



ORANGE COUNTY FIRE AUTHORITY

AGENDA

BOARD OF DIRECTORS REGULAR MEETING

Thursday, May 24, 2018
6:00 P.M.

Regional Fire Operations and Training Center

Board Room

1 Fire Authority Road
Irvine, CA 92602

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 Board of Directors 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 Fire Authority Board, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority prior to being heard before the Board. Speaker Forms are available at the counters of both entryways of the Board 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.

CALL TO ORDER

INVOCATION by OCFA Chaplain Jeff Hetschel

PLEDGE OF ALLEGIANCE by Director Hatch

ROLL CALL

1. PRESENTATIONS

No items.

PUBLIC COMMENTS

Resolution No. 97-024 established rules of decorum for public meetings held by the Orange County Fire Authority. Resolution No. 97-024 is available from the Clerk of the Authority.

Any member of the public may address the Board on items within the Board'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 Board and do not engage in dialogue with individual Board Members, Authority staff, or members of the audience.

The Agenda and Minutes are now available through the Internet at www.ocfa.org. You can access upcoming agendas on the Monday before the meeting. The minutes are the official record of the meeting and are scheduled for approval at the next regular Board of Directors meeting.

CLOSED SESSION**CS1. CONFERENCE WITH LABOR NEGOTIATOR**

Agency Designated Representative: Peter Brown, Liebert Cassidy and Whitmore
Employee Organizations: Orange County Employees Association, Orange County
Fire Authority Managers Association
Authority: Government Code Section 54957.6

CS2. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Authority: Government Code Section 54956.9(d)(2) – Significant Exposure to
Litigation (1 Case)

CLOSED SESSION REPORT**REPORTS****REPORT FROM THE HUMAN RESOURCES COMMITTEE CHAIR****REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR****REPORT FROM THE CLAIMS SETTLEMENT COMMITTEE CHAIR****REPORT FROM THE FIRE CHIEF****MINUTES**

2. **Minutes from the Board of Directors Meetings**
Submitted by: Sherry Wentz, Clerk of the Authority
 - A. April 26, 2018, Regular Meeting
Recommended Action:
Approve as submitted.

3. CONSENT CALENDAR

A. Updated Cost Reimbursement Rates

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

Budget and Finance Committee Recommendation: *APPROVE*

Recommended Action:

Approve and adopt the proposed Cost Reimbursement Rate schedules to be effective July 1, 2018.

B. Proposed Procurement Policy Manual

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

Budget and Finance Committee Recommendation: *APPROVE*

Recommended Action:

Receive and file the Procurement Policy Manual.

C. Proposed Adjustment – Santa Ana Service Charge

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

Budget and Finance Committee Recommendation: *APPROVE*

Recommended Action:

Approve and authorize staff to adjust the City of Santa Ana's service charge to exclude the impact of OCFA's Accelerated Pension Payments from FY 2015/16 forward.

END OF CONSENT CALENDAR

4. PUBLIC HEARING

Public Hearings are scheduled for a time certain of 6:00 p.m. or as soon thereafter as possible. The Board of Directors when considering the matter scheduled for hearing, will take the following actions: 1. Receive staff report. 2. Open the Public Hearing. 3. Accept public testimony. 4. Close the Public portion of the Public Hearing. 5. Receive Board Member comments and questions. 6. Take appropriate action. Those wishing to address the Board during the Public Hearing must complete a "Speaker's Form" (available on public counters in Board Room) and provide it to the Clerk of the Authority prior to the hearing.

A. Review of the Fiscal Year 2018/19 Proposed Budget

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

Budget and Finance Committee Recommendation: *APPROVE*

Recommended Actions:

1. Conduct a Public Hearing
2. Adopt the proposed FY 2018/19 Budget as submitted.
3. Adopt the resolution entitled A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS ADOPTING AND APPROVING THE APPROPRIATIONS BUDGET FOR THE ORANGE COUNTY FIRE AUTHORITY FOR FISCAL YEAR 2018/19.
4. Approve and authorize the temporary transfer of up to \$46 million from the following funds to cover a projected temporary cash flow shortfall for FY 2018/19:
 - a. Fund 123 Fire Stations and Facilities - \$10 million
 - b. Fund 133 Fire Apparatus - \$20 million
 - c. Fund 190 Workers' Compensation Reserve Fund - \$16 million

5. Approve and authorize the repayment of \$46 million borrowed funds from Fund 121 to the above funds along with interest when General Fund revenues become available in FY 2018/19.
6. Approve an update to the Financial Stability Budget Policy allowing for as needed transfers to the CIP funds at fiscal year onset.
7. Approve and authorize FY 2017/18 budget adjustments to increase General Fund (121) revenues by net \$2,242,077 and General Fund (121) expenditures by \$2,587,327; decrease expenditures in Fire Stations and Facilities Fund (123) by \$7,500,000 and decrease Fire Apparatus Fund (133) by \$145,000.

5. DISCUSSION CALENDAR

A. Response to Grand Jury Report Regarding “Orange County Fire Authority – Financial Flames on the Horizon?”

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

Recommended Action:

Approve and authorize the Clerk of the Authority to submit the Orange County Fire Authority’s response to the Orange County Grand Jury report entitled "Orange County Fire Authority – Financial Flames on the Horizon?" to the Presiding Judge of the Superior Court.

B. Canyon 2 Fire Recommendations – Implementation Plan

Presented by: Brian Fennessy, Fire Chief

Recommended Actions:

Receive and file the Canyon 2 Fire Recommendations – Implementation Plan.

C. May 2018 Legislative Report

Presented by: Brian Young/Operations Department

Recommended Actions:

Direct staff to work with other local agencies and interested groups to “seek amendments” on AB 1912 (Rodriguez) to exclude liabilities of Structural Fire Fund cities and to avoid reporting of OCFA’s retirement liabilities by member agencies.

BOARD MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for Thursday, June 28, 2018, at 6:00 p.m.

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 17th day of May 2018.

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

UPCOMING MEETINGS:

Budget and Finance Committee Meeting	Wednesday, June 13, 2018, 12 noon
Claims Settlement Committee Meeting	Thursday, June 28, 2018, 5:00 p.m.
Executive Committee Meeting	Thursday, June 28, 2018, 5:30 p.m.
Board of Directors Meeting	Thursday, June 28, 2018, 6:00 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Board of Directors Regular Meeting
Thursday, April 26, 2018
6:00 P.M.**

**Regional Fire Operations and Training Center Board Room
1 Fire Authority Road
Irvine, CA 92602-0125**

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Board of Directors was called to order on April 26, 2018, at 6:02 p.m. by Chair Sachs. Chair Sachs welcomed the new Fire Chief Brian Fennessy to his first Board of Directors meeting.

INVOCATION

Assistant Chief Michael Schroeder offered the invocation.

PLEDGE OF ALLEGIANCE

Director Davies led the Assembly in the Pledge of Allegiance to the Flag.

ROLL CALL

Lisa Bartlett, County of Orange
Tim Brown, San Clemente
Ellery Deaton, Seal Beach
Melissa Fox, Irvine
Craig Green, Placentia
Noel Hatch, Laguna Woods
Robert Johnson, Cypress
Al Murray, Tustin
Ed Sachs, Mission Viejo
Dave Shawver, Stanton
Michele Steggell, La Palma

Leah Basile, Lake Forest
Laurie Davies, Laguna Niguel
Sergio Farias, San Juan Capistrano
Carol Gamble, Rancho Santa Margarita
Shelley Hasselbrink, Los Alamitos
Gene Hernandez, Yorba Linda
Joe Muller, Dana Point
Vince Rossini, Villa Park
Don Sedgwick, Laguna Hills
Todd Spitzer, County of Orange
Tri Ta, Westminster

Absent: Dave Harrington, Aliso Viejo
Juan Villegas, Santa Ana

Elizabeth Swift, Buena Park

Also present were:

Fire Chief Brian Fennessy
Assistant Chief Brian Young
Assistant Chief Lori Smith
Human Resources Director Brigette Gibb
General Counsel David Kendig
Assistant Chief Mike Schroeder
Assistant Chief Lori Zeller
Assistant Chief Dave Anderson
Clerk of the Authority Sherry Wentz

1. PRESENTATIONS

A. Request for Recognition of OCFA Finance Division (F: 17.10I)

On motion of Director Murray and second by Director Johnson, the Board of Directors voted by those present to approve the requests as submitted and make the presentations to those present.

Chair Ed Sachs and Fire Chief Brian Fennessy presented Finance Manager Jim Ruane and his General Accounting staff with the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its Comprehensive Annual Financial Report (CAFR).

Director Steggell arrived at this point (6:17 p.m.).

Director Brown arrived at this point (6:17 p.m.).

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR (F: 11.12)

Budget and Finance Committee Chair Muller reported at its April 11, 2018, meeting, the Committee voted unanimously to receive and file both the Orange County Employees' Retirement System Quarterly Status Update and the Communication with Auditors for Fiscal Year 2017/18 Financial Audit. Additionally, the Committee voted unanimously to send the Monthly Investment Reports to the Executive Committee with the recommendation to receive and file the reports.

REPORT FROM THE CLAIMS SETTLEMENT COMMITTEE CHAIR (F: 11.12)

Claims Settlement Committee Chair Ed Sachs reported that the Claims Settlement Committee did not meeting; therefore, there was no report.

REPORT FROM THE FIRE CHIEF (F: 11.14)

Fire Chief Fennessy spoke of the honor it is to serve the OCFA as its Fire Chief, and addressed the progress of the Air Ops mediation with Orange County Sheriff Sandra Hutchens.

PUBLIC COMMENTS (F: 11.11)

Stephen Wontrobski, Mission Viejo resident, addressed opposition to Closed Session Item No. CS1 (Conference with Labor Negotiator) and California Assembly Bill 1912.

