responses from qualified respondents in accordance with Article V.

Sec. 1-15(10). "Responsible bidder, offeror, or respondent" means a person who has the capability to perform the contract requirements and the integrity and reliability as well as quality, fitness, capacity and experience which will assure good faith performance.

Sec. 1-15(11). "Responsive bidder" means a person who submits a bid which conforms in all material respects to the invitation for bids.

Sec. 1-15 (12). "Reverse auction" means an electronic auction in which the role of the buyer and seller are reversed. In an ordinary auction (also known as a forward auction), buyers compete to obtain a good or service. In a reverse auction, sellers compete to obtain business. Bids shall be publicly posted throughout the auction to encourage competition.

Sec. 1-15(13). "Solicitation" means an invitation for bids, a request for technical proposals, a request for proposals, a request for qualifications, a request for quotations, an invitation for reverse auction bids or any other invitation or request by which the Fire Authority invites a person to participate in a procurement.

Sec. 1-16. Methods of source selection.

All contracts of the Fire Authority shall be awarded by one of the methods of source selection specified in this chapter.

Sec. 1-17. Competitive sealed bidding.

Sec. 1-17(1). Invitation for bids.

- (a) Competitive sealed bids shall be solicited through an invitation for bids. The invitation for bids shall include specifications and any applicable evaluation criteria. Contractual terms and conditions may be included within the solicitation document or incorporated by reference.
- (b) A prequalification process may be conducted prior to the issuance of an invitation for bids in

order to establish a list of qualified bidders. In the event a prequalification process is used, the contract officer shall only consider bids that are submitted from prequalified bidders.

Sec. 1-17(2). Public notice. Notice of the invitation for bids shall be electronically posted and the invitation for bids shall be available for public inspection not less than fourteen (14) days prior to the date set forth therein for the opening of bids. A shorter time may be deemed necessary for a particular procurement as determined in writing by the Chief Procurement Officer. The public notice shall state the place, date, and time of bid opening.

Sec. 1-17(3). Late bids. A bid is late if it is received at the location designated in the invitation for bids after the time and date set for bid opening. A late bid shall be rejected. Bidders submitting bids that are rejected as late shall be so notified.

Sec. 1-17(4). Bid opening. Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation for bids. A secure web-based system or other appropriate media may be used in lieu of public bid opening, provided that the accuracy, confidentiality, and reliability is maintained. The name of each bidder and the amount of each bid, as well as other relevant information as the Chief Procurement Officer deems appropriate shall be recorded. Unless otherwise determined by the Chief Procurement Officer, this record shall be open to public inspection. In the event no attendees are present for bid opening, the sealed bids shall be opened by the department and a "bid" or "no bid" may be recorded on the tabulation. The bids shall not be available for public inspection until after a contract is awarded. After a notice of intent to award is issued or, in the absence of a notice of intent to award, after final execution of the contract, the bids shall be available for public inspection, except to the extent that the withholding of information is permitted or required by law. If the bidder designates a portion of its bid as confidential, it shall isolate and identify in writing the confidential portions in accordance with Section 1-5.

Sec. 1-17(5). Bid acceptance and bid evaluation. Bids shall be unconditionally accepted without alteration or correction, except as authorized in this chapter. Bids shall be evaluated based on the requirements set forth in the invitations for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. The invitation for bids shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluation that is not set forth in the invitation for bids.

Sec. 1-17(6). Correction or withdrawal of bids; cancellation of awards. Correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such bid mistakes, may be permitted where appropriate. Mistakes discovered before bid opening may be modified or withdrawn by written notice received by the department prior to the time set for bid opening.

Mistakes discovered after bid opening may be modified or withdrawn only to the extent that the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. After bid opening, no changes in bid prices or other bid provisions prejudicial to the interest of the Fire Authority or fair competition shall be permitted. In lieu of bid correction, a bidder alleging a mistake may be permitted to withdraw its bid if:

- (a) The mistake is clearly evident on the face of the bid document but the intended correct bid is not similarly evident; or
- (b) The bidder submits evidence that clearly and convincingly demonstrates that a mistake was

made.

All decisions to permit the correction or withdrawal of bids, or to cancel awards based on bid mistakes, shall be supported by a written determination made by the Chief Procurement Officer.

Sec. 1-17(7). Contract award.

- (a) *General.* The contract shall be awarded by appropriate notice to the lowest responsible and responsive bidder whose bid conforms in all material respects to requirements and criteria set forth in the invitation for bids.
- (b) *Public record.* After the Fire Authority issues a notice of intent to award, or in the absence of a notice of intent to award upon final contract execution, the bids shall be available for public inspection, except to the extent that the withholding of information is permitted or required by law. If the bidder designates a portion of its bid as confidential, it shall isolate and identify in writing the confidential portions in accordance with Section 1-5.
- (c) *Encumbrance of funds.* Except in cases of emergency, or in cases where specific authority has been first obtained from the Fire Chief, the Chief Procurement Officer shall not issue any purchase orders for supplies or equipment unless there exists an unencumbered appropriation in the fund account against which said purchase is to be charged. All purchases, regardless of encumbrances, shall be made in conformance with the policies established by this ordinance.
- (d) *Procurement of recycled material.* Recycled products shall be used whenever practicable when they are of comparable quality, of equivalent price and appropriate for the intended use. Recycled products shall be procured in accordance with Public Contract Code, Section 22150, et seq.

Sec. 1-17(8). Low tie bids. If there are two (2) or more low responsive bids from responsible bidders that are identical in price and other evaluation criteria and that meet all the requirements and criteria set forth in the invitation for bids, award may be made by random selection in a manner prescribed by the Chief Procurement Officer.

Sec. 1-18. Competitive sealed proposals.

Sec. 1-18(1). Request for proposals.

- (a) Competitive sealed proposals shall be solicited through a request for proposals. The request for proposals shall include a scope of work and any applicable evaluation criteria. Contractual terms and conditions may be included within the solicitation document or incorporated by reference.
- (b) A prequalification process may be conducted prior to the issuance of a request for proposals in order to establish a list of qualified offerors. In the event a prequalification process is used, the contract officer shall only consider proposals that are submitted from prequalified offerors.

Sec. 1-18(2). Public notice. Adequate public notice of the request for proposals shall be given in the same manner as provided in Section 1-17(2).

Sec. 1-18(3). Late proposals. A proposal is late if it is received at the location designated in the request for proposals after the time and date set for receipt of proposals. Late proposals shall be rejected in accordance with Section 1-17(3).

Sec. 1-18(4). Receipt of proposals. Proposals shall not be opened publicly. No proposals shall be

handled as to permit disclosure of the contents of any proposal to competing offerors. Proposals shall be open for public inspection after final execution of the contract, except to the extent that the withholding of information is permitted or required by law. If the offeror designates a portion of its proposal as confidential, it shall isolate and identify in writing the confidential portions in accordance with Section 1-5.

Sec. 1-18(5). Evaluation of proposals.

- (a) *Evaluation criteria.* The request for proposals shall state the criteria to be used in the evaluation of the proposals and shall include their relative importance. Specific numerical weighting is not required.
- (b) *Selection committee.* The Chief Procurement Officer shall appoint a selection committee to evaluate the proposals and make a recommendation based on the criteria set forth in the request for proposals. No other factors or criteria may be used in the evaluation.

Sec. 1-18(6). Discussion with offerors. Discussions may be conducted with offerors.

Sec. 1-18(7). Negotiations with offerors and revisions to proposals. Negotiations may be conducted with offerors. Offerors shall be accorded fair and equal treatment in conducting negotiations and there shall be no disclosure of any information derived from proposals submitted by competing offerors.

- (a) *Concurrent negotiations.* Negotiations may be conducted concurrently with offerors for the purpose of determining source selection and/or contract award.
- (b) *Exclusive negotiations.* Exclusive negotiations may be conducted with the offeror whose proposal is determined in the source selection process to be most advantageous to the Fire Authority. Exclusive negotiations may be conducted subsequent to concurrent negotiations or may be conducted without requiring previous concurrent negotiations. Exclusive negotiations shall not constitute a contract award nor shall it confer any property rights to the successful offeror. If exclusive negotiations are conducted and an agreement is not reached, the Fire Authority may enter into exclusive negotiations with the next highest ranked offeror without the need to repeat the formal solicitation process.

Sec. 1-18(8). Contract award. Contract award shall be made by the Chief Procurement Officer to the responsible offeror whose proposal is determined in writing to be the most advantageous to the Fire Authority taking into consideration the evaluation criteria set forth in the request for proposals. The contract file shall contain the basis on which the award is made.

Sec. 1-19. Contracting for legal counsel.

Sec. 1-19(1). Authority. For the purpose of procuring the services of legal counsel, as defined by the laws of the state, contracts for the services of legal counsel shall be awarded with the authorization of the Board of Directors or the Executive Committee except as otherwise provided by law.

Sec. 1-19(2). Conditions for use. Unless determined by the Board of Directors or the Executive Committee that direct selection is in the best interest of the Fire Authority, the services of legal counsel shall be procured in accordance with this chapter.

Sec. 1-20. Small purchases.

Sec. 1-20(1). General. Any contract not exceeding fifty thousand dollars (\$50,000.00) may be made by the Chief Procurement Officer in accordance with the small purchase procedures authorized in this section. Contract requirements shall not be artificially divided so as to constitute a small purchase under this section.

Sec. 1-20(2). Small purchases over ten thousand dollars (\$10,000.00). Insofar as it is practical for small purchases in excess of ten thousand dollars (\$10,000.00) but less than fifty thousand dollars (\$50,000.00), no less than three (3) businesses shall be solicited to submit quotations. Award shall be made to the responsible bidder submitting the quotation, which is most advantageous to the Fire Authority and conforms in all material respects to the solicitation. The names of the businesses submitting quotations, and the date and amount of each quotation, shall be maintained as a public record.

Sec. 1-20(3). Small purchases under ten thousand dollars (\$10,000.00). The Chief Procurement Officer shall adopt operational procedures for making small purchases of ten thousand dollars (\$10,000.00) or less.

Sec. 1-21. Sole source procurement.

Notwithstanding any other provisions of this chapter, a contract may be awarded without competition when the Chief Procurement Officer determines in writing, after conducting a good faith review of available sources, that there is only one source for the required material, service, or construction item. The using agencies requesting a sole source procurement shall provide written evidence to support a sole source determination. The Chief Procurement Officer may require that negotiations are conducted as to price, delivery, and terms. The Chief Procurement Officer may require the submission of cost or pricing data in connection with an award under this section. Sole source procurements exceeding the amount defined in the roles and responsibilities matrix shall be executed by the Chief Procurement Officer upon approval by the Executive Committee. Sole source procurement shall be avoided, except when no reasonable alternative sources exist. A record of sole source procurements shall be maintained as a public record.

Sec. 1-22. Emergency procurements.

Notwithstanding any other provisions of this chapter, the Chief Procurement Officer may make or authorize others to make emergency procurements of materials, services, or construction when there exists a threat to public health, welfare, or safety or if a situation exists which makes compliance with Sections 1-17, 1-18, 1-24, 1-49, or 1-50 contrary to the public interest; provided that such emergency procurements shall be made with such competition as is practicable under the circumstances. The using agencies requesting an emergency procurement shall provide written evidence to support an emergency determination. An emergency procurement shall be limited to those materials, services, or construction necessary to satisfy the emergency need. Emergency procurements exceeding the amount defined in the roles and responsibilities matrix shall be executed by the Chief Procurement Officer upon approval by the Chair or Vice Chair of the Board of Directors. A written determination of the basis for the emergency and for the selection of the particular contractor shall be maintained as a public record.

Sec. 1-23. Special procurements.

Notwithstanding any other provisions of this chapter, the Chief Procurement Officer may make or authorize others to make procurements above the small purchase amount specified in Section 1-20 when, due to unusual or special circumstances, it would be in the best interest of the Fire Authority to accomplish the procurement without compliance with Sections 1-17 (competitive sealed bidding), 1-18 (competitive sealed proposals), 1-24 (competitive reverse auctions), 1-49 (procurement of professional design services), or 1-50 (procurement of construction services). The using agencies requesting a special procurement shall provide written evidence to support a special procurement determination. Any special procurement under

this section shall be limited to those materials, services, or construction necessary to satisfy the Fire Authority's need and shall be made with sound fiscal discretion. A written determination by the Chief Procurement Officer of the basis for the special procurement and for the selection of the particular contractor shall be maintained as public record. The determination and the award shall be made in accordance with internal departmental procedures ensuring that the procurement is fair, honest, prudent, and a wise exercise of discretion and is in the public interest.