CLOSED SESSION (F: 11.15)

CS1. CONFERENCE WITH LABOR NEGOTIATOR

Agency Designated Representative: Peter Brown, Liebert Cassidy and Whitmore
Employee Organizations: Orange County Employees Association, Orange County
Fire Authority Managers Association, Orange County
Professional Firefighters Association, Local 3631
Authority: Government Code Section 54957.6

CS2. CONFERENCE WITH LEGAL COUNSEL–ANTICIPATED LITIGATION

Authority: Government Code Section 54956.9(d)(2) – Significant Exposure to
Litigation regarding Canyon 2 Fire

CS3. CONFERENCE WITH LEGAL COUNSEL–ANTICIPATED LITIGATION

Authority: Government Code Section 54956.9(d)(2) – Significant Exposure to
Litigation (1 Case)

CS4. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: Book 740, Page 12, Lot 22
Negotiating Parties: OCFA Property Management Manager Patrick Bauer,
Brookhurst Development and Advisory Corporation
Brokers Jeff Baize and Lisa Kalustain, and Simon
Properties
Under Negotiation: Price and Terms of Payment
Authority: Government Code Section 54956.8

CS5. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Properties: 4791 Eureka Avenue, Yorba Linda, CA;
18422 E. Lemon Drive, Yorba Linda, CA
Negotiating Parties: OCFA Property Management Manager Patrick Bauer,
Brookhurst Development and Advisory Corporation Brokers
Jeff Baize and Lisa Kalustain, and Yorba Linda Equipment
Rentals Representative Craig Steffes
Under Negotiation: Price and Terms of Payment
Authority: Government Code Section 54956.8

General Counsel David Kendig reported the Board would convene to Closed Session to consider the matters on the agenda identified as CS1, Conference with Labor Negotiator, CS2 and CS3, Conference with Legal Counsel – Anticipated Litigation, and CS4 and CS5, Conference with Real Property Negotiators. He noted the Board of Directors would not be discussing labor negotiations with the Orange County Professional Firefighters Association, Local 3631.

Chair Sachs recessed the meeting to Closed Session at 6:28 p.m.

Director Gamble arrived at this point (6:31 p.m.).

Chair Sachs reconvened the meeting from Closed Session at 7:30 p.m.

CLOSED SESSION REPORT (F: 11.15)

General Counsel David Kendig stated there were no reportable actions.

2. Minutes from the Board of Directors Meetings (F: 11.06)

On motion of Director Hernandez and second by Director Johnson, the Board of Directors voted unanimously by those present to approve the Minutes for the March 15, 2018, Regular Meeting, the March 22, 2018, Regular and Special Meetings, and the March 29, 2018, Special Meeting Minutes as submitted.

Directors Brown and Hasselbrink, were recorded as abstentions, due to their absence from the March 15, 2018, Regular Meeting. Directors Basile, Farias, Fox, and Hernandez were recorded as abstentions, due to their absence from the March 22, 2018, Regular and Special Meetings. Directors Bartlett, Basile, Brown, Farias, Fox, Gamble, Muller, and Ta were recorded as abstentions, due to their absence from the March 29, 2018, Special Meeting.

3. CONSENT CALENDAR (Agenda item No. 3C and 3D were pulled for separate consideration.)

A. Requests for Commendations and Proclamations

On motion of Director Ta and second by Director Johnson, the Board of Directors voted unanimously by those present to approve the proclamations as submitted.

1. Proclamation declaring May through October 2018 as “Drowning Prevention Awareness” (F: 11.09A) (X: 11.09)
2. Proclamation declaring May 6-12, 2018, as “Wildfire Awareness Week” (F: 11.09A) (X: 11.09)

B. Ratify Alternate Appointments to Executive Committee (F: 12.02A1)

On motion of Director Ta and second by Director Johnson, the Board of Directors voted unanimously by those present to ratify the appointments of Director Murray (Tustin) and Rossini (Villa Park) as Alternates to the Executive Committee.

C. Orange County Drowning Prevention Task Force (F: 20.18)

Staff requested this item be pulled to defer to a future Board of Directors meeting.

On motion of Director Ta and second by Director Johnson, the Board of Directors voted unanimously by those present to defer this item to a future Board of Directors meeting.

D. Reserve Firefighter Program Status Update (F: 17.11A)

Stephen Wontrobski, Mission Viejo resident, pulled this item to comment on the reserve firefighter program.

On motion of Director Brown and second by Director Hasselbrink, the Board of Directors voted unanimously by those present to receive and file the report.

END OF CONSENT CALENDAR

4. PUBLIC HEARING

No Items.

5. DISCUSSION CALENDAR

A. Canyon 2 Fire – After Action Report (F: 18.08A10)

Assistant Chief Brian Young presented the Canyon 2 Fire After Action Report (AAR). Fire Chief Fennessy addressed the development of the AAR, noting its importance and the review of the findings and its recommendations, thanking Chief Young and the entire team for their work on it.

Stephen Wontrobski, Mission Viejo resident, addressed the prior Independent Review Panel's report and its recommendations.

Discussion ensued regarding the document's content and its use as a high-level overview of the event.

On motion of Director Hernandez and second by Director Ta, the Board of Directors voted by those present to:

1. Approve and adopt the submitted Canyon 2 Fire After-Action Report.
2. Direct staff to review and evaluate the recommendations and return at the May 24, 2018, Board of Directors Meeting with an implementation plan inclusive of the Independent Review Panel Review, the Orange County Board of Supervisors Review, and the After-Action Review. Director Basile voted in opposition.

B. Canyon 2 Fire - Additional Recommended Review Actions (F: 18.08A10)

Chair Ed Sachs presented the Additional Recommended Review Actions.

Stephen Wontrobski, Mission Viejo resident, provided public comments support of the review actions and his additional recommendations.

On motion of Director Ta and second by Director Johnson, the Board of Director voted unanimously by those present to:

1. Direct staff to further investigate the questions and circumstances outlined in correspondence dated April 9, 2018, and report back to the OCFA Board of Directors within 60 days with the results of these efforts.
2. Direct staff to immediately deploy the first fire watch cameras, previously approved by the OCFA Board of Directors, to the area of Sierra Peak.
3. Direct staff to request the key agencies involved in the evaluation of this fire to delve deeply into the individual roles each has played in the response to the Canyon 2 Fire. Specifically, request that the members of the Independent Review Panel, the County of Orange, the Orange County Fire Authority, the Orange County Sheriff's Department, California Highway Patrol, Anaheim Fire Department, and MetroNet convene to discuss efforts and outcomes of this fire and develop measures to ensure that cooperation and collaboration are improved.
4. Authorize and increase the purchase order up to \$6,000 for the lead member of the Independent Review Panel to fund the additional scope involved in convening jointly with the other key agencies that had roles in response to the Canyon 2 Fire, as outlined in Recommended Action No. 3.

C. Economic Impacts of Public Records Act Requests on the Orange County Fire Authority (F: 14.05B)

Assistant Chief Lori Zeller presented the Economic Impacts of Public Records Act Requests on the Orange County Fire Authority.

On motion of Director Ta and second by Director Johnson, the Board of Directors voted unanimously by those present to receive and file the report.

BOARD MEMBER COMMENTS (F: 11.13)

Chair Sachs reminded the Board Members of the upcoming events; the Length of Service & Promotion Ceremony, on May 17, 2018, and the 46th Firefighter Academy Graduation to be held on May 23, 2018. He asked all members to keep both Director Swift and her husband in their thoughts and prayers wishing them a speedy recovery.

Director Deaton suggested the Board send flowers to Director Swift.

Director Green commented that this morning the Placentia Chamber of Commerce held its Annual Police, Fire, and EMS Recognition Breakfast where OCFA Captain Chuck Hawkins was honored; although not present to receive the award, he was represented by Division Chief Andy Kovacs.

Director Brown recognized San Clemente resident Sam Darnold, who received national recognition after being drafted third overall by the New Year Jets in the 2018 NFL Draft.

Director Hernandez complemented staff on the Swearing-In/Badge Pinning Ceremony held today for Fire Chief Brian Fennessy. He commented on Yorba Linda's recognition of first responders.

Director Murray complimented the OCFA staff on the Swearing-In/Badge Pinning Ceremony for Fire Chief Fennessy.

ADJOURNMENT – Chair Sachs adjourned the meeting at 8:39 p.m. The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for Thursday, May 24, 2018, at 6:00 p.m.

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



Orange County Fire Authority
AGENDA STAFF REPORT

Board of Directors Meeting
May 24, 2018

Agenda Item No. 3A
Consent Calendar

Updated Cost Reimbursement Rates

Contact(s) for Further Information

Lori Zeller, Assistant Chief Business Services Department	lorizeller@ocfa.org	714.573.6020
Jim Ruane, Finance Manager/Auditor	jimruane@ocfa.org	714.573.6304

Summary

This item is submitted to request approval of the proposed update to the Cost Reimbursement rates.

Prior Board/Committee Action

Budget and Finance Committee Recommendation: *APPROVE*

At its regular May 9, 2018, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

RECOMMENDED ACTION(S)

Approve and adopt the proposed Cost Reimbursement Rate schedules to be effective July 1, 2018.

Impact to Cities/County

Not Applicable

Fiscal Impact

The fiscal impact of the new rates will be based on the number of incidents that occur throughout the year and will be incorporated into the mid-year budget update.

Background

The California Fire and Rescue Mutual Aid System Operating Plan outlines the methodologies and formulas participating agencies (including OCFA) are required to use when developing cost reimbursement rates. These rates will be used when OCFA resources are ordered by various Federal (Cleveland National Park Forest Service) and State (CAL FIRE) agencies. The California Office of Emergency Services (Cal OES) requires a different method to calculate reimbursement rates for non-suppression personnel only. Both methods are designed to only reimburse OCFA for the marginal cost of providing the resources and are calculated in three separate components, the indirect (overhead) cost rate, personnel rate, and equipment rate.

Reimbursement Rate Calculation (Other than Cal OES)

Based on the agreed-upon calculation, OCFA's proposed Indirect Cost Rate for FY 2018/19 is 16.72%, increasing 2.92% from the current rate of 13.80%. This change is attributable to the upgrade and replacement of the 800 MHz Countywide-coordinated Communications System, audio-visual upgrade project in the Region Fire Operation and Training Center's board room and classrooms, and purchase of a second set of firefighter turnouts. The average increase in the proposed Suppression Personnel Cost Reimbursement Rates is 7%, driven by a 4% Memorandum

of Understanding cost increase combined with the 2.92% increase in the indirect cost rate. The GIS Analyst's hourly rate increased by 27% and the Buyer hourly rate increased by 19%, as a result of newer employees progressing up on the salary scale with merit increases, combined with cost-of-living salary increases, combined with the 2.92% increase in the indirect cost rate. The full list of proposed reimbursement rates by position (including the indirect cost rate) is listed on Attachment 1A.

OCFA uses the Federal Emergency Management Agency (FEMA) approved equipment rates (with the exception of the helicopter rates) to seek reimbursement for equipment use. FEMA current equipment reimbursement rates (Attachment 2) dropped 6.6% from the last approved rates in 2015. The OCFA helicopter rates were calculated using the four-year average on operating costs. The rate for the Bell Super Huey helicopter (acquired as federal excess property and placed in service in 1996) increased by 29.5% as average flight hours decreased, while operating costs such as maintenance and depreciation increased. The Bell 412 helicopter rate decreased by 9.5%, due to higher average flight hours with a slight increase of operating costs.

Cal OES Reimbursement Rates

The Cal OES rate calculation differs in that it blends all specialty pays (i.e. paramedic, hazmat, hazmat specialist, and technical rescue truck pays) with base salary to develop one average hourly rate for each suppression classification. For non-suppression staff, they require both regular and overtime reimbursement rates to be calculated. The Cal OES personnel reimbursement rates are listed as Attachment 1B to this staff report.

Civilian Position Rates (New for FY 2018/19)

OCFA's task force is comprised of civilian positions of structural engineers, canine specialists, heavy rigging engineers, physicians, affiliate members, as well as firefighters from the participating agencies of Anaheim, Orange, and the OCFA. Civilian position rates are developed to seek reimbursement for task force members responding to national and regional disasters for search and rescue missions. The reimbursement rate for affiliate members is based on the top step rate for Battalion Chief positions. Other civilian rates are based on the average rates for civilian positions of task forces in California. Civilian position rates are included in the Cal OES reimbursement schedule (Attachment 1B).

Five Years of Reimbursement Activities

The reimbursement of fire and disaster activities for the past five years are listed below:

- FY 2013/14: \$4.7 million
- FY 2014/15: \$6.3 million
- FY 2015/16: \$8.3 million
- FY 2016/17: \$9.6 million
- FY 2017/18: \$14.1 million YTD as of the first week of April 2018

Mutually Beneficial Hourly Rates (Handcrew and Dozer Operator)

These rates, with a **methodology** originally approved in 2010, are updated annually and used to recover only base salary costs of the handcrew and dozer operators when projects are deemed by OCFA to be beneficial to both the requesting entity and OCFA.

Summary

Upon approval of the proposed rates included as Attachment 1A, 1B, and 2, OCFA's Finance/Cost Recovery Section will use them for the following activity or program:

- CAL FIRE, Cal OES, Cleveland National Forest (CNF) Fire/Incident response- Generally referred to as Assistance by Hire (ABH) Rates
- Fire/Incident Restitution
- Special Event Stand-By
- Other Miscellaneous Billing

Attachment(s)

1. Proposed Cost Reimbursement Rates – Personnel
 - a. Proposed Cost Reimbursement Rates – All Agencies except Cal OES
 - b. Proposed Cost Reimbursement Rates – Cal OES
2. Proposed Cost Reimbursement Rates – Equipment

ORANGE COUNTY FIRE AUTHORITY
COST REIMBURSEMENT RATES FOR ALL BILLING AGENCIES (EXCEPT CAL OES)
PERSONNEL
EFFECTIVE JULY 1, 2018

CLASSIFICATION	2017/18 ADOPTED RATES	2018/19 PROPOSED RATE with ICRP	\$ CHANGE	% CHANGE
SUPPRESSION PERSONNEL				
FIRE DIVISION CHIEF	\$157.30	\$170.96	\$13.66	8.68%
FIRE BATTALION CHIEF (SHIFT)	\$96.73	\$107.02	\$10.29	10.64%
FIRE BATTALION CHIEF (STAFF)	\$136.37	\$148.51	\$12.14	8.90%
FIRE CAPTAIN (FC)	\$72.20	\$79.78	\$7.57	10.49%
FC/HAZMAT	\$78.09	\$84.37	\$6.28	8.04%
FC/HAZMAT PARAMEDIC	\$85.94	\$90.49	\$4.55	5.29%
FC/HAZMAT SPECIALIST	\$80.05	\$85.90	\$5.84	7.30%
FC/PARAMEDIC	\$83.98	\$88.96	\$4.98	5.93%
FC/TECH RESCUE TRUCK	\$78.09	\$84.37	\$6.28	8.04%
FIRE APPARATUS ENGINEER (FAE)	\$62.68	\$68.23	\$5.55	8.85%
FAE/HAZMAT	\$68.57	\$72.82	\$4.25	6.20%
FAE/HAZMAT PARAMEDIC	\$76.42	\$78.94	\$2.52	3.30%
FAE/HAZMAT SPECIALIST	\$70.53	\$74.35	\$3.82	5.41%
FAE/PARAMEDIC	\$74.46	\$77.41	\$2.95	3.97%
FAE/TECH RESCUE TRUCK	\$68.57	\$72.82	\$4.25	6.20%
FIREFIGHTER (FF)	\$53.88	\$57.87	\$3.98	7.39%
FF/HAZMAT	\$59.77	\$62.46	\$2.69	4.49%
FF/HAZMAT PARAMEDIC	\$67.62	\$68.58	\$0.96	1.41%
FF/HAZMAT SPECIALIST	\$61.74	\$63.99	\$2.25	3.65%
FF/PARAMEDIC	\$65.66	\$67.05	\$1.39	2.12%
FF/TECH RESCUE TRUCK	\$59.77	\$62.46	\$2.69	4.49%
HAND CREW (FIREFIGHTER)	\$37.45	\$41.10	\$3.65	9.74%
HAND CREW SUPERVISOR (FIRE CAPTAIN)	\$73.65	\$80.40	\$6.75	9.16%
HAND CREW SUPERVISOR (FIRE APP. ENGINEER)	\$62.90	\$68.68	\$5.77	9.18%
HAND CREW SUPERVISOR (FIREFIGHTER)	\$56.09	\$61.22	\$5.14	9.16%
HEAVY FIRE EQUIPMENT OPERATOR	\$97.71	\$111.04	\$13.33	13.64%
FIRE PILOT	\$73.65	\$80.38	\$6.73	9.14%
LEAD FIRE PILOT	\$81.70	\$85.95	\$4.24	5.19%
NON-SUPPRESSION PERSONNEL				
ACCOUNTANT	\$72.65	\$72.48	(\$0.17)	-0.23%
ASST. IT MANAGER	\$83.92	\$89.10	\$5.18	6.17%
ASST. FIRE APPARATUS TECHNICIAN	\$56.62	\$56.70	\$0.08	0.14%
ASST. FIRE MARSHAL	\$94.23	\$101.17	\$6.94	7.37%
ASST. PURCHASING AGENT	\$75.59	\$84.93	\$9.34	12.36%
BUYER	\$53.10	\$63.15	\$10.05	18.92%
COMMUNICATIONS TECHNICIAN	\$56.02	\$59.92	\$3.90	6.97%
COMMUNICATIONS SERVICE SUPERVISOR	n/a	\$79.54	n/a	n/a
EMERGENCY COMM CENTER MANAGER	n/a	\$72.24	n/a	n/a
FINANCE MANAGER	\$97.61	\$101.06	\$3.45	3.54%
FIRE APPARATUS TECHNICIAN	\$62.76	\$69.97	\$7.21	11.49%
FIRE COMM RELAT/ED SPECIALIST	\$59.56	\$66.92	\$7.36	12.37%
FIRE COMM RELAT/ED SUPERVISOR	\$67.02	\$79.63	\$12.61	18.82%
FIRE COMMUNICATIONS DISPATCHER	\$63.73	\$65.63	\$1.90	2.98%
FIRE COMMUNICATIONS SUPERVISOR	\$71.35	\$77.26	\$5.91	8.28%
FIRE EQUIPMENT TECHNICIAN	\$36.90	\$40.98	\$4.08	11.04%
FIRE HELICOPTER TECHNICIAN	\$77.70	\$83.86	\$6.16	7.93%
FIRE PREVENTION ANALYST	\$89.37	\$96.12	\$6.75	7.55%
FIRE PREVENTION SPECIALIST	\$65.43	\$75.45	\$10.02	15.31%
FLEET SERVICES COORDINATOR	\$76.39	\$81.50	\$5.11	6.69%
FLEET SERVICES SUPERVISOR	\$79.17	\$85.42	\$6.25	7.89%
GENERAL LABORER	\$33.00	\$35.28	\$2.28	6.90%
GIS ANALYST	\$79.97	\$101.27	\$21.30	26.63%

(1)

ORANGE COUNTY FIRE AUTHORITY
COST REIMBURSEMENT RATES FOR ALL BILLING AGENCIES (EXCEPT CAL OES)
PERSONNEL
EFFECTIVE JULY 1, 2018