Sec. 1-24. Competitive reverse auctions

Sec. 1-24(1). Invitation for reverse auction bids.

- (a) Competitive reverse auction bids shall be solicited through an invitation for reverse auction bids. The invitation for reverse auction bids shall be issued and shall include specifications and any applicable evaluation criteria. Contractual terms and conditions may be included within the solicitation document or incorporated by reference.
- (b) A prequalification process may be conducted prior to the issuance of an invitation for reverse auction bids in order to establish a list of qualified bidders. In the event a prequalification process is used, the contract officer shall only consider bids that are submitted from prequalified bidders.

Sec. 1-24(2). Public notice. Notice of the invitation for reverse auction bids shall be electronically posted and the invitation for reverse auction bids shall be available for public inspection not less than fourteen (14) days prior to the date set forth therein for the close of the auction. A shorter time may be deemed necessary for a particular procurement as determined in writing by the Chief Procurement Officer. The public notice shall state the location of the internet website hosting the reverse auction.

Sec. 1-24(3). Bid acceptance and bid evaluation. Bids shall be unconditionally accepted without alteration or correction, except as authorized in this chapter. Bids shall be evaluated based on the requirements set forth in the invitation for reverse auction bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. The invitation for reverse auction bids shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluation that is not set forth in the invitation for reverse auction bids.

Sec. 1-24(4). Correction or withdrawal of bids; cancellation of awards. Correction or withdrawal of inadvertently erroneous bids before or after auction closing, or cancellation of awards or contracts based on such bid mistakes, may be permitted where appropriate. Mistakes discovered before auction closing may be modified or withdrawn by written notice received in the department prior to the time set for auction closing.

Mistakes discovered after auction closing may be modified or withdrawn only to the extent that the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. After auction closing, no changes in bid prices or other bid provisions prejudicial to the interest of the authority or fair competition shall be permitted. In lieu of bid correction, a bidder alleging a mistake may be permitted to withdraw its bid if:

- (a) The mistake is clearly evident in the auction transcripts, but the intended correct bid is not similarly evident; or
- (b) The bidder submits evidence that clearly and convincingly demonstrates that a mistake was

made.

All decisions to permit the correction or withdrawal of bids, or to cancel awards based on bid mistakes, shall be supported by a written determination made by the Chief Procurement Officer.

Sec. 1-24(5). Contract award. The contract shall be awarded by appropriate notice to the lowest responsible and responsive bidder whose bid conforms in all material respects to requirements and criteria set forth in the invitation for bids.

Sec. 1-25. Cancellation of solicitations.

Sec. 1-25(1). Cancellation of solicitations. An invitation for bids, a request for proposals, a request for qualifications, an invitation for reverse auction bids or other solicitation may be cancelled, or any or all bids, proposals or statements of qualifications may be rejected in whole or in part as may be specified in the solicitation, when it is in the best interest of the Fire Authority.

Sec. 1-25(2). Prior to opening.

- (a) As used in this section, "opening" means the date and time set for opening of bids, receipt of statements of qualifications or receipt of proposals in competitive sealed proposals or in the case of a reverse auction means the date and time set for the auction close.
- (b) Prior to opening, a solicitation may be cancelled in whole or in part when the Chief Procurement Officer determines in writing that such action is in the Fire Authority's best interest for reasons including but not limited to:
 - i. The Fire Authority no longer requires the materials, services, or construction;
 - ii. The Fire Authority no longer can reasonably expect to fund the procurement; or
 - iii. Proposed amendments to the solicitation would be of such magnitude that a new solicitation is in the best interest of the Fire Authority.
- (c) When a solicitation is cancelled prior to opening, notice of cancellation shall be publicly posted.
- (d) The notice of cancellation shall:
 - i. Identify the solicitation;
 - ii. Briefly explain the reason for cancellation; and
 - iii. Where appropriate, explain that an opportunity will be given to compete on any re-solicitation or any future procurements of similar materials, services, or construction.

Sec. 1-25(3). After opening.

- (a) After opening but prior to award, all bids, proposals or statements of qualifications may be rejected in whole or in part when the Chief Procurement Officer determines in writing that such action is in the Fire Authority's best interest for reasons including but not limited to:
 - i. The Fire Authority no longer requires the materials, services or construction;
 - ii. Ambiguous or otherwise inadequate specifications or scopes of work were part of the solicitation;

- iii. The solicitation did not provide for consideration of all factors of significance to the Fire Authority;
- iv. Prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds;
- v. All otherwise acceptable bids, statements of qualifications or proposals received are at clearly unreasonable prices;
- vi. There is reason to believe that the bids, statements of qualifications or proposals may not have been independently arrived at in open competition, may have been collusive, or may have been submitted in bad faith; or
- vii. Competition was insufficient.

(b) A notice of rejection shall be sent to all persons that submitted bids, statements of qualifications or proposals, and it shall conform to subsection 1-25(2) (d) of this section.

(c) If all bids, proposals or request for qualifications are rejected, all bids, proposals or statements received shall remain, to the extent possible, confidential.

Sec. 1-25(4). Documentation. The reasons for cancellation or rejection shall be made a part of the procurement file and shall be available for public inspection.

Sec. 1-26. Rejection of individual bids, proposals, quotations or statements of qualifications.

(a) A bid may be rejected if:

- i. The bidder is determined to be non-responsible pursuant to Section 1-27;
- ii. The bid is nonresponsive in accordance with Section 1-17; or
- iii. It is otherwise not advantageous to the Fire Authority.

(b) A proposal, statement of qualifications, reverse auction bid or quotation may be rejected if:

- i. The person responding to the solicitation is determined to be non-responsible pursuant to Section 1-27; or
- ii. It is unacceptable; or
- iii. The proposed price exceeds available funds or is unreasonable; or
- iv. It is otherwise not advantageous to the Fire Authority.

(c) The reasons for rejection shall be made a part of the procurement file and shall be available for public inspection.

Sec. 1-27. Responsibility of bidders, offerors and respondents.

Sec. 1-27(1). Findings of non-responsibility. If a bidder, offeror or respondent who otherwise would have been awarded a contract is found non-responsible, a written finding of non-responsibility, setting forth the basis of the finding, shall be prepared by the contract officer. The unreasonable failure of a bidder, offeror or respondent to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a finding of non-responsibility with respect

to such bidder or offeror. The written finding shall be made part of the contract file and be made a public record.

Sec. 1-27(2). Right of nondisclosure. Confidential information furnished by a bidder, offeror or respondent pursuant to this section shall not be disclosed by the Fire Authority outside of the agency, or using agency, without prior written consent by the bidder, offeror or respondent.

Sec. 1-27(3). Factors. Factors to be considered in determining if a prospective contractor is responsible include:

- (a) The proposed contractor's financial, physical, personnel or other resources, including subcontracts;
- (b) The proposed contractor's record of performance and integrity;
- (c) Whether the proposed contractor is qualified legally to contract with the Fire Authority; and
- (d) Whether the proposed contractor supplied all necessary information concerning its responsibility.

Sec. 1-27(4). Responsibility criteria. The contract officer may establish specific responsibility criteria for a particular procurement. Any specific responsibility criteria shall be set forth in the solicitation.

Sec. 1-28. Bid and contract security, material or service contracts.

The Chief Procurement Officer may require the submission of security to guarantee faithful bid and contract performance. In determining the amount and type of security required for each contract, the Chief Procurement Officer shall consider the nature of the performance and the need for future protection to the Fire Authority. The requirement for security must be included in the invitation for bids, invitation for reverse auction bids or request for proposals. Failure to submit security in the amount and type of security required may result in the rejection of the bid or proposal.

Sec. 1-29. Types of contracts.

Subject to the limitations of this chapter, any type of contract which will promote the best interests of the Fire Authority may be used.

Sec. 1-30. Approval of accounting system.

The Chief Procurement Officer may require that the proposed contractor's accounting system is adequate to allocate costs in accordance with generally accepted cost accounting principles prior to award of a contract.

Sec. 1-31. Multi-year contracts.

Unless otherwise provided by law, a contract for materials, services or construction may be entered into for any period of time deemed to be in the best interest of the Fire Authority, if the term of the contract and conditions of renewal or extension, if any, are included in the solicitation and monies are available for the first fiscal period at the time of contracting. Payment and performance obligations for succeeding fiscal periods are subject to the availability and appropriation of monies.

Sec. 1-32. Right to inspect.

The Fire Authority may, at reasonable times, inspect the part of the plant or place of business of a contractor, consultant or any subcontractor or sub-consultant that is related to the performance of any contract awarded or to be awarded by the Fire Authority.

Sec. 1-33. Right to audit records.

Sec. 1-33(1). The Fire Authority may, at reasonable times and places, audit the books and records of any person who submits cost or pricing data as provided in article VII of this chapter to the extent that the books and records relate to the cost or pricing data. Any person who is awarded a contract, change order or contract modification for which cost or pricing data is required shall maintain the books and records that relate to the cost or pricing data for three (3) years from the date of final payment under the contract, unless otherwise specified in the contract.

Sec. 1-33(2). The Fire Authority is entitled to audit the books and records of a contractor, consultant or any subcontractor or sub-consultant under any contract or subcontract to the extent that the books and records relate to the performance of the contract or subcontract. The books and records shall be maintained by the contractor for a period of three (3) years from the date of final payment under the prime contractor or consultant, and by the subcontractor or sub-consultant for a period of three (3) years from the date of final payment under the subcontract, unless otherwise specified in the contract.

Sec. 1-34. Reporting of anticompetitive practices.

If for any reason collusion or other anticompetitive practices are suspected among any bidders, offerors or respondents a notice of the relevant facts shall be transmitted to the Chief Procurement Officer. This section does not require a law enforcement agency conducting an investigation into such practices to convey such notice to the Chief Procurement Officer.

Sec. 1-35. Prospective vendors lists.

Sec. 1-35(1). The Chief Procurement Officer shall maintain a prospective vendors list. Inclusion of the name of a person shall not indicate whether the person is responsible concerning a particular procurement or otherwise capable of successfully performing a Fire Authority contract.

Sec. 1-35(2). Persons desiring to be included on the prospective vendors list may notify the Chief Procurement Officer or may register with the department electronically. The department may remove a person from the prospective vendors list if it is determined that inclusion is not advantageous to the Fire Authority.

Sec. 1-35(3). It shall be the vendor's sole responsibility to ensure that vendor registration information is current and active.

Sec. 1-36. Contract form and execution.

All contracts entered into under this chapter not exceeding the amount established by Sec. 1-11(6) shall be executed in the name of the Fire Authority by the Chief Procurement Officer. Contracts entered into under this chapter exceeding the amount established by Sec. 1-11(6) approved by the executive committee shall be executed by the Fire Chief, approved as to form by the attorney and countersigned by the clerk of the authority.

Sec. 1-37. Assignment of rights and duties.

The rights and duties of a Fire Authority contract are not transferable or otherwise assignable without the written consent of the Chief Procurement Officer.

Sec. 1-38. Reserved.

ARTICLE IV. SPECIFICATIONS

Sec. 1-41. Definition.

As used in this article, "specification" is used interchangeably with "scope", "scope of services", or "scope

of work" and means any description of the physical or functional characteristics, or of the nature of a material, service or construction item. Specification may include a description of any requirement for inspecting, testing, or preparing a material, service, or construction item for delivery.

Sec. 1-42. Maximum practicable competition.

Sec. 1-42(1). All specifications shall seek to promote overall economy for the purposes intended and encourage competition in satisfying the Fire Authority's needs and shall not be unduly restrictive.

Sec. 1-42(2). To the extent practicable and unless otherwise permitted by this chapter, all specifications shall describe the Fire Authority's requirements in a manner that does not unnecessarily exclude a material, service, or construction item.

Sec. 1-42(3). Restrictive specifications shall not be used unless such specifications are required and it is not practicable or advantageous to use a less restrictive specification. The using agency requesting a restrictive specification shall provide written evidence to support the restrictive specification. Past success in the material's performance, traditional purchasing practices, or inconvenience of drawing specifications do not justify the use of restrictive specifications.

Sec. 1-42(4). To the extent practicable, the Fire Authority shall use accepted commercial specifications and shall procure standard commercial materials.

Sec. 1-43. Specifications prepared by other than Fire Authority personnel.