CLASSIFICATION	2017/18 ADOPTED RATES	2018/19 PROPOSED RATE with ICRP	\$ CHANGE	% CHANGE
GIS SUPERVISOR	n/a	\$109.60	n/a	n/a
INFORMATION TECHNOLOGY ANALYST	\$90.67	\$101.30	\$10.63	11.73%
INFORMATION TECHNOLOGY SPECIALIST	n/a	\$75.01	n/a	n/a
INFORMATION TECHNOLOGY SUPERVISOR	\$117.74	\$125.53	\$7.79	6.62%
INFORMATION TECHNOLOGY TECHNICIAN	n/a	\$73.32	n/a	n/a
MEDICAL DIRECTOR	\$91.60	\$101.06	\$9.46	10.33%
PURCHASING MANAGER	\$91.60	\$94.84	\$3.24	3.53%
RESERVE FIREFIGHTER	\$1.90	\$2.06	\$0.16	8.52%
RISK MANAGEMENT ANALYST	n/a	\$73.99	n/a	n/a
RISK MANAGEMENT SAFETY OFFICER	n/a	\$73.99	n/a	n/a
SERVICE CENTER LEAD	\$70.44	\$75.11	\$4.67	6.63%
SERVICE CENTER SUPERVISOR	\$83.98	\$90.56	\$6.58	7.84%
SR. ACCOUNTANT	\$69.66	\$73.13	\$3.47	4.98%
SR. ACCT. SUPPORT SPEC.	n/a	\$38.80	n/a	n/a
SR. COMMUNICATIONS TECHNICIAN	\$70.15	\$65.31	(\$4.84)	-6.89%
SR. FIRE APPARATUS TECHNICIAN	\$63.12	\$70.69	\$7.57	11.99%
SR. FIRE COMMUNICATIONS SUPV.	\$80.72	\$86.10	\$5.38	6.66%
SR. FIRE EQUIPMENT TECHNICIAN	\$54.35	\$58.89	\$4.54	8.36%
SR. FIRE HELICOPTER TECHNICIAN	\$84.49	\$91.14	\$6.65	7.87%
SR. FIRE PREVENTION SPECIALIST	\$85.09	\$90.78	\$5.69	6.69%
SR. INFO TECHNOLOGY ANALYST	\$97.25	\$108.31	\$11.06	11.37%
WILDLAND RESOURCE PLANNER	\$82.67	\$81.26	(\$1.41)	-1.70%

MUTUALLY BENEFICIAL RATES:				
HAND CREW (FIREFIGHTER)	\$19.93	\$21.18	\$1.25	6.27%
HAND CREW SUPERVISOR (STAFF FIRE CAPTAIN)	\$38.72	\$41.43	\$2.71	7.00%
HAND CREW SUPERVISOR (STAFF FIRE APP. ENGINEER)	\$33.96	\$35.39	\$1.43	4.21%
HAND CREW SUPERVISOR (STAFF FIREFIGHTER)	\$30.28	\$31.55	\$1.27	4.19%
HEAVY FIRE EQUIPMENT OPERATOR	\$52.00	\$57.22	\$5.22	10.04%
SWAMPER/HAND CREW FF	\$19.93	\$21.18	\$1.25	6.27%

Note:

1 EMT specialty pay (\$\$1.09/hr) is included in Hand Crew FF average rate

ORANGE COUNTY FIRE AUTHORITY
COST REIMBURSEMENT RATES FOR CAL OES BILLINGS ONLY
PERSONNEL
EFFECTIVE JULY 1, 2018

CLASSIFICATION	2017/18 ADOPTED RATE					2018/19 PROPOSED RATE	\$ CHANGE	% CHANGE
SUPPRESSION POSITIONS								
FIRE DIVISION CHIEF	\$157.30					\$170.96	\$13.66	8.68%
FIRE BATTALION CHIEF	\$116.55					\$127.76	\$11.21	9.62%
FIRE CAPTAIN	\$79.76					\$85.69	\$5.93	7.44%
FIRE APPARATUS ENGINEER	\$66.94					\$72.29	\$5.35	7.98%
FIREFIGHTER	\$60.81					\$63.47	\$2.66	4.38%
HAND CREW (FIREFIGHTER)	\$37.45					\$41.10	\$3.65	9.75%
HAND CREW SUPERVISOR (FIRE CAPTAIN)	\$73.65					\$80.40	\$6.75	9.16%
HAND CREW SUPERVISOR (FIRE APP. ENGINEER)	\$62.90					\$68.68	\$5.78	9.18%
HAND CREW SUPERVISOR (FIREFIGHTER)	\$56.09					\$61.22	\$5.13	9.15%
HEAVY FIRE EQUIPMENT OPERATOR	\$97.71					\$111.04	\$13.33	13.64%
FIRE PILOT	\$73.65					\$80.38	\$6.73	9.13%
LEAD FIRE PILOT	\$81.70					\$85.95	\$4.25	5.20%
NON-SUPPRESSION POSITIONS								
CLASSIFICATION	2017/18 ADOPTED REGULAR RATE	2018/19 PROPOSED REGULAR RATE	\$ CHANGE	% CHANGE	2017/18 ADOPTED OT RATE	2018/19 PROPOSED OT RATE	\$ CHANGE	% CHANGE
ACCOUNTANT	\$71.01	\$70.81	(\$0.20)	-0.29%	\$72.65	\$72.48	(\$0.17)	-0.23%
ASST. IT MANAGER	\$127.47	\$135.03	\$7.56	5.93%	\$83.92	\$89.10	\$5.18	6.17%
ASST. FIRE APPARATUS TECHNICIAN	\$57.33	\$57.47	\$0.14	0.24%	\$56.62	\$56.70	\$0.08	0.14%
ASST. PURCHASING AGENT	\$73.59	\$81.75	\$8.16	11.09%	\$75.59	\$84.93	\$9.34	12.36%
ASST. FIRE MARSHAL	\$90.02	\$96.03	\$6.01	6.67%	\$94.23	\$101.17	\$6.94	7.37%
BUYER	\$53.78	\$62.59	\$8.81	16.38%	\$53.10	\$63.15	\$10.05	18.92%
COMMUNICATIONS TECHNICIAN	\$56.35	\$59.77	\$3.42	6.06%	\$56.02	\$59.92	\$3.90	6.97%
COMMUNICATIONS SERVICES SUPERVISOR	n/a	\$77.00	n/a	n/a	n/a	\$79.54	n/a	n/a
EMERGENCY COMM CENTER MANAGER	n/a	\$112.69	n/a	n/a	n/a	\$72.24	n/a	n/a
FINANCE MANAGER	\$145.62	\$150.89	\$5.27	3.62%	\$97.61	\$101.06	\$3.45	3.54%
FIRE APPARATUS TECHNICIAN	\$62.74	\$69.14	\$6.40	10.20%	\$62.76	\$69.97	\$7.21	11.49%
FIRE COMM RELAT/ED SPECIALIST	\$59.47	\$65.91	\$6.44	10.83%	\$59.56	\$66.92	\$7.36	12.37%
FIRE COMM RELAT/ED SUPERVISOR	\$66.05	\$77.09	\$11.04	16.71%	\$59.56	\$79.63	\$20.07	33.70%
FIRE COMMUNICATIONS DISPATCHER	\$63.15	\$64.78	\$1.63	2.58%	\$63.76	\$65.63	\$1.87	2.93%
FIRE COMMUNICATIONS SUPV.	\$69.86	\$75.01	\$5.15	7.37%	\$71.35	\$77.26	\$5.91	8.28%
FIRE EQUIPMENT TECHNICIAN	\$39.96	\$43.65	\$3.69	9.24%	\$36.90	\$40.98	\$4.08	11.04%
FIRE HELICOPTER TECHNICIAN	\$75.90	\$81.34	\$5.44	7.17%	\$77.70	\$83.86	\$6.16	7.93%
FIRE PREVENTION ANALYST	\$85.73	\$91.58	\$5.85	6.83%	\$89.37	\$96.12	\$6.75	7.55%
FIRE PREVENTION SPECIALIST	\$64.64	\$73.40	\$8.76	13.55%	\$65.43	\$75.45	\$10.02	15.31%
FLEET SERVICES COORDINATOR	\$74.30	\$78.73	\$4.43	5.96%	\$76.39	\$81.50	\$5.11	6.69%
FLEET SERVICES SUPERVISOR	\$77.18	\$82.70	\$5.52	7.16%	\$79.17	\$85.42	\$6.25	7.89%
GENERAL LABORER	\$36.52	\$38.63	\$2.11	5.79%	\$33.00	\$35.28	\$2.28	6.90%
GIS ANALYST	\$77.45	\$96.10	\$18.65	24.08%	\$79.97	\$101.27	\$21.30	26.63%
GIS SUPERVISOR	n/a	\$103.43	n/a	n/a	n/a	\$109.60	n/a	n/a
INFORMATION TECHNOLOGY ANALYST	\$86.88	\$96.14	\$9.26	10.66%	\$90.67	\$101.30	\$10.63	11.73%
INFORMATION TECHNOLOGY SPECIALIST	n/a	\$72.81	n/a	n/a	n/a	\$75.01	n/a	n/a
INFORMATION TECHNOLOGY SUPERVISOR	\$110.73	\$117.44	\$6.71	6.06%	\$117.74	\$125.53	\$7.79	6.62%
INFORMATION TECHNOLOGY TECHNICIAN	n/a	\$71.33	n/a	n/a	n/a	\$73.32	n/a	n/a
MEDICAL DIRECTOR	\$137.65	\$150.89	\$13.24	9.62%	\$91.60	\$101.06	\$9.46	10.33%
PURCHASING MANAGER	\$137.65	\$142.65	\$5.00	3.63%	\$91.60	\$94.84	\$3.24	3.54%
RESERVE FIREFIGHTER	\$2.81	\$1.50	(\$1.31)	-46.47%	\$1.90	\$2.06	\$0.16	8.53%
RISK MANAGEMENT ANALYST	n/a	\$115.02	n/a	n/a	n/a	\$73.99	n/a	n/a
RISK MANAGEMENT SAFETY OFFICER	n/a	\$115.02	n/a	n/a	n/a	\$73.99	n/a	n/a
SERVICE CENTER LEAD	\$69.06	\$73.12	\$4.06	5.88%	\$70.44	\$75.11	\$4.67	6.63%
SERVICE CENTER SUPERVISOR	\$81.42	\$87.24	\$5.82	7.14%	\$83.98	\$90.56	\$6.58	7.84%
SR. ACCOUNTANT	\$108.54	\$113.86	\$5.32	4.90%	\$69.66	\$73.13	\$3.47	4.98%
SR. ACCT. SUPPORT SPEC.	n/a	\$58.24	n/a	n/a	n/a	\$38.80	n/a	n/a
SR. COMMUNICATIONS TECHNICIAN	\$68.80	\$64.50	(\$4.30)	-6.25%	\$70.15	\$65.31	(\$4.84)	-6.89%
SR. FIRE APPARATUS TECHNICIAN	\$63.05	\$69.77	\$6.72	10.65%	\$63.12	\$70.69	\$7.57	11.99%

ORANGE COUNTY FIRE AUTHORITY
COST REIMBURSEMENT RATES FOR CAL OES BILLINGS ONLY
PERSONNEL
EFFECTIVE JULY 1, 2018

CLASSIFICATION	2017/18 ADOPTED RATE					2018/19 PROPOSED RATE	\$ CHANGE	% CHANGE
SR. FIRE COMMUNICATIONS SUPV.	\$78.11	\$82.77	\$4.66	5.97%	\$80.72	\$86.10	\$5.38	6.66%
SR. FIRE EQUIPMENT TECHNICIAN	\$55.32	\$59.39	\$4.07	7.36%	\$54.35	\$58.89	\$4.54	8.36%
SR. FIRE HELICOPTER TECHNICIAN	\$81.89	\$87.73	\$5.84	7.14%	\$84.49	\$91.14	\$6.65	7.87%
SR. FIRE PREVENTION SPECIALIST	\$81.96	\$86.89	\$4.93	6.01%	\$85.09	\$90.78	\$5.69	6.69%
SR. INFO TECHNOLOGY ANALYST	\$92.68	\$102.30	\$9.62	10.38%	\$97.25	\$108.31	\$11.06	11.37%
WILDLAND RESOURCE PLANNER	\$79.84	\$78.52	(\$1.32)	-1.65%	\$82.67	\$81.26	(\$1.41)	-1.70%

CIVILIAN POSITIONS

AFFILIATED MEMBER	n/a					\$55.93	n/a	n/a
CANINE SPECIALIST	n/a					\$37.50	n/a	n/a
DOCTOR	n/a					\$90.38	n/a	n/a
HEAVY RIGGING SPECIALIST	n/a					\$40.00	n/a	n/a
METEOROLOGIST	n/a					\$41.60	n/a	n/a
STRUCTURE SPECIALIST	n/a					\$70.95	n/a	n/a

Notes:

- 1 Adjustment to management positions to reflect overtime as straight time rather than 1.5 x hourly rate.
- 2 HazMat (\$2.37/hr), HazMat Paramedic (\$5.52/hr), HazSpecialist (\$3.16/hr), Paramedic (\$4.73/hr), and Tech Rescue Truck (\$2.37/hr) specialty pays are now included in the FC, FAE, and FF average rates per Cal OES approved methodology.
- 3 EMT specialty pay (\$\$1.09/hr) is included in Hand Crew FF average rate

ORANGE COUNTY FIRE AUTHORITY
COST REIMBURSEMENT RATES
EQUIPMENT
EFFECTIVE JULY 1, 2018

DESCRIPTION	2017/18 RATE	2018/19 RATE	\$ CHANGE	% CHANGE	SOURCE	Hourly / Daily
TYPE 1 ENGINE	\$91.00	\$78.90	(\$12.10)	-13.30%	FEMA	Hourly
TYPE 2 ENGINE	\$80.00	\$68.00	(\$12.00)	-15.00%	FEMA	Hourly
TYPE 3 ENGINE	\$80.00	\$68.00	(\$12.00)	-15.00%	FEMA	Hourly
TRUCK/QUINT	\$91.00	\$78.90	(\$12.10)	-13.30%	FEMA	Hourly
AIR/LIGHT UTILITY	\$29.00	\$23.84	(\$5.16)	-17.79%	FEMA	Hourly
AIRPORT CRASH UNIT	\$91.00	\$78.90	(\$12.10)	-13.30%	FEMA	Hourly
CHIPPER	\$25.00	\$24.31	(\$0.69)	-2.76%	FEMA	Hourly
COMPACT TRACK LOADER	\$26.50	\$36.05	\$9.55	36.04%	FEMA	Hourly
CREW CARRYING VEHICLE	\$21.75	\$20.95	(\$0.80)	-3.68%	FEMA	Hourly
DOZER MODULE (DOZER+TRANSPORT)	\$145.75	\$160.64	\$14.89	10.22%	FEMA	Hourly
DOZER TRAILER	\$14.00	\$15.50	\$1.50	10.71%	FEMA	Hourly
DOZER TENDER	\$26.00	\$17.65	(\$8.35)	-32.12%	FEMA	Hourly
DUMP TRUCK	\$77.25	\$75.50	(\$1.75)	-2.27%	FEMA	Hourly
FIRE COMMAND UNIT	\$21.75	\$20.95	(\$0.80)	-3.68%	FEMA	Hourly
FUEL TENDER	\$36.75	\$28.70	(\$8.05)	-21.90%	FEMA	Hourly
GRADER	\$54.50	\$46.50	(\$8.00)	-14.68%	FEMA	Hourly
LOADER	\$44.00	\$43.85	(\$0.15)	-0.34%	FEMA	Hourly
MEDIC UNIT	\$96.00	\$96.00	\$0.00	0.00%	Cal OES	Daily
MECHANIC SERVICE TRUCK	\$96.00	\$96.00	\$0.00	0.00%	Cal OES	Daily
PATROL UNIT (Type 6/ Swift Water Rescue)	\$80.00	\$68.00	(\$12.00)	-15.00%	FEMA	Hourly
PICKUP (less than 3/4 ton)	\$86.00	\$86.00	\$0.00	0.00%	Cal OES	Daily
SEDAN	\$47.00	\$47.00	\$0.00	0.00%	Cal OES	Daily
SPORT UTILITY VEHICLE	\$96.00	\$96.00	\$0.00	0.00%	Cal OES	Daily
VAN	\$109.00	\$109.00	\$0.00	0.00%	Cal OES	Daily
WATER TENDER	\$36.75	\$28.70	(\$8.05)	-21.90%	FEMA	Hourly
OTHER (3/4 ton and above)	\$96.00	\$96.00	\$0.00	0.00%	Cal OES	Daily
HAZMAT (Unit 4)	\$91.00	\$78.90	(\$12.10)	-13.30%	FEMA	Hourly
HAZMAT (Unit 79)	\$91.00	\$78.90	(\$12.10)	-13.30%	FEMA	Hourly
HAZMAT (Unit 204)	\$24.25	\$20.60	(\$3.65)	-15.05%	FEMA	Hourly
HELICOPTER - BELL SUPER HUEY (1)	\$1,082.03	\$1,400.77	\$318.74	29.46%	OCFA	Hourly
HELICOPTER - BELL 412 (1)	\$3,863.12	\$3,494.50	(\$368.62)	-9.54%	OCFA	Hourly

Notes:

1. Helicopter rates are based on 20 years useful life without the pilot and crew chief (Captain). The new rate reflects average usage for the past four years.



Orange County Fire Authority
AGENDA STAFF REPORT

Board of Directors Meeting
May 24, 2018

Agenda Item No. 3B
Consent Calendar

Proposed Procurement Policy Manual

Contact(s) for Further Information

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

Summary

This policy manual is submitted in accordance with the Procurement Ordinance, which was adopted by the Board on May 26, 2016. The policy manual provides greater detail on procurement processes and includes a policy required for federally funded procurements.

Prior Board/Committee Action

Budget and Finance Committee Recommendation: *APPROVE*

At the April 28, 2016, Board of Directors meeting the Purchasing Ordinance was introduced and was approved with one modification.

At the May 26, 2016, Board of Directors meeting, the Purchasing Ordinance No. 008 was approved and adopted at the second reading, replacing Ordinance No. 006 and No. 007.

At its regular May 9, 2018, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

RECOMMENDED ACTION(S)

Receive and file the Procurement Policy Manual.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

The Orange County Fire Authority's Purchasing Ordinance 008 became effective on July 1, 2016, and was based on the American Bar Association (ABA) Model Procurement Code (MPC), which is considered a best practice in public procurement. The MPC was designed for reliable procurement processes and was developed, adopted, and revised by the ABA in 1979 and 2000 respectively. The Ordinance provides the legal foundation for all procurement functions for OCFA. Along with the Roles, Responsibilities, and Authorities Matrix, the Ordinance provides staff with the essential guidelines for performing the appropriate source selection methods for the daily needs of the Fire Authority, while allowing the Executive Committee and the Board of Directors to retain oversight in the procurement process.

The establishment of one extensive Ordinance governing the procurement process has provided a clear and consistent resource for staff, suppliers doing business with OCFA, and the public. The Ordinance was developed with the intent of being general rather than prescriptive in nature and has served the Authority well since adoption two years ago.

Development of OCFA Procurement Policy Manual

Staff has developed a Procurement Policy Manual to provide more in-depth guidelines related to the various procurement methods and thresholds, adhering to the laws set forth in the Ordinance. The manual was developed, in part by reviewing the policies of other government agencies, including the County of Orange, as well as the collective values and guiding principles of public procurement developed by the National Institute of Government Procurement (NIGP).