The requirements of this chapter regarding the purposes and non-restrictiveness of specifications shall apply to all specifications prepared other than by Fire Authority personnel, including, but not limited to, those prepared by architects, engineers, designers, and consultants for public contracts, or subcontractors. No person preparing specifications shall receive any direct or indirect benefit from the utilization of such specifications.

Sec. 1-44. Brand name or equal specification.

A brand name or equal specification may be used to describe the standards of quality, performance, and other characteristics needed to meet the requirements of a solicitation, and which invites offers for equivalent products from a manufacturer.

Sec. 1-45. Brand name specification.

A brand name specification may be used to identify the sole acceptable item that meets the Fire Authority's needs. The using department requesting a brand name specification shall provide written evidence to support a brand name determination. A written determination by the Chief Procurement Officer of the basis for the brand name shall be maintained as public record. Past success in the material's performance, traditional purchasing practices, or inconvenience of drawing specifications do not justify the use of a brand name specification.

Sec. 1-46. Reserved.

**ARTICLE V.
PROCUREMENT OF PUBLIC WORKS PROJECTS AND
PROFESSIONAL DESIGN SERVICES**

Sec. 1-47. Definitions.

In this article, unless the context otherwise requires:

Sec. 1-47(1). "Capital improvement" means an outlay of funds for the acquisition or improvement of real property, which extends the life or increases the productivity of the real property.

Sec. 1-47(2). "Contractor" shall mean any corporation, partnership, individual, sole proprietorship, joint venture or other legal entity which enters into a contract to sell commodities or services to the Fire Authority.

Sec. 1-47(3). "Construction" means the process of building, altering, repairing, improving or demolishing any public infrastructure facility, including public structure, public building, or other public improvements of any kind to any real property. Construction does not include the routine operation, routine repair, or routine maintenance of existing public infrastructures or facilities, including structures, buildings or real property.

Sec. 1-47(4). "Construction project management" means those services provided by a licensed architect, registered engineer, or licensed general contractor.

Sec. 1-47(5). "Construction services" means either of the following for construction- manager-at-risk, and design-build project delivery methods:

- (a) Construction, excluding services, through the construction-manager-at-risk project delivery methods.
- (b) A combination of construction and, as elected by the Fire Authority, one or more related services, such as finance services, maintenance services, operations services, design services and preconstruction services, as those services are authorized in the definitions of construction- manager-at-risk, and design-build in this section.

Sec. 1-47(6). "Construction-manager-at-risk" means a project delivery method in which:

- (a) There is a separate contract for design services and a separate contract for construction services.
- (b) The contract for construction services may be entered into at the same time as the contract for design services or at a later time.
- (c) Design and construction of the project may be in sequential phases or concurrent phases.
- (d) Finance services, maintenance services, operations services, preconstruction services and other related services may be included.

Sec. 1-47(7). "Cost" means the aggregate cost of all materials and services, including labor performed by force account.

Sec. 1-47(8). "Design-bid-build" means a project delivery method in which:

- (a) There is a sequential award of two (2) separate contracts.
- (b) The first contract is for design services.
- (c) The second contract is for construction.
- (d) Design and construction of the project are in sequential phases.

(e) Finance services, maintenance services and operations services are not included.

Sec. 1-47(9). "Design-build" means a project delivery method in which:

(a) There is a single contract for design services and construction services.

(b) Design and construction of the project may be in sequential phases or concurrent phases.

(c) Finance services, maintenance services, operations services, preconstruction services and other related services may be included.

Sec. 1-47(10). "Design professional" means an architect or engineer, or both, duly licensed for professional practice, who may be employed by an owner for the purpose of designing a project.

Sec. 1-47(11). "Emergency for Public Projects" shall have the meaning provided in California Public Contract Code Sections 22035 and 22050.

Sec. 1-47(12). "Facility" means any plant, building, structure, ground facility, real property, street, highway or other public work improvement.

Sec. 1-47(13). "Firm" means any individual, firm, partnership, corporation, association or other legal entity permitted by law to practice the profession of architecture, landscape architecture, engineering, environmental services, land surveying, or construction project management.

Sec. 1-47(14). "Finance services" means financing for a construction services project.

Sec. 1-47(15). "Force account" means work performed on public projects using internal resources including but not limited to: labor, equipment, materials, supplies, and subcontracts of the Fire Authority.

Sec. 1-47(16). "Maintenance work" shall have the meaning provided in Public Contract Code Section 22002(d), as that section may be amended from time to time, and shall include, but shall not be limited to, all of the following:

(a) Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.

(b) Minor repainting.

(c) Resurfacing of streets and highways at less than one inch.

(d) Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.

Sec. 1-47(17). "Preconstruction services" means advice during the design phase.

Sec. 1-47(18). "Professional design services" means architect services, engineering services, geologist services, landscape architect services, and land surveying service or any combination of those services that are legally required to be accomplished, reviewed, and approved by professionals registered to practice in the pertaining discipline in the State of California.

Sec. 1-47(19). "Professional engineer" refers to a person engaged in the professional practice of rendering service or creative work requiring education, training and experience in engineering

sciences and the application of special knowledge of the mathematical, physical and engineering sciences in such professional or creative work as consultation, investigation, evaluation, planning or design of public or private utilities, structures, machines processes, circuits, buildings, equipment or projects, and supervision of construction for the purpose of securing compliance with specifications and design for any such work.

Sec. 1-47(20). "Public project" means any of the following:

- (a) Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.
- (b) Painting or repainting of any publicly owned, leased, or operated facility.
- (c) "*Public project*" does not include maintenance work.

Sec. 1-47(21). "Public works contract" means an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind done under contract and paid for in whole or in part out of public funds.

Sec. 1-47(22). "Solicitation" shall mean an invitation for bids, request for quotations, request for qualifications, or request for proposals issued by the Fire Authority for the purpose of requesting bids, quotes or proposals to perform a contract.

Sec. 1-47(23) "Uniform Public Construction Cost Accounting Act" is an alternative method for public project work performed or contracted by public entities in California as defined by Public Contract Code Section 22000 et seq. The Fire Authority adopted the alternative informal bidding procedures on February 22, 1996 establishing informal bidding procedures for public works.

Sec. 1-48 Procurement of public projects.

Sec. 1-48(1). Procurement of public projects shall be in accordance with the Uniform Public Construction Cost Accounting Act, Public Contract Code Section 22000, et seq. Nothing herein contained, however, shall preclude the Fire Authority from utilizing more restrictive procedures if, and when required by federal or state law, where federal or state funds are involved in the contract to be awarded or when the Chief Procurement Officer determines it is in the best interest of the Fire Authority.

Sec. 1-48(2). Contracts for construction shall be solicited through a competitive sealed bid process except as otherwise provided for in 1-52 (procurement of construction services), 1-20 (small purchases), 1-21 (sole source procurement), 1-22 (emergency procurements) and 1-23 (special procurements). The procurement officer shall award contracts for construction in accordance with the requirements of Public Contract Code Section 22000 et seq. and the ordinance.

Sec. 1-48(3). Force Account and informal bidding procedures. Public works projects of the amount set forth in Public Contract Code Section 22032(a), as amended from time to time, may be performed by the employees of the Fire Authority, by negotiated contract, or by purchase order.

Sec. 1-48(4). Informal bidding procedures. Public works projects of the amount set forth in Public Contract Code Section 22032(b), as amended from time to time, may be let to contract by informal bidding procedures as set forth in Section 1-49(1).

Sec. 1-48(5). Formal bidding procedures. Public projects of the amount set forth in Public Contract

Code Section 22032(c), as amended from time to time, or in a greater amount, shall be let to contract by formal bidding procedures as set forth in Section 1-49(2).

Sec. 1-49. Public project informal bidding procedures.

Sec. 1-49(1). Public works projects which are subject to the informal bidding procedures as set forth in Section 1-48, shall be awarded to the lowest responsible bidder in accordance with the Public Contract Code Section 22000 et seq.

Sec. 1-49(2). *Contractors list.* The Fire Authority shall maintain a list of qualified contractors, identified according to categories of work. The development and maintenance shall be in accordance with the provisions in the Public Contract Code Section 22034 and criteria established from time to time by the California Uniform Construction Cost Accounting Commission.

Sec. 1-49(3). *Notice inviting informal bids.* All contractors on the list for the category of work to be bid or all construction trade journals as specified in the California Public Contract Code Section 22036, or both, shall be sent a notice inviting informal bids unless the product or service delivery is proprietary. If there is no list of qualified contractors maintained by the Fire Authority for the particular category of work to be performed, the notice shall be sent to the construction trade journals specified by the Commission.

Sec. 1-49(4). *Sending notices and descriptions of project.* All sending of notices to contractors and construction trade journals pursuant to the California Public Contract Code Section 22036 shall be completed not fewer than ten calendar days before bids are due. The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and state the time and place for the submission of bids.

Sec. 1-49(5). *Payment bond.* In accordance with the Civil Code Section 9550 et seq. all public works bids involving an expenditure in excess of twenty-five thousand dollars (\$25,000) shall require a payment bond in an amount not less than 100 percent of the total amount payable pursuant to the public works contract.

Sec. 1-49(6). *Award of informal bids.* The Chief Procurement Officer is authorized to award informal bids for public projects.

Sec. 1-49(7). *Bids in excess of the formal bid limit.* If all bids received are in excess of the amount set forth in Public Contract Code Section 22034(f), as amended from time to time, the Board of Directors may by passage of a resolution by a four-fifths vote, award the contract, to the lowest responsible bidder, if it determines the cost estimate was reasonable.

Sec. 1-50. Public project formal bidding procedures.

Sec. 1-50(1). Public works projects which are subject to formal bidding procedures as set forth in Public Contract Code Section 22037, shall be awarded to the lowest responsive and responsible bidder in accordance with the procedures set forth in this section.

Sec. 1-50(2). *Notice inviting formal bids.* The notice inviting bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project. The notice shall be published at least fourteen (14) calendar days before the date of opening the bids, in a newspaper of general circulation within the jurisdiction of the Fire Authority. The notice inviting informal bids shall also be sent electronically to all construction trade journals specified for the County of Orange in the Public Contract Code Section 22036 at least thirty (30) calendar days before the date of bid

opening. In addition to notice required by this section, the Fire Authority may give other notice as it deems proper.

Sec. 1-50(3). Adopt plans. The Board of Directors of the Fire Authority shall adopt plans, specifications, and working details for all public projects as required by Public Contract Code 22039, exceeding the amount specified in the Public Contract Code Section 22032(c).

Sec. 1-50(4). Bidder security. All formal projects shall require bidder's security as required by state law. Bid security shall be in an amount equal to at least five percent of the amount bid. Any bid bond submitted shall be executed by an admitted surety insurer which meets the rating requirements established by the risk manager or designee, made payable to the Fire Authority.

Sec. 1-50(5). Prequalification. The Fire Authority may require bidders to meet certain criteria in order to be placed upon a bidder's list to bid on formal public works projects.

Sec. 1-50(6). Award of formal bids. The Board of Directors the Fire Authority shall award all formal public works projects.

Sec. 1-51. Procurement of professional design services.

Contracts for professional design services shall be solicited and selected in accordance with Government Code Section 4525 et seq. through a request for qualifications.

Sec. 1-52. Procurement of construction services.

Contracts for construction services shall be solicited through a design-bid build or a design-build process in accordance with Public Contract Code Section 22160 et seq. except as otherwise provided for in [Sections] 1-20, 1-21, and 1-53. The Board of Directors or delegated authority shall award all contracts for construction services in accordance with the state requirements and this ordinance.

Sec. 1-53. Public works emergencies procedure.

In cases of emergency, when repair or replacements are necessary to permit the continued conduct of the operation or services of the Fire Authority or to avoid danger to life or property, the Chair or Vice Chair of the Board of Directors, after making a finding that the emergency will not permit a delay resulting from a competitive solicitation for bids and, that the action is necessary to respond to the emergency, may by a four-fifths vote, proceed at once to replace or repair any public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services and supplies for those purposes, without giving notice for bids to let contracts. The Fire Chief shall have the power to declare a public emergency when it is impractical to convene a meeting of the Board of Directors, subject to confirmation by the Board, by a four-fifths vote, at its next meeting and reviewed at least at every regularly scheduled meeting thereafter until the action is terminated. This procedure shall be subject to any other requirements of Public Contract Code section 22050, as amended.

Sec. 1-54--1-57. Reserved.

**ARTICLE VI.
CONTRACT TERMS AND CONDITIONS**

Sec. 1-58. Contract terms and conditions.

All Fire Authority contracts shall include provisions necessary to define the responsibilities and rights of the parties to the contract. The Chief Procurement Officer shall have the authority to establish and modify any such terms and conditions.

Secs. 1-59--1-61. Reserved.

ARTICLE VII. COST PRINCIPLES

Sec. 1-62. Cost principles.

The Chief Procurement Officer shall establish cost principles which shall be used to determine the allowability of incurred costs for the purpose of reimbursing costs under contract provisions which provide for the reimbursement of costs.

Sec. 1-63. Cost or pricing data.

The submission of current cost or pricing data may be required in connection with any award, change order or contract modification.

Secs. 1-64, 1-65. Reserved.

ARTICLE VIII. MATERIALS MANAGEMENT

Sec. 1-66. Definitions.

In this article, unless the context otherwise requires:

Sec. 1-66(1). "Property" means assets with a useful life of more than one (1) year.

Sec. 1-66(2). "Property transfer" means the transfer of controlled fixed assets between using agencies or transfer of property to or from the surplus property program.

Sec. 1-66(3). "Surplus property" means property no longer needed by using agency for their operations, property in poor or non-working condition, or property that is a by-product (e.g. scrap metal, used tires and oil, etc.).

Sec. 1-67. Materials management guidelines.

The Chief Procurement Officer shall establish guidelines as may be required governing:

Sec. 1-67(1). The transfer of surplus property and operation of the surplus property program.

Sec. 1-67(2). The sale or disposal of surplus, by auction, competitive sale or other authorized method.

Sec. 1-67(3). The trade-in of surplus property for purchase of new equipment.

Sec. 1-68. Inventory management.

The Chief Procurement Officer shall manage the Fire Authority service center which provides warehousing services including inventory management, shipping, receiving, storing, issuing and servicing of supplies and inventory for the Fire Authority. The Chief Procurement Officer will establish policies and procedures required for efficient and effective operation of the inventory system including the purchase of inventory, sale or other disposal of inventory items no longer needed, delivery and other services provided to using agencies.

Sec. 1-69. Disposition of surplus property.

Sec. 1-69(1). The Chief Procurement Officer will operate a surplus property program for the purpose of receiving, storing, transferring, or selling surplus property no longer needed by using agencies.

Sec. 1-69(2). Using agencies shall request department authorization to transfer controlled fixed assets to another using agency, or to request transfer of property into or from the surplus property program.

Sec. 1-69(3). Unless otherwise provided for, surplus property no longer needed by any using agency shall be offered through competitive sale to the highest responsible bidder.

Sec. 1-69(4). Unless otherwise provided, all proceeds from the sale of surplus property will be deposited into the Fire Authority's general fund. Proceeds from sale of enterprise, federal, grant or other special designation property will be reimbursed, less pro-rated selling expenses, to the appropriate fund, after completion of each sale.

Sec. 1-69(5). If surplus property has an estimated value of less than five thousand dollars (\$5,000) and it is proposed that the property may be donated, the Chief Procurement Officer has the authority to determine whether the proposed donation of the surplus property to another local agency or non-profit organization meets the intent of the California Constitution whereby when a public agency gives a surplus item to another organization, the item must be used for a public purpose of interest and benefit generally to the people of the agency's jurisdiction and in keeping with the agency's purpose. Said donations shall require the prior approval of the Fire Chief and a release of liability to the Fire Authority from the agency accepting the donated surplus property. Any request for donation with a fair market value exceeding five thousand dollars (\$5,000) shall require prior approval by the Board of Directors or the Executive Committee.

Sec. 1-69(6). If surplus property is deemed to have historical significance by the Fire Chief and or/his designee, the historical property will be transferred and placed in the custody of a designated section manager for safe keeping.

Secs. 1-70--1-74. Reserved.

ARTICLE IX. LEGAL AND CONTRACTUAL REMEDIES

Sec. 1-75. Definitions.

In this article, unless the context otherwise requires:

Sec. 1-75(1). "*Adequate evidence*" means more than mere accusation but less than substantial evidence. Consideration shall be given to the amount of credible information available, reasonableness in view of surrounding circumstances, corroboration, and other inferences that may be drawn from the existence or absence of affirmative facts.

Sec. 1-75(2). "*Filed*" means delivery to the contract officer or to the Chief Procurement Officer, whichever is applicable. A time and date of receipt shall be documented in a verifiable manner for purposes of filing.

Sec. 1-75(3). "*Governing instruments*" means those legal documents that establish the existence of an organization and define its powers including articles of incorporation or association, constitution, charter and by-laws.

Sec. 1-75(4). "*Interested party*" means an actual or prospective bidder, respondent or offeror whose economic interest may be affected substantially and directly by the issuance of a solicitation, the award of a contract or by the failure to award a contract. Whether an economic interest exists will

depend upon the circumstances of each case. An interested party does not include a supplier, subconsultant or subcontractor to an actual or prospective bidder, respondent or offeror.

Sec. 1-75(5). "Receipt" means the earlier of actual receipt or the first attempted delivery by certified mail, or by any other means that provides evidence of the attempt, to the persons' last known address.

Sec. 1-75(6). "Substantial evidence" means such relevant evidence as a reasonable person might accept as sufficient to support a particular conclusion.

Sec. 1-76. Authority of the Chief Procurement Officer.

The Chief Procurement Officer shall have the authority to settle and resolve protests and contract claims. Appeals from the decisions of the Chief Procurement Officer may be made to the Fire Chief pursuant to the provisions of this article.

Sec. 1-77. Right to protest.

Any actual interested party who is aggrieved in connection with the solicitation or award of a contract may protest to the Chief Procurement Officer.

Sec. 1-78. Filing of a protest.

Sec. 1-78 (1). "Content of protest". The protest shall be in writing and shall include the following information:

- (a) The name, address, telephone number and email address of the protestant;
- (b) The signature of the protestant or its representative;
- (c) Identification of the solicitation or contract number;
- (d) A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and
- (e) The form of relief requested.

Sec. 1-79. Time for filing protests.

Sec. 1-79(1). Protests concerning improprieties in a solicitation. Protests based upon alleged improprieties in a solicitation that are apparent before the solicitation due date shall be filed not less than five (5) working days before the solicitation due date.

Sec. 1-79(2). In cases other than those covered in subsection (1) of this section, protests shall be filed within seven (7) days after the aggrieved person knows or should have known of the facts giving rise thereto; however, in no event shall the protest be filed later than seven (7) days after issuance of intent to award.

Sec. 1-79(3). The Chief Procurement Officer, without waiving the Fire Authority's right to dismiss the protest for lack of timeliness, may consider any protest that is not filed timely.

Sec. 1-79(4). The Chief Procurement Officer shall give notice of the protest to the successful contractor if award has been made or, if no award has been made, to all interested parties. Interested parties have the right to intervene.

Sec. 1-80. Stay of procurements during the protest.

In the event of a timely protest under Section 1-79, the Fire Authority may proceed further with the solicitation or with the award of the contract unless the Fire Chief makes a written determination that there is a reasonable probability that the protest will be sustained or that the stay of procurement is not contrary to the substantial interests of the Fire Authority.

Sec. 1-81. Confidential information.

Sec. 1-81(1). Material submitted by a protestant shall not be withheld from any interested party except to the extent that the withholding of information is permitted or required by law or as determined pursuant to Section 1-5.

Sec. 1-81(2). If the protestant believes the protest contains material that should be withheld, a statement advising the Chief Procurement Officer of this fact shall accompany the protest submission in accordance with Section 1-5.

Sec. 1-82. Decision by the Chief Procurement Officer.

Sec. 1-82(1). The Chief Procurement Officer shall issue a written decision within fourteen (14) days after a protest has been filed pursuant to Section 1-78. The decision shall contain an explanation of the basis of the decision.

Sec. 1-82(2). The Chief Procurement Officer shall furnish a copy of the decision to the protestant, by e-mail and/or certified mail, return receipt requested, or by any other method that provides evidence of receipt.

Sec. 1-82(3). The time limit for decisions set forth in subsection (1) of this section may be extended by the Fire Chief for a reasonable time not to exceed thirty (30) days. The Chief Procurement Officer shall notify the protestant in writing that the time for the issuance of a decision has been extended and the date by which a decision will be issued.

Sec. 1-82(4). If the Chief Procurement Officer fails to issue a decision within the time limits set forth in subsection (1) or (3) of this section, the protestant may proceed as if the Chief Procurement Officer had issued an adverse decision.

Sec. 1-82(5). The Chief Procurement Officer's decision shall contain a statement regarding the appeals process that is available pursuant to this article.

Sec. 1-83. Remedies.

Sec. 1-83(1). If the Chief Procurement Officer sustains the protest in whole or part and determines that a solicitation, evaluation process, proposed contract award, or contract award does not comply with the procurement code, the Chief Procurement Officer shall implement an appropriate remedy.

Sec. 1-83(2). In determining an appropriate remedy, the Chief Procurement Officer shall consider all the circumstances surrounding the procurement or proposed procurement including, but not limited to:

- (a) The seriousness of the procurement deficiency;
- (b) The degree of prejudice to other interested parties or to the integrity of the procurement process;

- (c) The good faith of the parties;
- (d) The extent of performance;
- (e) Costs to the Fire Authority;
- (f) The urgency of the procurement; and
- (g) The impact of the relief on the using agency's mission.

Sec. 1-83(3). An appropriate remedy may include one or more of the following:

- (a) Reject all bids, responses or proposals;
- (b) Terminate the contract;
- (c) Reissue the solicitation;
- (d) Issue a new solicitation;
- (e) Award a contract consistent with the procurement code;
- (f) Such other relief as is determined necessary to ensure compliance with the General Law and this chapter.

Sec. 1-84. Appeals to the Fire Chief.

Sec. 1-84(1). Appeal. An appeal from a decision entered or deemed to be entered by the Chief Procurement Officer shall be filed with the Fire Chief within seven (7) days from the date the decision is issued. The appellant shall also file a copy of the appeal with the Chief Procurement Officer.

Sec. 1-84(2). Content of appeal. The appeal shall contain:

- (a) The information set forth in Section 1-78, including the identification of confidential information in the manner set forth in Section 1-81;
- (b) A copy of the decision of the Chief Procurement Officer; and
- (c) The precise factual or legal error in the decision of the contract officer from which an appeal is taken.

Sec. 1-85. Notice of appeal.

Sec. 1-85(1). The Fire Chief shall give notice of the appeal to the successful contractor if award has been made or, if no award has been made, to interested parties. Such interested parties shall have the right to request copies of the appeal and to intervene in the proceedings.

Sec. 1-85(2). The Fire Chief shall, upon request, furnish copies of the appeal to those named in subsection (1) of this section subject to the provisions of Section 1-81.

Sec. 1-86. Stay of procurement during appeal.

If an appeal is filed during the procurement and before an award of a contract and the procurement or

award of the contract was stayed by the Chief Procurement Officer pursuant to Section 1-80, the filing of an appeal shall automatically continue the stay unless the Fire Chief makes a written determination that the procurement or award of the contract without delay is necessary to protect substantial interests of the Fire Authority.

Sec. 1-87. Chief Procurement Officer's report.

Sec. 1-87(1). Report. The Chief Procurement Officer shall file a report on the appeal with the Fire Chief within seven (7) days from the date the appeal is filed. At the same time, Chief Procurement Officer shall furnish a copy of the report to the appellant by e-mail and/or certified mail, return receipt requested or any other method that provides evidence of receipt, and to any interested parties who have responded to the notice given pursuant to Section 1-85(2). The report shall contain copies of:

- (a) The appeal;
- (b) Any other documents that are relevant to the protest; and
- (c) A statement by the Chief Procurement Officer setting forth findings, actions, recommendations and any additional evidence or information necessary to determine the validity of the appeal.

Sec. 1-87(2). Extension for filing of report.

- (a) The Chief Procurement Officer may request in writing an extension of the time period setting forth the reason for extension.
- (b) The Fire Chief's determination on the request shall be in writing, state the reasons for the determination and, if an extension is granted, set forth a new date for the submission of the report. The Chief Procurement Officer shall notify the appellant in writing that the time for the submission of the report has been extended and the date by which the report will be submitted.

Sec. 1-87(3). Comments on report.

- (a) The appellant shall file comments on the Chief Procurement Officer's report with the Fire Chief within seven (7) days after receipt of the report. Copies of the comments shall be provided by the appellant to the Chief Procurement Officer and all other interested parties. The comments must contain a statement or confirmation as to the appellant's requested form of relief.
- (b) The Fire Chief may grant an extension on the time period to file comments pursuant to a written request made by the appellant within the period set forth in subsection (3)(a) of this section stating the reason an extension is necessary. The Fire Chief's determination on the request shall be in writing, state the reasons for the determination and, if the extension is granted, set forth a new date for the filing of comments. The Fire Chief shall notify the contract officer of any extension.