The Procurement Policy Manual addresses the federal purchasing requirements consistent with provisions of Title 2 of the Code of Federal Regulations (CFR) also known as the Uniform Guidance. The Office of Management and Budget (OMB) requires that non-federal entities comply with the procurement standards of the Uniform Guidance when federal funds are used. This includes federal funds received directly from the Federal government or from a pass-through agency such as the State of California. The OMB has granted a three-year grace period allowing agencies time to implement the requirements. This Procurement Policy Manual implements the federal procurement requirements, which are effective July 1, 2018.

Differences between Procurement (County of Orange and OCFA)

The County of Orange operates in a decentralized procurement environment with individual departments handling their own procurements. The County's Ordinance is general in nature with the County's Contract Policy providing greater detail on procurement procedures. This is critical to ensure uniformity in the decentralized environment where various departments have the responsibility for their individual procurements. The County of Orange recently adopted a Contract Policy Manual in 2017 that provides greater details on procurement process.

OCFA operates under a centralized procurement authority as prescribed in the Ordinance. The team of professional procurement staff are responsible to ensure that purchases are made in compliance with the Ordinance, the Roles, Responsibilities and Authorities Matrix, and federal and state laws under the direction of the Purchasing and Materials Manager.

Process for Developing the Policy Manual

Director Bartlett was instrumental in the development of the County's 2017 Contract Policy Manual and has provided recommendations to OCFA. This created an opportunity for procurement staff to develop a manual that provides a greater level of detail than the Ordinance about procurement processes, including federally funded procurements. The suggestions from Director Bartlett have been incorporated into the proposed Procurement Policy Manual and are identified as the red text within the manual.

While the Ordinance has served the agency well since July 2016, the Procurement Policy Manual will be an additional tool to assist the agency with day-to-day purchasing needs. The manual is intended to be a living document that may be updated from time-to-time as policies are amended. Staff is requesting that the Budget and Finance Committee direct staff to place the Procurement Policy Manual on the agenda for the Board of Directors meeting of May 24, 2018, with the action to receive and file the Procurement Policy Manual.

Attachment(s)

OCFA Procurement Policy Manual

OCFA Procurement Policy Manual

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1. Purpose

The purpose of this manual is to provide a policy guide for staff involved in the procurement process pursuant to the Orange County Fire Authority Procurement Code, Ordinance No. 008, adopted by the OCFA Board of Directors on May 26, 2016. The Ordinance was created to simplify, clarify, centralize, and modernize the requirements governing OCFA procurement. The American Bar Association (ABA) Model Procurement Code (MPC) was the foundation in developing the OCFA Procurement Code.

The new Procurement Policy Manual is structured in the same order of the Procurement Code for ease of use. The intent of the Policy Manual is to provide more in depth details of the procurement policies as they relate to the content described in this manual.

The Procurement Policy Manual is intended to be a living document and may be updated from time to time as policies are amended.

2. General Provisions

Since the inception of Orange County Fire Authority on February 3, 1995, the agency has operated with centralized procurement authority with the goal of procuring needed supplies, services, and equipment of quality within the required time and at the best value in a manner consistent with legal requirements, good business practices, and proper fiscal control. The responsibility for all procurement activities lies under a single authority within the organization, and the Purchasing & Materials Manager serves as the central procurement and contracting authority.

OCFA elected to follow the State of California Public Contract Code as it applies to a general law city. As a result, there may be differences in the legal contracting requirements when the Authority is compared to the County or charter cities.

OCFA procurement policies apply to all contracts for the procurement of supplies, services, and construction, as well as every expenditure of federal, state, and local public funds irrespective of the source of funds. The policies also apply to contracts which do not involve an obligation of funds including the disposal of property that is no longer needed by the agency.

The policies **are not** applicable to grants awarded by the Authority, transactions involving the purchase, sale or lease of Fire Authority real property, professional witness, settlement of litigation or threatened litigation, or contracts with other governmental agencies.

3. Ethics and Standards of Conduct in Procurement

3.1 Ethics

The Purchasing & Materials Manager, as well as all those involved in 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. OCFA subscribes to, and accepts as its own, the Standards of Procurement Practice adopted by the California Association of Public Procurement Officials (CAPPO):

- To regard public service as a sacred trust, giving primary consideration to the interests of the public agency that employs us.
- To purchase without prejudice, seeking to obtain the maximum value for each dollar expended.
- To avoid unfair practices, giving all qualified vendors equal opportunity.
- To honor our obligations and require that obligations to our public agency be honored.
- To accord vendor representatives courteous treatment, remembering that these representatives are important sources of information and assistance in solving our purchasing needs.
- To refuse to accept any form of commercial bribery, and prevent any appearance of so doing.
- To be receptive to counsel from our colleagues, and to cooperate with them to promote a spirit of teamwork and unity.
- To conduct ourselves with fairness and dignity, and to demand honesty and truth in the purchasing process.
- To strive for greater knowledge of purchasing methods and of the materials we purchase.
- To cooperate with all organizations and individuals involved in activities designed to enhance the development of the purchasing profession, remembering that our actions reflect on the entire purchasing profession.

3.2 Standards of Conduct for All Parties Involved in Procurement

These standards establish a framework of expectations for Authority employees and other individuals involved in all phases and aspects of the procurement and contracting life cycle including acquisition planning, the solicitation phase, proposal evaluation, supplier selection, and the post award administration. These procurement standards are founded on applicable federal and California law.

Conflict of Interest. No employee, officer, or agent shall participate directly or indirectly in the selection or in the award or administration of any contract if a conflict, real or apparent, would be involved. Such conflict would arise when a financial or other interest in a firm selected for award is held by:

1. An employee, officer, or agent involved in making the award;
2. His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin; nephew, niece, husband, wife, father-in-law, brother-in-law, sister-in-law, stepfather, stepmother; stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister);
3. His/her partner; or
4. An organization which employs, is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

Understand and fully comply with the standards and your responsibilities as established by the OCFA General Order 06 (Exhibit 1) and avoid any actual or perceived conflict of interest throughout the procurement process. There are several conflict of interest laws, including Government Code § 1090 and the California Political Reform Act, which apply to procurement. These laws are grounded on the notion that government officials owe paramount loyalty to the public and decisions must be unbiased. Employees and other individuals are prohibited from participating in the making of a contract in which they have a financial interest. The law prohibits the same party from being on both sides of a contract. Individuals and contractors may not participate in the making of a contract and then bid or propose to do the work on that contract at a later date.

Avoid actual and perceived conflicts of interest throughout the entire procurement process. Do not seek or accept any favors, gifts or benefits that are not offered routinely to the general public from contractors, suppliers, vendors, firms or persons representing any of these entities, or other parties that are doing business, or seeking to do business, with the OCFA. Do not use your job to obtain benefits, directly or indirectly, for yourself or anyone else.

Conduct all OCFA business in an honest and impartial manner. Consistent with the requirements of law, policy and common sense, maintain appropriate confidentiality in both written and oral communications. Resolve issues effectively and ethically, while refraining from exercising any pressure on staff that could be perceived as trying to apply inappropriate influence.

Act for the benefit of OCFA. Ensure public money is spent solely for the benefit of the public and is consistent with applicable federal, State and local laws, regulations policies and procedures.

Failure to adhere to applicable federal and California law, General Order 06, and these Standards of Conduct is subject to disciplinary action up to and including termination, and or referral to appropriate enforcement agencies. Consultants, contractors or other individuals are subject to applicable laws and contractual requirements.

This written standards of conduct covering conflicts of interest and governing the actions of employees engaged in the selection, award and administration of contracts complies with requirements in 2 CFR Part 200, § 200.318, general procurement standards applicable for federally funded and pass through agency purchases.

4. Procurement Authority

Procurement derives its authority from federal, state, and local laws. The local authority is OCFA Purchasing Ordinance No. 008, passed and adopted May 26, 2016 with the specific intent of creating the governance of OCFA procurement. State laws that are applicable to OCFA procurement activities are found in the Government Code, the Civil Code, the Business and Professions Code, the Labor Code and the Public Contract Code. Federal law is applicable to OCFA procurement activities any time federal funds are used including funds received from pass through agencies such as the state of California. *See Section 15 of this manual for more details on federally funded procurement requirements.*

Board Authorized Purchases

All local authority rests with the OCFA 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 approved budget appropriation is the authorization by the Board to purchase capital equipment, services and materials for operations during the fiscal year.

Chief Procurement Officer Authority

The OCFA Purchasing Ordinance authorizes centralized procurement and contracting authority to the Chief Procurement Officer. The Chief Procurement Officer for OCFA is the Purchasing & Materials Manager. Centralized procurement requires that all procurement activities are completed under a single authority within the organization with the goal of procuring needed supplies, services and equipment of quality, within the required time and at the best value in a manner consistent with legal requirements, good business practices and proper fiscal control. The Purchasing & Materials Manager has the authority to award and sign contracts that do not exceed the amount defined under management authority in the OCFA Roles and Responsibilities Matrix (*specific to procurement*) (Exhibit 2). Contracts that exceed management authority may be executed by the Purchasing & Materials Manager or the Fire Chief upon approval of the Executive Committee or the Board of Directors.

Delegated Purchasing Authority

The professional procurement staff, including the positions of the Assistant Purchasing Agent and Buyer, have been delegated the authority to execute procurement contracts (i.e. purchase orders, blanket orders, and professional services contracts) on behalf of the Authority. *All professional purchasing staff are designated employees and are required to file a Statement of Economic Interest annually.*

Contract Signature Authority

Only those employees given explicit written authority by the Board, the Executive Committee, the Purchasing & Materials Manager or the Fire Chief may execute procurement agreements. (Procurement agreements are written contracts that bind the Authority and a supplier to a purchasing obligation). Such written authority includes terms and conditions, which are typically reviewed by General Counsel, and all such terms and conditions are to be adhered to. All procurement related agreements are to be submitted to Procurement for review and contract execution, regardless of the agreement's dollar value, form of payment used, or source of funds. Procurement staff will coordinate agreement review with General Counsel and other appropriate stakeholders as required. The Clerk of the Authority maintains records of all signed original contracts.