Sec. 1-88. Dismissal by the Fire Chief.

The Fire Chief shall dismiss, upon a written determination, an appeal if:

Sec. 1-88(1). The appeal does not state a valid basis, including a detailed statement of the legal and factual grounds, for protest; or

Sec. 1-88(2). The appeal is untimely pursuant to Section 1-84(1).

Sec. 1-89. Remedies.

If the Fire Chief sustains the appeal in whole or part and determines that a solicitation, evaluation process, proposed award, or award does not comply with the general law and/or this chapter, remedies may be implemented pursuant to Section 1-83.

Sec. 1-90. Filing of a contract claim.

Sec. 1-90(1). “*Content of claim*”. The claim shall be in writing and shall include the following information:

- (a) The name, address, telephone number and email address of the claimant;
- (b) The signature of the claimant or its representative;
- (c) Identification of the solicitation or contract number;
- (d) A detailed statement of the legal and factual grounds of the claim including copies of relevant documents; and
- (e) The form of relief requested.

Sec. 1-91. Chief Procurement Officer's decision.

Sec. 1-91(1). *Written decision.* If a contract claim cannot be resolved by mutual agreement, the Chief Procurement Officer shall, upon a written request by the contractor for a final decision, issue a written decision no more than sixty (60) days after the request is filed. Before issuing a final decision, the Chief Procurement Officer shall review the facts pertinent to the contract claim or controversy and secure any necessary assistance from legal, financial, procurement, and other advisors.

Sec. 1-91(2). *Final decision.* The Chief Procurement Officer shall furnish a copy of the decision to the contractor, by certified mail, return receipt requested, or by any other method that provides evidence of receipt. The decision shall include:

- (a) A description of the claim;
- (b) A reference to the pertinent contract provision;
- (c) A statement of the factual areas of agreement or disagreement;
- (d) A statement of the Chief Procurement Officer's decision, with supporting rationale;
- (e) A statement regarding the appeals process that is available pursuant to this article.

Sec. 1-92. Issuance of a timely decision.

Sec. 1-92(1). The time limit for decisions set forth in Section 1-92(1) may be extended for good cause. The Chief Procurement Officer shall notify the contractor in writing that the time for the issuance of a decision has been extended and the date by which a decision is anticipated.

Sec. 1-92(2). If the Chief Procurement Officer fails to issue a decision within sixty (60) days after the

request on a claim is filed or within the time prescribed under subsection (1) of this section, the contractor may proceed as if the Chief Procurement Officer had issued an adverse decision.

Sec. 1-93. Appeals to the Fire Chief.

Sec. 1-93(1). Appeal of final decision. An appeal of a final decision of a Chief Procurement Officer on a claim shall be filed with the Fire Chief within five (5) days from the date the decision is received. The appellant shall also file a copy of the appeal with the Chief Procurement Officer.

Sec. 1-93(2). Content of appeal. The appeal shall contain a copy of the decision of the Chief Procurement Officer and the basis for the precise factual or legal error in the decision of the Chief Procurement Officer from which an appeal is taken.

Sec. 1-93(3). Final decision, mediation service or arbitration. The Fire Chief may make the final decision in accordance with Section 1-97 or to mediation services in accordance with Section 1-95 or to arbitration in accordance with Section 1-96.

Sec. 1-94. Fire Authority claims against a contractor.

All contract claims asserted by the Fire Authority against a contractor that are not resolved by mutual agreement shall promptly be referred by the Chief Procurement Officer to the Fire Chief for a final decision in accordance with Section 1-97, or mediation, in accordance with Section 1-95, or arbitration in accordance with Section 1-96.

Sec. 1-95. Mediation.

Contract claims may be resolved utilizing mediation services if the Fire Chief determines the use of such services is in the best interest of the Fire Authority.

Sec. 1-96. Arbitration.

Contract claims may be resolved utilizing arbitration if the Fire Chief determines the use of arbitration is in the best interest of the Fire Authority. The claim shall be settled by arbitration in accordance with the current construction industry arbitration rules of the American Arbitration Association or, at the option of the Fire Authority, in accordance with the provisions of the California Arbitration Act (CAA) (Cal. Civ. Proc. Code §§ 1280-1294.2) or the Federal Arbitration Act (FAA) (9 U.S.C. §§ 1-16, 201-208, 301-307).

Sec. 1-97. Final decision by the Fire Chief.

Sec. 1-97(1). The Fire Chief may affirm, modify, or reject the Chief Procurement Officer's decision in whole or in part, or make any other appropriate disposition.

Sec. 1-97(2). A decision by the Fire Chief shall be final. The decision shall be sent to all parties by e-mail, certified mail, return receipt requested or by any other method that provides evidence of receipt. If a stay was issued, the final decision by the Fire Chief shall lift any such stay, unless the Fire Chief determines that the continued stay is necessary to protect the substantial interest of the Fire Authority.

Sec. 1-98. Judicial review of protests or claims.

Any final decision of the Fire Chief of a protest (§ 1-77 et seq.) or claim (§ 1-90 et seq.) under this chapter is subject to special action review by any party to the proceeding. Exhaustion of the procedures set forth in this ordinance shall be a condition precedent to seeking judicial review and the party seeking review shall file the complaint within thirty (30) days of a final decision by the Fire Chief.

Sec. 1-99. Exclusive remedy.

Notwithstanding any law to the contrary, this article shall provide the exclusive procedure for asserting a claim or cause of action against the Fire Authority arising in relation to any procurement conducted under this chapter.

Secs. 1-100--1-115. Reserved.

ARTICLE X. COOPERATIVE PURCHASING

Sec. 1-116. Definitions.

In this article, unless the context otherwise requires:

Sec. 1-116(1). "Cooperative purchasing" means procurement conducted by, or on behalf of, more than one public procurement unit.

Sec. 1-116(2). "Eligible public procurement unit" means any state, county, city, town, and any other political subdivision, public authority, educational, health or other institution, and to the extent provided by law, any other entity which expends public funds for the procurement of supplies, services and construction, and any not-for-profit entity.

Sec. 1-117. Applicability.

Agreements entered into pursuant to this article shall be limited to the areas of procurement, warehousing or materials management.

Sec. 1-118. Cooperative purchasing authorized.

The Fire Authority may participate in, sponsor, conduct or administer a cooperative purchasing agreement for the procurement of any materials, services, or construction with one or more eligible procurement units in accordance with an agreement entered into between the participants. Such cooperative purchasing may include, but is not limited to joint or multi-party contracts between public procurement unit and open-ended public procurement unit contracts that are made available to other public procurement units. Parties under a cooperative purchasing agreement may:

Sec. 1-118(1). Sponsor, conduct or administer a cooperative agreement for the procurement or disposal of any materials, services, or construction.

Sec. 1-118(2). Cooperatively use materials or services.

Sec. 1-118(3). Commonly use or share warehousing facilities, capital equipment and other facilities.

Sec. 1-118(4). Provide personnel, except that the requesting eligible procurement unit may pay the public procurement unit providing the personnel the direct and indirect cost of providing the personnel, in accordance with the agreement.

Sec. 1-118(5). On request, make available to other eligible public procurement units informational, technical or other services that may assist in improving the efficiency or economy of procurement. The public procurement unit furnishing the informational or technical services has the right to request reimbursement for the reasonable and necessary costs of providing such services.

The activities described in paragraphs (1) through (5) do not limit the activities of parties under a cooperative purchasing agreement.

Sec. 1-119. Cooperative purchasing source selection methods.

All cooperative purchasing conducted under this Article shall be through contracts awarded by a public agency through full and open competition, including use of source selection methods substantially equivalent to those specified in Article III (Source Selection and Contract Formation) of this code.

Secs. 1-120, 1-121. Reserved.

**ARTICLE XI.
RESERVED**

Secs. 1-122--1-126. Reserved.

**ARTICLE XII.
ETHICS IN PUBLIC CONTRACTING**

Sec. 1-127. Procurement Ethics Standards

Sec. 1-127(1). The Chief Procurement Officer, as well as those involved in Fire Authority procurement shall discharge their duties in accordance with high ethical standards by practicing their profession with integrity, honesty, truthfulness and adherence to the absolute obligation to safeguard the public trust.

Sec 1-127(2). The Chief Procurement Officer, as well as those involved in Fire Authority procurement, shall be subject to the Conflict of Interest Code and subsequent amendments adopted by the Fire Authority.

Sec. 1-127(3). The Chief Procurement Officer shall adopt a Procurement Ethics Policy and Procedures applicable to all Fire Authority procurement functions.

Secs. 1-128--1-130. Reserved.

ORANGE COUNTY FIRE AUTHORITY Roles/Responsibilities/Authorities

All authority rests with the Board of Directors unless it is delegated by statute or board action. When delegated, these authorities are further defined by contracts, resolutions, policies, or other board actions. The following chart defines OCFA's levels of authority. The Board of Directors has the authority to change these delegations within the parameters of legal and contractual restrictions.

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Levels of Service	Develop and implement programs to provide the identified "Levels of Service."		Approve temporary changes in "Levels of Service."	Approve "Levels of Service" for the Authority.
Resource Deployment	Establish policy/deployment that maintains the approved "Levels of Service."			
Standard Operating Procedures (SOPs) and General Orders (GOs)	Develop and implement SOPs and GOs consistent with Board policies.			
Budget Adoption	Develop the budget.		Budget & Finance Committee - Review the budget; make recommendations.	Approve the budget prior to June 30 each year (JPA Agreement, Article IV.1)
Budget Execution	Authorize expenditures within approved budget appropriations (JPA Agreement, Article IV.2)			
Budget: Intra- and inter-fund transfer; increases and decreases to appropriation.	Approve intra-fund transfers within adopted budgets			Approve inter-fund transfers between budgets; Approve increases and decreases to appropriations.

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Fire Station 41, Air Operations Maintenance Facility - Leases	Negotiate, approve and execute leases and/or lease amendments for Hangers Nos. 1, 2, 3, and 4			
Fund Balance - Assigned	Assign amounts for workers' compensation and the capital improvement program within requirements of the <i>Assigned Fund Balance Policy</i>		Budget & Finance Committee – Review calculations used to determine assignments for workers' compensation and the capital improvement program for consistency with <i>Assigned Fund Balance Policy</i>	Assign and un-assign fund balance for any specific purposes other than workers' compensation and the capital improvement program, within the guidelines of GASB Statement No. 54
Fund Balance – Committed				Commit and un-commit fund balance via minutes action, within the guidelines of GASB Statement No. 54
Contingency Planning and funding	Develop plan; administer budget in a manner consistent with plan and policies.		Budget & Finance Committee - Review contingencies and spending for compliance with plan and policies.	Establish plan and policies. Transfer of Appropriation for Contingencies requires prior approval of the Chair or the Vice Chair, in the absence of the Chair, and must be reported to the Board immediately in writing.

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Debt obligation	Develop and recommend financing plans.		Budget & Finance Committee – Review of recommended financing plans.	Approve all debt obligations. (Note: long-term bonded indebtedness requires approval by 2/3 rd vote of the members.)
Term contracts - P urchase of commodities (fixed price) and fixed assets	<u>Purchasing manager is authorized to A</u> pprove purchase of <u>term</u> commodities and fixed assets for total annual contract amount less than \$ 100,000- <u>\$250,000</u> .		Approve purchase of commodities and fixed assets for total contract amount over \$ 100,000- <u>250,000</u> .	