Department Procurement Requests

All purchases expending OCFA funds must be appropriately budgeted and duly authorized by the manager controlling the specific budget. The procurement process is initiated upon receipt of an approved purchase requisition authorized by the respective manager. *Requisition signature authority is not the same as contract signature authority.*

Smaller Purchase Delegation

Delegation of certain lower-value purchasing has been given to OCFA employees issued department credit cards (CalCard) in amounts according to their individual single purchase limit. This delegation is contingent on the clear understanding that all delegated purchasing must be made in accordance with the OCFA Procurement Code, as well as any applicable state and federal laws.

5. Procurement Thresholds

All authority rests with the Authority's Board of Directors unless it is delegated by statute or board action. The Roles and Responsibilities Matrix (Exhibit 2) defines OCFA's levels of authority that apply specifically to Procurement as approved on April 28, 2016.

The procurement of products and services is accomplished through a variety of procedures as defined in the OCFA Procurement Code. The procedures are designed to address the differences in complexity, risk and value of each purchase. The OCFA Purchase Process and Thresholds decision matrix (Exhibit 3) has been created to assist staff in making a purchase. It is OCFA's policy to develop maximum competition for all purchases. *The splitting of purchases into smaller blocks to avoid or otherwise circumvent the thresholds for source selection and solicitation requirements is prohibited.*

5.1 Federally Funded Purchases

Micro-purchase (below \$3,500)

For federally funded purchases less than the adopted micro-purchase limit, (currently \$3,500 – *the amount is periodically adjusted for inflation*), a micro-purchase may be made without obtaining competitive quotations if it is determined that the price to be paid is fair and reasonable (based on recent research, experience, or previous purchases of the same items). To the extent practicable, micro purchases will be distributed equitably among qualified vendors. The issuance of a purchase order (PO) by the Authority and its acceptance by the vendor constitutes a contract.

Simplified Acquisition (\$3,500 - \$150,000)

Since OCFA thresholds are more restrictive, federal pass-through funded purchases within this range (*which is periodically adjusted for inflation*) must meet OCFA standard commodity and non-construction services thresholds in addition to the federal requirements as described in Section 15 of this manual on federally funded purchases.

5.2 OCFA Standard Commodity and Services Purchases (non-construction)

Small purchase less than \$10,000

For purchases that are less than \$10,000, competitive written quotes from multiple sources are not required. The purchase can be made so long as it is determined that the written quote received is reasonable. This does not restrict the Authority from requesting additional written quotes when it is in the best interest of OCFA. Most orders for commodities, materials, and equipment below \$10,000 can be purchased by an OCFA employee with an OCFA credit card if the purchase amount is within the card holder's delegated authority. When the purchase request is received in the Purchasing Department, a purchase order will be issued to the supplier forming a contract for the commodity or service.

Small purchases over \$10,000 and less than \$50,000

For purchases of materials, equipment and services within this range, a simple competitive solicitation process, such as a Request for Quotations (Section 7.1), is required. Insofar as it is practical, no less than three businesses are to be solicited to submit quotations, with the contract award made to the responsive and responsible bidder submitting the quotation which is most advantageous to the Authority that conforms in all material respects to the solicitation. Results of the solicitation and records on the process utilized will be maintained as public records. This does not preclude the Authority from utilizing more restrictive procedures if, and when required by federal or state law (i.e. Public Works), where federal or

state funds are involved in the contract to be awarded, or when the Purchasing & Materials Manager determines it is in the best interest to of the Authority to do so.

Purchases greater than \$50,000

For purchases of materials, equipment, and services greater than \$50,000, a formal competitive solicitation process is required. Procurement staff will determine the formal solicitation process. The formal procurement process can be done through a sealed Invitation for Bid (IFB) or a Request for Proposal (RFP) process (Section 8). The requestor (requesting department) will work with Procurement staff throughout the solicitation, evaluation, award, and administration processes. OCFA may elect to utilize a cooperative purchasing agreement whereby substituting the competitive solicitation process of another public agency for its own.

5.3 Public Works/Public Projects

On February 22, 1996, the Authority adopted the alternative informal bidding procedures set forth in the California Uniform Public Construction Cost Accounting Act (CUPCCAA) for public project work performed or contracted by OCFA. This provided the ability to utilize informal bidding procedures set forth in the California Public Contract Code (PCC) §22000-§22045. This does not preclude the 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 Purchasing & Materials Manager determines it is in the best interest to of the Authority to do so. The OCFA Purchase Process and Thresholds for Public Works Decision Matrix (Exhibit 4) provides dollar thresholds defining the process for public works and public projects. *The current thresholds are set by the State of California and are periodically adjusted for inflation. Currently the thresholds are under review - Senate (AB-2249). If approved the thresholds will increase from \$45,000 to \$60,000 and from \$175,000 to \$200,000 respectively.* Per PCC §22033, it is unlawful to split or separate into smaller work orders or projects any project for the purpose of evading competitive bidding.

Public Works Projects (currently less than \$45,000)

Public works below this amount may be performed by OCFA employees, by negotiated contract, or by written purchase order. Multiple written quotes are requested for work below this limit as may be practicable. *Per Civil Code §9554, for projects over \$25,000 a labor and materials payment bond for 100 percent of the total amount of the public works contract is required.*

Public Works Projects (currently between \$45,000 – \$175,000)

Public works contracts within this threshold will be solicited by the informal public works procedures as defined in the PCC §22034 and OCFA Ordinance No. 008 Sec. 1-49. *See Section 12 of this manual for more details on informal public works bidding policies.*

Public Works Projects (currently over \$175,000)

Public works contracts above this threshold will be solicited by the formal public works procedures as defined in the PCC §22037 and OCFA Ordinance No. 008 Sec. 1-50. *See Section 13 of this manual for more details on formal public works bidding policies.*

6. CalCard

The Procurement Card (P-Card or CalCard) is a unique business credit card used to simplify the purchasing and payment process for small dollar acquisitions. The function of the P-Card is to provide Authority staff with greater flexibility to complete small purchases within the delegated authority. Delegation of certain lower-value purchasing has been given to specific OCFA employees issued department credit cards (CalCard) in amounts according to their individual single purchase limit. Prior to receiving a CalCard, the cardholders receive training on acceptable purchases. The P-Card is not to be used in lieu of established contracts and is not intended to replace effective procurement planning that enables volume discounts. Purchases shall not be split to circumvent purchasing regulations or established thresholds.

7. Informal Solicitations

Use of the informal solicitations is determined by the dollar threshold of the purchase as described in Section 5.

7.1 Request for Quotations

A request for quotations (RFQ) is an informal bid process used primarily for commodity purchases that fall within the Small Purchase Threshold. Quotations must be submitted in a written format and may be solicited via email or using OCFA's online procurement system. Whenever practicable, no less than three suppliers must be notified of the RFQ.

The RFQ must include clear concise specifications with a description of the physical or functional characteristics of the commodity or equipment desired, and be written to encourage maximum and fair competition. Unless only one brand of commodity or equipment is acceptable due to compatibility or other restrictive requirements, brand names will only be used for providing descriptive information and not be used to restrict competitive bidding.

Award is based on price and is made to the lowest responsive and responsible bidder able to meet the agency's requirements. In the event of a tie, preference will be given to firms having a legitimate place of business within Orange County.

7.2 Request for Information

A request for information (RFI) is an informal method for obtaining information from suppliers that may have unique or critical knowledge about a product or service that OCFA is researching. The RFI method is not intended to result in a contract award but is designed to allow for the collection of current or state-of-the-art industry information that may then be used to develop specifications or a scope of work to be used in a future solicitation. An RFI may also be used during the planning stage of a procurement activity as the first step in the vendor selection process, and a qualification step prior to the RFP or IFB.

An RFI is typically used to:

- Compile detailed information about potential suppliers and their capabilities or category/product
- Advise potential suppliers that you intend to source this product or service competitively
- Gather information to further the future solicitation
- Qualify suppliers to a shorter list that will be invited to submit bids or proposals

Responses to requests for information notices are not offers and cannot be accepted to form a binding contract.

8. Formal Competitive Solicitation Process

For purchases of materials, equipment, and services which are anticipated to be greater than \$50,000, a formal competitive solicitation process is required. The formal procurement process can be done through a sealed Invitation for Bid (IFB) or a Request for Proposal (RFP) process. Procurement staff will determine the formal solicitation process. The requestor (requesting department) will work with the designated procurement representative throughout the solicitation, evaluation, award, and administration processes. IFBs and RFPs will be issued by the procurement office and will include all contractual terms and conditions applicable to the procurement in accordance with Article III of the OCFA Procurement Code.

An IFB or RFP may be cancelled, or any or all bids or proposals rejected in whole or in part, as may be specified in the solicitation when it is in the best interest of the Authority to do so.

8.1 Invitation for Bids (IFB)

The sealed IFB method is used when it is determined that there is no substantive difference among the products or services that meet the specifications and the only difference among responsive bids is price. Award shall be made to the lowest responsive and responsible bidder whose bid conforms in all material respects to requirements and criteria set forth in the invitation for bids when utilizing the IFB method.

Specifications

Clear, concise specifications must be included in the bid documents. The specifications are a description of the physical or functional characteristics of the commodity, equipment, or service desired. Specifications shall be written to encourage maximum and fair competition. A statement of the desired purpose should be included in specifications and contain only those characteristics essential to the final performance of the product or services. Unless only one brand of commodity or equipment is acceptable due to compatibility or other restrictive requirements, any brand name used in the specifications will be used only for the purpose of establishing descriptive information and will not be used to restrict competitive bidding.