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
<u>Term contract amendment purchase of commodities (fixed-price)</u>	<u>Purchasing manager is authorized to approve term contract amendments so long as:</u> 1) <u>the total annual contract amount is less than \$250,000,</u> 2) <u>the contract was competitively bid by OCFA or by cooperative purchasing agreement as defined in Ordinance No. 008, and</u> 3) <u>the contract pricing remains the same and the contract value increase is due to additional needs based on the original contract pricing</u>		<u>Approve term contract amendments that will result in the annual contract value being greater than \$250,000 .</u>	
<u>Fixed assets</u>	<u>Purchasing manager is authorized to approve purchase of fixed assets within budgeted amount approved by the Board in the adopted budget.</u>		<u>Approve purchase of fixed assets greater than the budgeted amount in the adopted budget.</u>	

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
<u>Maintenance Contracts</u>	<p><u>Purchasing manager is authorized to approve maintenance contracts when the annual value is less than \$250,000.</u></p> <p><u>Approve multi-year contracts so long as:</u></p> <ol style="list-style-type: none"> <u>1. the value is less than \$250,000 for the multi-year period, and</u> <u>2. the contract period doesn't exceed three years.</u> 		<p><u>Approve all maintenance contracts where the annual value is expected to exceed \$250,000 or three years.</u></p>	
Emergency Purchases/Contracts	<p>Approve emergency purchases, <u>as defined in Ordinance No. 008, Sec. 1-3(13) & Sec. 1-22, without bidding process</u> up to \$100,000.</p>		<p>Purchases in excess of \$100,000 require prior approval of Chair or Vice Chair and must be reported at the next Executive Committee meeting.</p> <p><i><u>*This does not apply to emergency procurements associated with a jamor disaster that occurs within the County.</u></i></p>	

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Purchasing Professional Service Contracts (including consulting contracts)	<p><u>Purchasing manager is authorized to</u> Approve all <u>competitively bid professional</u> service contracts less than \$100,000<u>250,000. for life of contract duration.</u></p> <p><u>Approve multi-year competitively bid professional service contracts so long as:</u></p> <ol style="list-style-type: none"> <u>1. the value is less than \$100,000 for the life of the contract, and</u> ±<u>2. the contract period does not exceed three years.</u> 		<p>Approve all service contracts <u>where the annual value exceeds over \$100,000</u>250,000 or the contract duration exceeds three years. for life of contract duration. <u>Contract extensions beyond the initial contract term will require Executive Committee approval prior to contract extension.</u></p>	
Sole Source Contracts	<p><u>Purchasing manager is authorized to</u> Approve any sole source contracts up to \$25,000, <u>so long as acceptable justification is provided by the using agency per the requirements in Ordinance No. 008 Sec. 1-21.</u></p>		<p>Approve any sole source contracts over \$25,000.</p>	

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
<u>Special Procurements (Preferred Vendor)</u>	<u>Purchasing manager is authorized to approve any preferred vendor contracts up to \$25,000 so long as acceptable justification is provided by the using agency per the requirements in Ordinance No. 008 Sec. 1-23.</u>		<u>Approve any special procurements over \$25,000.</u>	
Public Works	<u>Purchasing manager is authorized to</u> Approve all <u>informal</u> public works contracts in amounts up to the statutory limits authorized by Section 22032 of the Public Contract Code. <u>(Currently projects under \$175,000).</u>			Approve all <u>formal</u> public works contracts in amounts at or above the statutory limits authorized by Section 22032 of the Public Contract Code. <u>(Currently projects over \$175,000)</u>

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
<p><u>Non Public Works Contract</u> - Change Orders/ Modifications</p> <p>(excludes Public Works contracts in excess of the formal limit set forth in Section 22032 of the Public Contract Code)</p>	<p>For contracts within the limits delegated herein to Authority Management, approve change orders in any amount so long as the revised amount remains within the delegated limits.</p> <p>For contracts originally approved by the Executive Committee or Board of Directors, approve change orders within the original scope of work, up to 15% but not to exceed a total value of \$50,000.</p>		<p><u>1. Approve any changes to the original scope of work.</u></p> <p><u>2. Approve change order/modifications to any contracts with original or revised values that exceed those amounts delegated herein to Authority Management.</u></p>	
<p><u>Public Works Contracts</u> - Change Orders/ Modifications for <u>formal and informal</u> Public Works contracts in excess of the formal limit as set forth in Section 22032 of the Public Contract Code</p>	<p>Approve change order/modifications up to 10%, but not to exceed a total value of \$50,000.</p>		<p>Approve change order/modifications over 10%, or exceeding a total value of \$50,000.</p>	

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
<u>Public Works – Emergency as defined in Section 22050 of the Public Contract Code (see Ordinance No. 008, Sec. 1-53)</u>	<u>Fire Chief has power to declare an emergency and procure equipment, services and supplies without the competitive bidding requirements when it is impracticable to convene a meeting of the Board of Directors prior to addressing the emergency needs.</u>			<u>Authorize exemption from procurement requirements by four fifths votes, per Public Contract Code Section 22050, at the next scheduled meeting.</u>
Investment Practices	Provide financial data to Budget & Finance Committee, Executive Committee and Board of Directors. Develop draft policy.		Budget & Finance Committee - Review Treasury/Investment actions to insure compliance with policy. Executive Committee – review monthly reports.	Adopt investment and Treasury policies.
Setting of salaries/benefits and other terms and conditions of employment	Identify issues, recommend negotiations approach; negotiate with labor organizations as approved by the Board of Directors.		Review management recommendations; make recommendations to the Board of Directors.	Provide direction to chief negotiator on negotiations; adopt resulting MOUs and changes in the PSR.
Grievances	Administer procedures pursuant to MOU and PSR provisions.			
Disciplinary Actions	Implement disciplinary actions within legal and MOU requirements.			

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Hire/Terminate	Hire/terminate Authority staff.		Make recommendations to the Board of Directors on General Counsel legal services contract and Fire Chief employment contract, and compensation of General Counsel and the Fire Chief.	Hire/terminate Fire Chief and General Counsel. Approve service contract for General Counsel. Approve employment contract for Fire Chief.
Appointments				Appointment of clerk, auditor, and treasurer (JPA Agreement Articles II.9 and II.13)
Classification and Salary Ranges	Administer classification system within existing classes and budget.		Adopt and approve new or modified classes and corresponding salary ranges.	
Settlement of Employee Complaints and Grievances	Approve settlements up to \$10,000 within existing PSR parameters.		Approve settlements up to \$50,000.	Approve settlements over \$50,000.
File Legal action				Authorize filing of legal action.
Respond to legal action				Authorize response to legal action.
Settlement of Claims and Litigation	Approve settlements of claims and litigation up to \$50,000. in accordance with Board of Directors Rules of Procedure.	Approve settlements of claims and litigation over \$50,000 not to exceed \$250,000. in accordance with Board of Directors Rules of Procedure.		Approve settlements of claims and litigation over \$250,000.

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Level of risk/coverage/exposure	Recommend risk management policies; administer risk management program within established Board of Directors and legal requirements.			Establish policies.
Write-Off for Uncollectible Accounts	Approve write-off of uncollectible accounts up to \$15,000.		Approve write-off of uncollectible accounts over \$15,000. Budget and Finance Committee review annual report of uncollectibles and make a recommendation to Executive Committee for final decision.	
Accept Real Property Interests	Accept interest in real property if the Board of Directors or Executive Committee has previously approved.			Approve Secured Fire Protection Agreements and Purchase Agreements for the acquisition of real property.
Utility licenses and easements	Execute licenses and easements for utilities necessary to implement construction projects approved by the Board or Executive Committee		Approve licenses and easements for utilities where no prior approval of construction projects has occurred	

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Claims Settlement Committee	Executive Committee	Board of Directors
Accept Grants	Accept all grants except: (1) when the grantor requires approval by the governing body, or; (2) when an adjustment is immediately needed to appropriations to expend the grant, or; (3) when a contract award is needed, requiring approval by the Executive Committee or Board.		Accept all grants in which the grantor requires approval by the governing body.	



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 9, 2016

Agenda Item No. 4C
Discussion Calendar

**Proposed Change in Service Configuration
Cities of Placentia & Yorba Linda**

Contact(s) for Further Information

Brian Young, Assistant Chief Organizational Planning Department	brianyoung@ocfa.org	714.573.6014
Randy Black, Division Chief Division 4/Operations Department	randyblack@ocfa.org	714.573.6056
Lori Zeller, Assistant Chief Business Services Department	lorizeller@ocfa.org	714.573.6020

Summary

This item is submitted to discuss proposed changes to the service configurations in the cities of Placentia and Yorba Linda, and corresponding reductions to the City of Placentia's contract service charge.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 24, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors ~~direct staff to discuss~~approve the proposed change in service configurations with the cities of Placentia and Yorba Linda and corresponding reductions to the City of Placentia's contract service charge~~report back to the Board with a final recommendation.~~

Impact to Cities/County

Not Applicable.

Fiscal Impact

As resources are being proposed to be relocated from the City of Placentia to the neighboring City of Yorba Linda to provide enhanced service delivery to the area, costs will be shifted from Placentia's service charge to the structural fire fund. Under the phased plan, OCFA's cash contract revenues will be reduced by \$116,000 in FY 2016/17 and an additional \$116,000 in FY 2017/18. Further, a firefighter/paramedic post-position will be added to the region (funded by OCFA structural fire fund) at an annual cost of \$665,256, estimated to occur in FY 2017/18.

Background

As OCFA continues to evaluate emergency service delivery models throughout its jurisdiction, an option has emerged within the cities of Placentia and Yorba Linda to continue enhancing services to this area. OCFA recently obtained Board approval for funding in the Capital

Improvement Plan to build a replacement Fire Station 10 (FS10) in the City of Yorba Linda. With the new/replacement FS10 project plans, service goals include a targeted movement of Truck 34 (Placentia) to FS10 (Yorba Linda), and conversion of Engine 35 (Placentia) from a three-person Paramedic Assessment Unit (PAU) to a four-person Paramedic Engine. These changes will enhance services to the region by providing for a single unit response for the majority of the emergency medical service calls. As observed in past service delivery enhancements, it is anticipated there will be a decrease in Advanced Life Support response times with the single unit response. An additional positive outcome from this enhancement is the reduction of responses required of automatic aid resources.

Since Placentia is a cash contract city, the movement of Truck 34 to FS10 results in a reduction to Placentia's contract charge. The City of Yorba Linda is a structural fire fund city; therefore, costs to serve Yorba Linda are funded by property taxes received by OCFA for regional fire services. Yorba Linda will not incur any additional charges as a result of this change. The movement of Truck 34 to FS10 will centrally locate this specialty resource to provide enhanced coverage to the entire battalion.

With these proposed changes in service configurations, costs will be shifted from Placentia's service charge to the structural fire fund under a phased plan estimated to occur over two-three years. Under the phased plan, OCFA's cash contract revenue from Placentia will be reduced by \$116,000 in FY 2016/17 and an additional \$116,000 in FY 2017/18. Further, a firefighter/paramedic post-position will be added to the region (funded by OCFA structural fire fund) at an annual cost of \$665,256, estimated to occur in FY 2017/18, although this could possibly be deferred until FY 2018/19, depending upon the construction timeline for replacement FS10.

As with the prior changes in service delivery enhancements made under Phase 1 and Phase 2 over the last year, staff will evaluate the result of these improvements once they are fully implemented and report back to the Board on the outcomes.

Attachment(s)

Maps



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 9, 2016

Agenda Item No. 4C
Discussion Calendar

Proposed Change in Service Configuration
Cities of Placentia & Yorba Linda

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Summary

This item is submitted to discuss proposed changes to the service configurations in the cities of Placentia and Yorba Linda, and corresponding reductions to the City of Placentia's contract service charge.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 24, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors direct staff to discuss the proposed change in service configurations with the cities of Placentia and Yorba Linda and report back to the Board with a final recommendation.

Impact to Cities/County

Not Applicable.

Fiscal Impact

As resources are being proposed to be relocated from the City of Placentia to the neighboring City of Yorba Linda to provide enhanced service delivery to the area, costs will be shifted from Placentia's service charge to the structural fire fund. Under the phased plan, OCFA's cash contract revenues will be reduced by \$116,000 in FY 2016/17 and an additional \$116,000 in FY 2017/18.

Background

As OCFA continues to evaluate emergency service delivery models throughout its jurisdiction, an option has emerged within the cities of Placentia and Yorba Linda to continue enhancing services to this area. OCFA recently obtained Board approval for funding in the Capital Improvement Plan to build a replacement Fire Station 10 (FS10) in the City of Yorba Linda. With the new/replacement FS10 project plans, service goals include a targeted movement of

Truck 34 (Placentia) to FS10 (Yorba Linda), and conversion of Engine 35 (Placentia) from a three-person Paramedic Assessment Unit (PAU) to a four-person Paramedic Engine. These changes will enhance services to the region by providing for a single unit response for the majority of the emergency medical service calls. As observed in past service delivery enhancements, it is anticipated there will be a decrease in Advanced Life Support response times with the single unit response. An additional positive outcome from this enhancement is the reduction of responses required of automatic aid resources.

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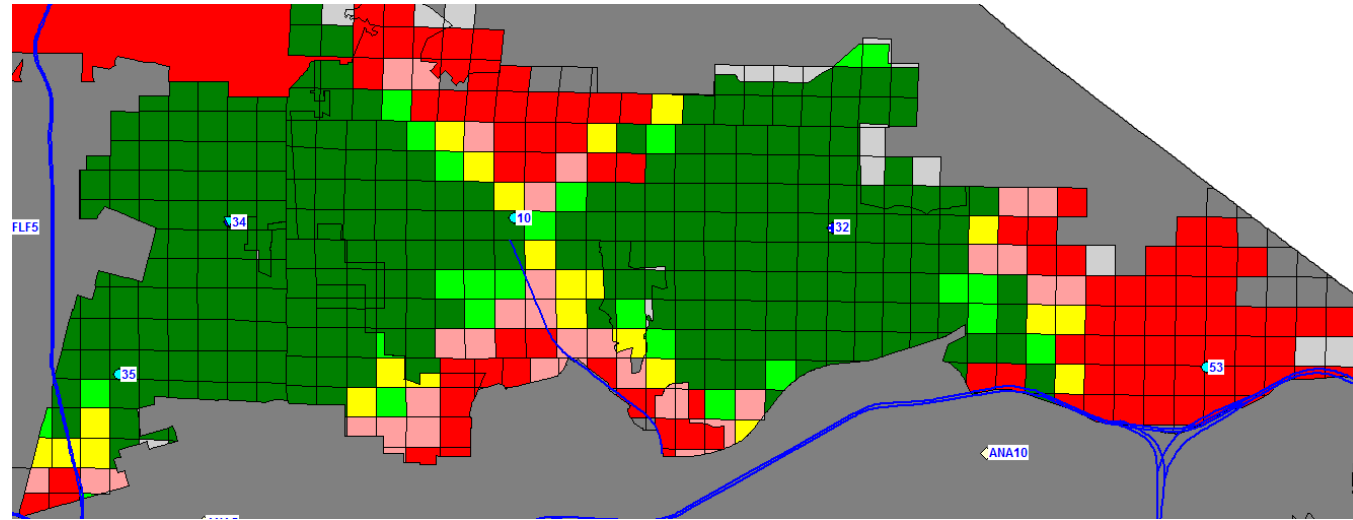
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As with the prior changes in service delivery enhancements made under Phase 1 and Phase 2 over the last year, staff will evaluate the result of these improvements once they are fully implemented and report back to the Board on the outcomes.

[Attachment\(s\)](#)

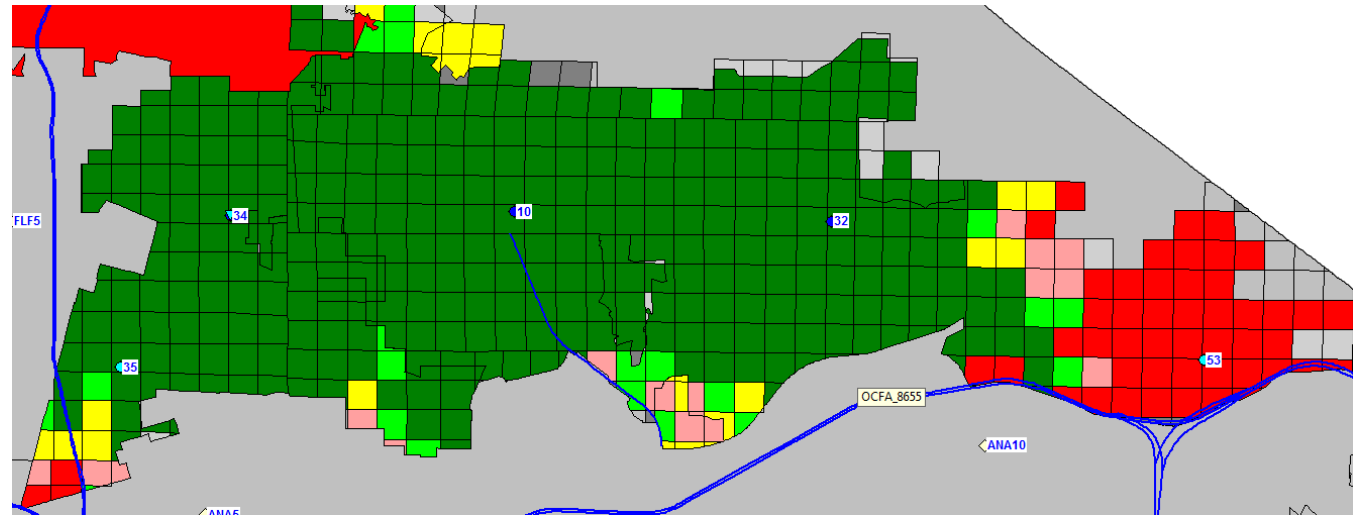
Maps

Battalion 2



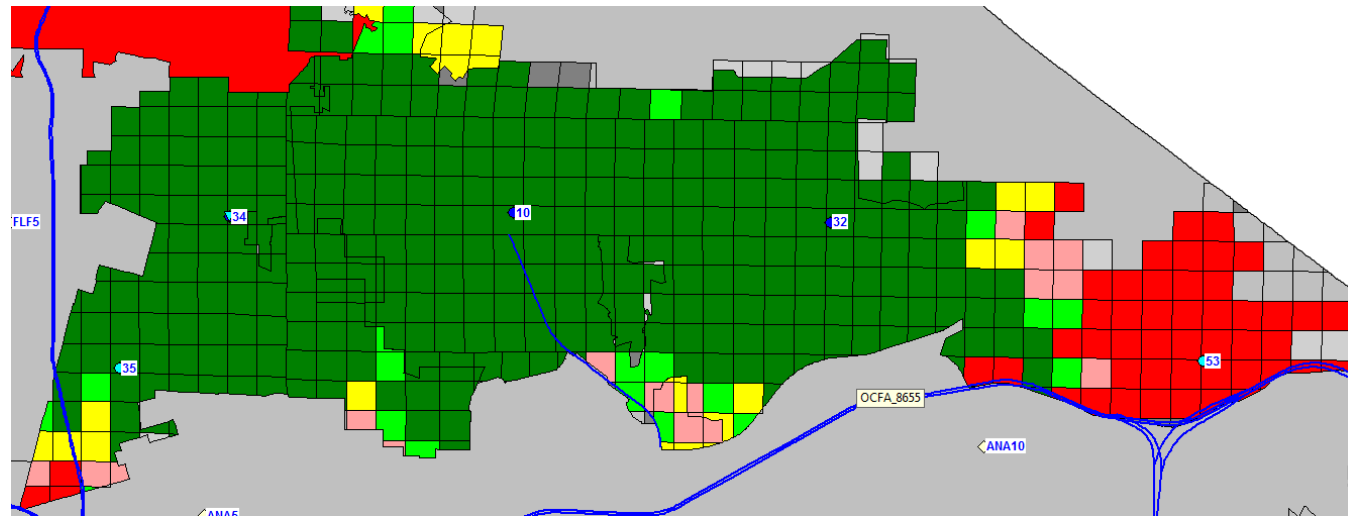
B2 1-10-2015 to 7-09-2015

1st ALS Response



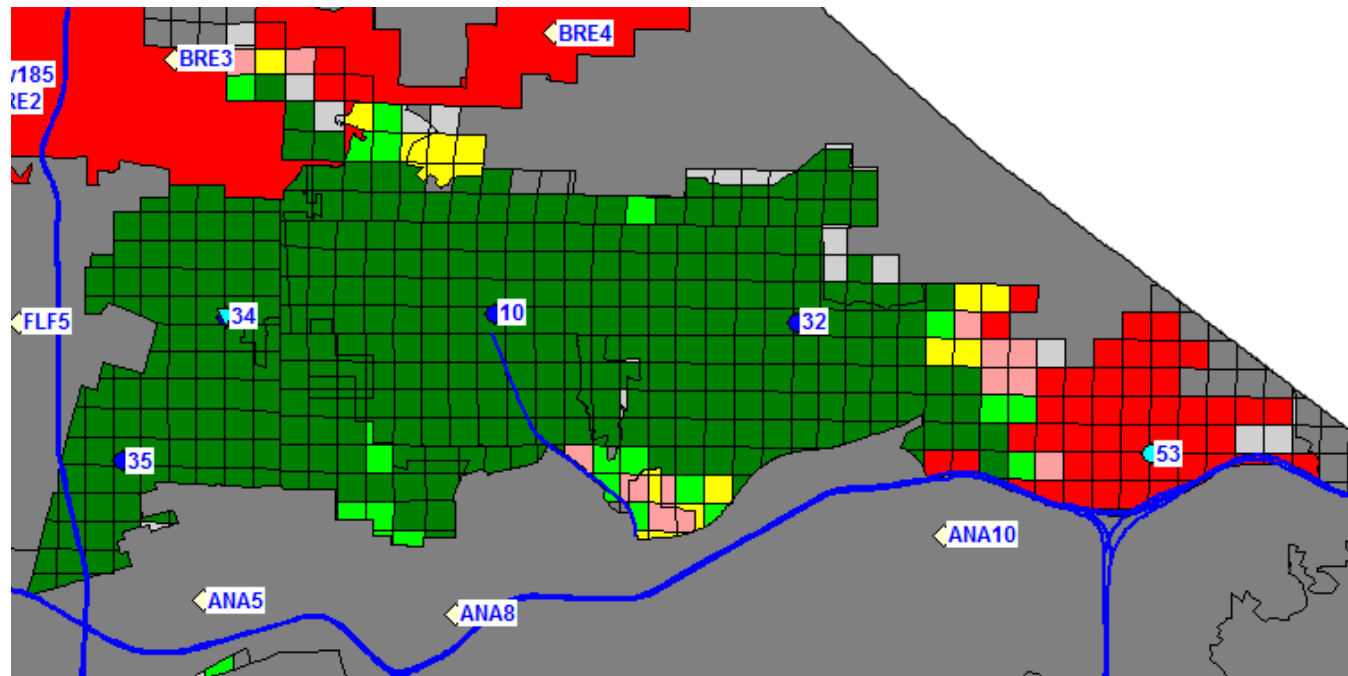
B2 7-10-2015 to 1-09-2016

Battalion 2



B2 Current

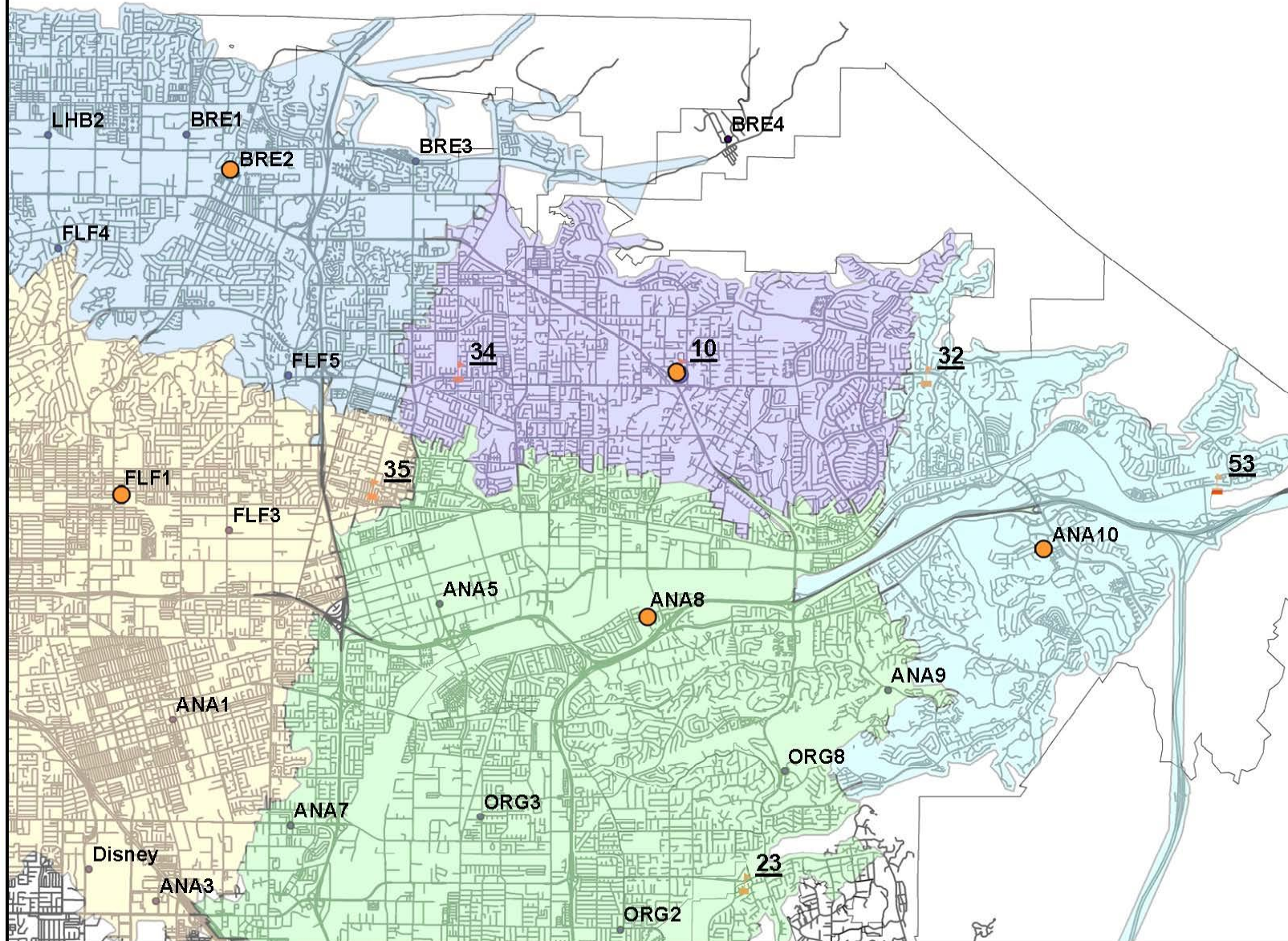
1st ALS Response

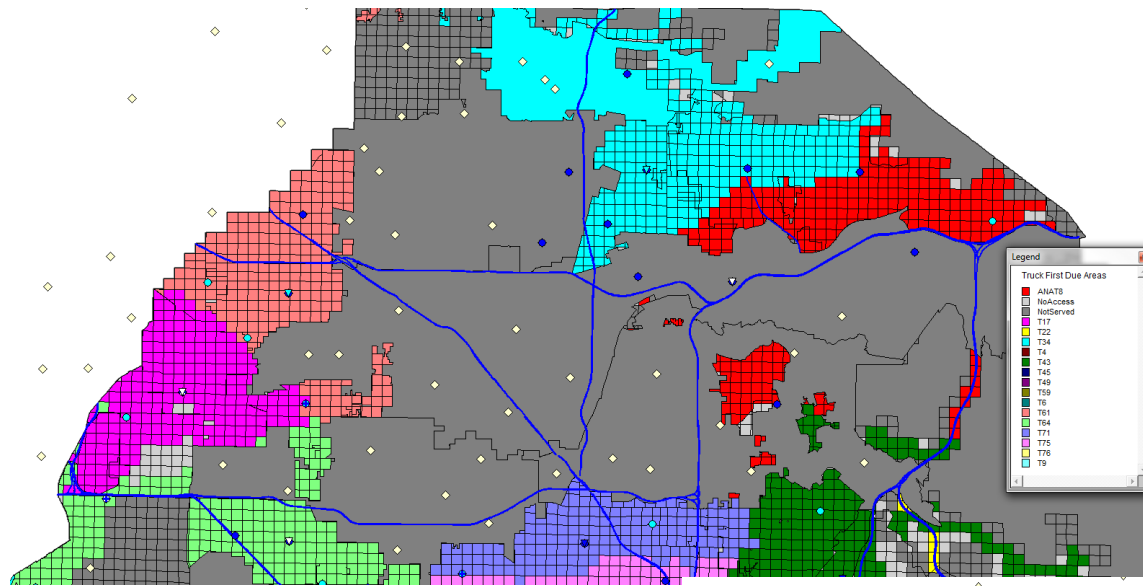


B2 with PME34 and PME35

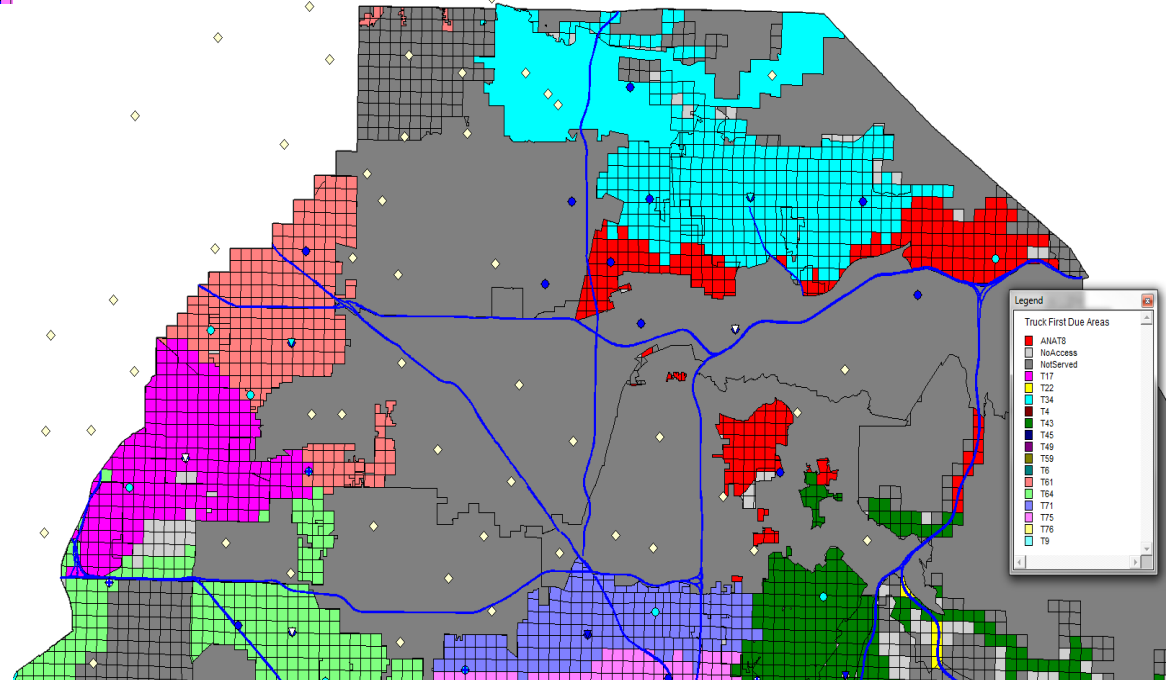
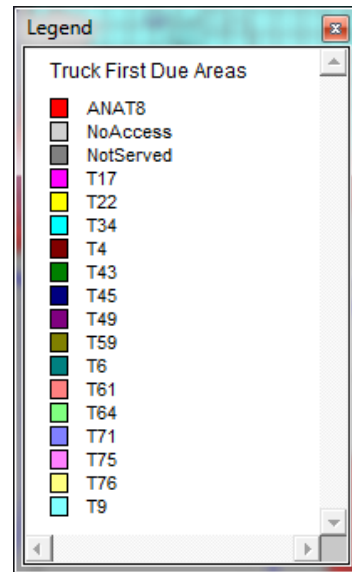
Truck First Due

*T34 at Fire Station 10 with AA Trucks





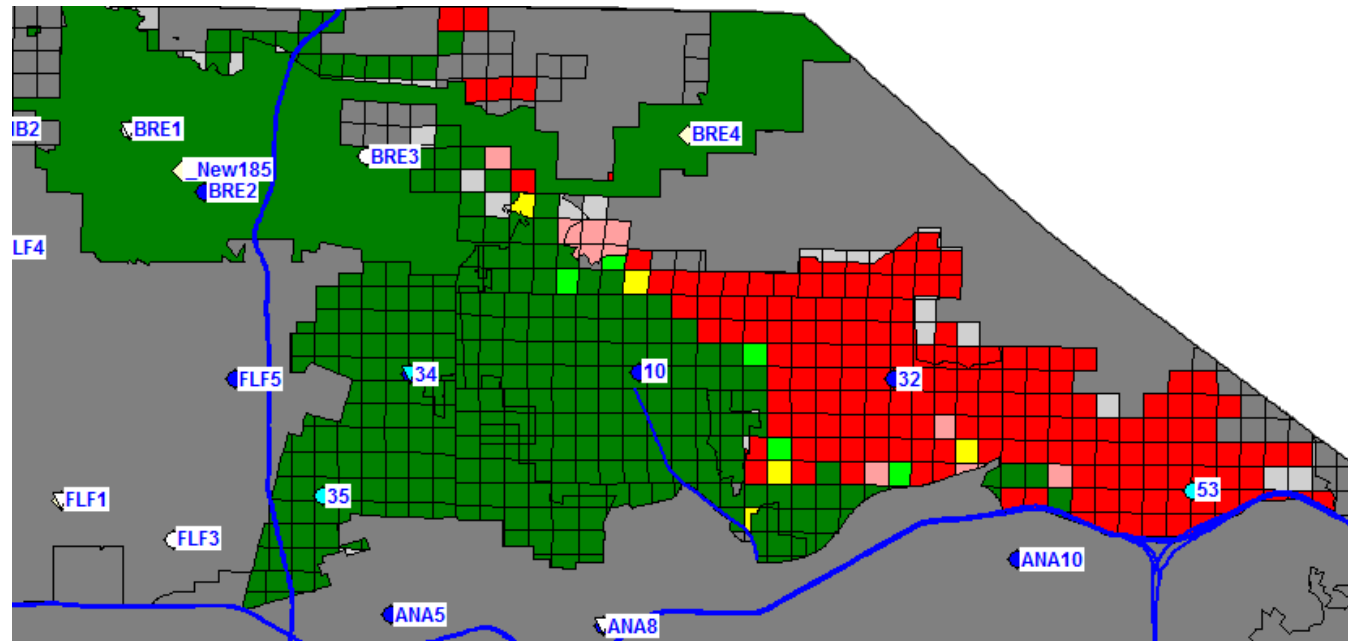
Truck First Due Area – T34 at FS34



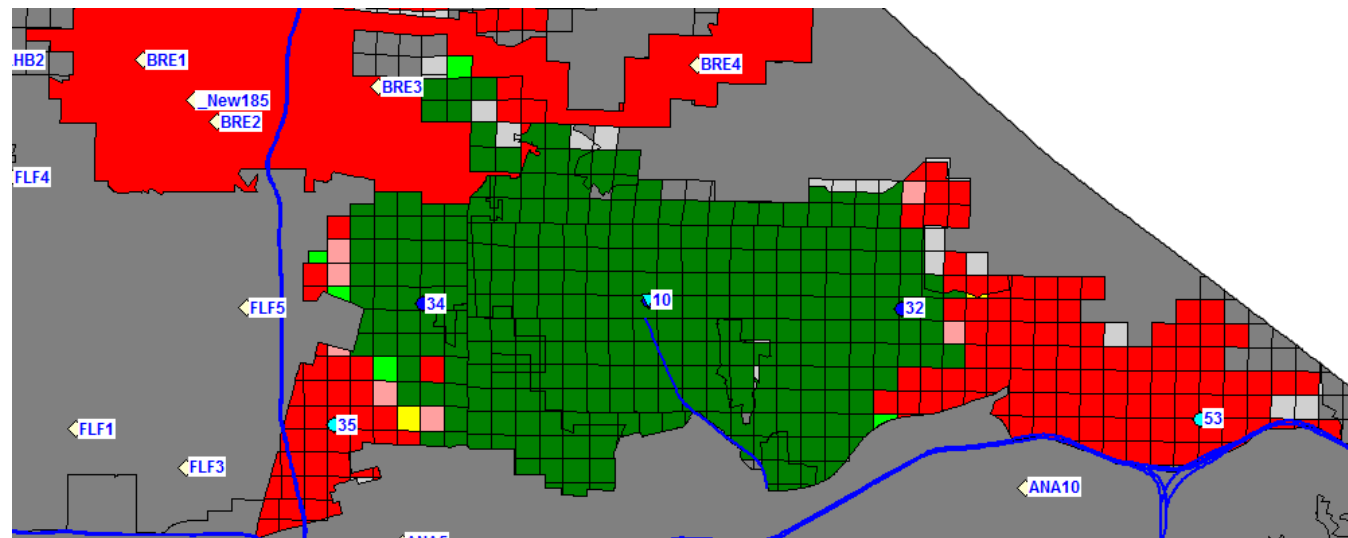
Truck First Due Area – T34 at FS10

Battalion 2

1st Truck
Receipt
to
On-Scene
Structure
Fire



B2 Current Configuration



B2 relocate Truck from FS34 to FS10