Request for Qualifications

A Request for Qualifications is used to qualify a firms for a specific project requiring specialized skills such as consulting services. This procurement method can also be used when professional assistance is needed to provide specifications and details for a project with an undefined scope of services. It can also be used for pre-qualifying one or more firms offering professional services when anticipated future needs require the availability of the firm(s) as needed for services of the same or similar discipline. This can be the first step in a two-step solicitation process. A request for qualifications may be cancelled, or any or all statements of qualifications rejected in whole or in part, when it is in the best interest of the Authority to do so. *See Section 12 and 13 for additional information specific to Request for Qualifications relating to Public Works.*

Two-Step Process

A prequalification Process may be conducted prior to the issuance of an IFB, as the first step in a two step-solicitation process, in order to establish a list of qualified bidders. Qualification criteria may include: financial capacity/stability, company history, capacity to perform, relevant experience, and any other criteria relevant to services or items being sought by the Authority. Prequalification requirements will constitute the minimum requirements necessary to fulfill the contract. In the event a prequalification process is used, only bids submitted from prequalified bidders will be accepted.

Public Notice

IFBs are electronically posted on the Authority's web site. Notice of the IFB shall be made available for public inspection no less than fourteen (14) days prior to the date set for the opening of bids. A shorter time may be deemed necessary for a particular procurement as determined in writing by the Purchasing & Materials Manager.

Pre-bid Conference

When it is in the best interest of the Authority, a pre-bid conference may be conducted. If a pre-bid conference is conducted, it shall be not less than seven days before the bid due date and time, unless the Purchasing & Materials Manager makes a written determination that the specific needs of the procurement justify a shorter time. The purpose of the pre-bid conference is to clarify any questions which may exist on the part of the bidders regarding the specifications or scope of work, prior to the bid due date. Pre-bid conferences shall not be mandatory for potential bidders unless it is clearly in the Authority's best interest.

Solicitation Amendment. The solicitation amendment is issued to do any or all of the following:

- Make a correction in the solicitation;
- Correct defects or ambiguities;
- Provide additional information or instructions; or
- Extend the offer due date and time if the Purchasing & Materials Manager determines that an extension is in the best interest of the Authority.

If a solicitation is changed by a solicitation amendment, the amendment will be posted to the Authority's web site. It is the responsibility of the offeror to obtain any solicitation amendments and acknowledge receipt of amendment as specified in the solicitation amendment.

Late Bids

A bid is late if it is received at the location designated in the IFB 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.

Bid Opening

Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the IFB. 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 deemed appropriate by the Purchasing & Materials Manager, shall be recorded. Unless otherwise determined, 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 notice of intent to award is issued. 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 the OCFA Procurement Code, Ordinance No. 008.

Bid Acceptance and Bid Evaluation

Bids shall be unconditionally accepted without alteration or correction, except as authorized in the Procurement Code. Bids shall be evaluated based on the requirements set forth in the IFB, which may

include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. The IFB shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluation that is not set forth in the IFB.

A summary page including details of all bids received, the staff recommendation for award, and any other pertinent information will be maintained in the bid file available for public record. These details will be provided in the staff report should the item require Board approval.

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 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 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:

- The mistake is clearly evident on the face of the bid document but the intended correct bid is not similarly evident; or
- 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.

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.

- (a) *Authority.* The Purchasing & Materials Manager has the authority to award and sign contracts that do not exceed the amount defined under management authority in the Roles and Responsibilities Matrix (Exhibit 2). Contracts that exceed management authority are to be executed by the Purchasing & Materials Manager or the Fire Chief upon approval of the Executive Committee or the Board of Directors.
- (b) *Public record.* After the 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.
- (c) *Encumbrance of funds.* Except in cases of emergency, or in cases where specific authority has been first obtained from the Fire Chief, the Purchasing & Materials 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 the OCFA Procurement Code and any other applicable requirements.

- (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, § 22150, et seq.
- (e) *Low tie bids.* If there are two or more low responsive bids from responsible bidders which are identical in price, all other evaluation criteria, and that meet all the requirements set forth in the IFB, preference shall be given to the firm having a legitimate place of business within Orange County. In the event that the low tie bids each have places of business within Orange County, award may be made by random selection in a manner prescribed by the Purchasing & Materials Manager.

8.2 Request for Proposals (RFP)

The competitive sealed RFP method is utilized to obtain the best value for goods and/or services through a process involving several possible sources. RFPs are issued with the intent of providing a competitive process from which the respondent best meeting the needs of the Authority, and providing the best overall value may be selected. RFPs are generally used on larger and more complicated projects where additional criteria besides price are considered in selecting the source. An important difference between the RFP and IFB process relates to the finality of initial offers. Under the RFP method, changes in the nature of a proposal, and in prices, may be negotiated after proposals are opened. In contrast, changes in the price of goods and services are not negotiable in the IFB process. The RFP process allows the Authority to describe a need and the key criteria which will be used in evaluating proposals while outlining the terms and conditions under which the respondent will operate or supply their goods and services. The process provides for full competition among proposals and allows for negotiation with the offeror or offerors to obtain the best services or commodities at the best price.

Specifications

Another important difference between the RFP and IFB method is that the RFP might not contain a detailed specification, but may instead convey, a description of a challenge or desired outcome as a result of the solicitation. This description may be written specifically or it may be generic. The RFP allows for the offerors to submit proposals for their solution to the requirement described by the Authority. This process of providing a description rather than a specification allows the Authority to use the capability of the offerors so that expertise does not have to be developed in house.

Two-Step Process

A prequalification process may be conducted prior to the issuance of the RFP, as the first step in a two step-solicitation process, to establish a list of qualified offerors. Qualification criteria may include: financial capacity/stability, company history, capacity to perform, relevant experience, and any other criteria relevant to services or items being sought by the Authority. Prequalification requirements will constitute the minimum requirements necessary to fulfill the contract. In the event a prequalification process is used, the only proposals submitted from prequalified offerors will be considered.

Public Notice

RFPs are electronically posted on the Authority's web site. Notice of the RFP shall be made available for public inspection no less than fourteen (14) days prior to the date set for the opening of proposals. A shorter time may be deemed necessary for a particular procurement as determined in writing.

Pre-Proposal Conference

When it is in the best interest of the Authority, a pre-proposal conference may be conducted. If a pre-proposal conference is conducted, it shall be not less than seven days before the offer due date and time, unless the Purchasing & Materials Manager makes a written determination that the specific needs of the procurement justify a shorter time. The purpose of the pre-proposal conference is to clarify any questions which may exist on the part of the proposers regarding the specifications or scope of work, prior to the offer due date. Pre-proposal conferences shall not be mandatory for potential offerors unless it is clearly in the Authority's best interest.

Solicitation Amendment

The solicitation amendment is issued to do any or all of the following:

- Make a correction in the solicitation;
- Correct defects or ambiguities;
- Provide additional information or instructions; or
- Extend the offer due date and time if the Purchasing & Materials Manager determines that an extension is in the best interest of the Authority.

If a solicitation is changed by a solicitation amendment, the amendment will be posted to the Authority's web site. It is the responsibility of the offeror to obtain any solicitation amendments and acknowledge receipt of amendment as specified in the solicitation amendment.

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.

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. Offerors submitting proposals that are rejected as late shall be so notified.

Evaluation Criteria.

The RFP shall state the criteria to be used in the evaluation of the proposals and shall include their relative importance. Pricing is one of the criteria evaluated. The point value given to pricing should be as high as possible without undermining the intent to achieve best value. The actual point value could vary between a service RFP and a commodity RFP. In no case should the point value of price be less than 25 percent of the total points available, unless otherwise approved by Executive Management or Board of Directors for specific RFPs.

Selection Committee

A selection committee shall be appointed to evaluate the proposals and make a recommendation based on the criteria set forth in the request for proposals. The evaluation committee shall be comprised of an odd number of at least three (3) members who have no conflict of interest with the selection process. Members of the evaluation committee shall be selected based on their qualifications and expertise related to the subject matter. Proposals can only be evaluated on the criteria set forth in the solicitation and no other factors or criteria may be used in the evaluation.

Evaluation Scores

Evaluators shall score proposals individually. The initial score sheets containing the evaluators notes and comments shall remain in the possession of the individual evaluators, and at no time shall this information become part of the permanent procurement file. Based upon the individual evaluator scores, a proposal summary page will be developed which specifically includes details of all proposals (along with their respective rankings), the evaluation committee's recommendation for award, and any other pertinent information (staff estimate) when appropriate. This summary page will be maintained in the procurement file and included in the staff report should the item seek Board approval.

Interviews

When the total contract value is anticipated to exceed \$1,000,000, the evaluation committee must conduct interviews with the responsible offerors who have submitted proposals determined to be acceptable and within a competitive range. All offerors shall be given fair and equitable treatment and all portions of the interview will be recorded either in written or digital media and kept as part of the procurement file. For contracts valued under \$1,000,000, the Purchasing & Materials Manager may elect, but is not required to, conduct formal interviews with the offerors.

Discussions and Negotiations

Discussions and/or negotiations may be conducted with one or more offerors. Each Offeror 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 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 Authority may enter into exclusive negotiations with the next highest ranked offeror without the need to repeat the formal solicitation process.

Proposal Revisions Post Interview and Negotiations

After interviews and/or negotiations, and prior to any award, the evaluation committee may request revisions to proposals in the form of a Best and Final Offer (BAFO). Late best and final offers will not be accepted. If no best and final offer is received by the stated due date and time, the offeror's initial offer will serve as their best and final offer.

Contract Award

Contract award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the Authority taking into consideration the evaluation criteria set forth in the request for proposals as **concurred by the Purchasing & Materials Manager, and approved by the Board, as required by the Roles & Responsibilities Matrix (Exhibit 2)**. The contract file shall contain the basis on which the award is made.

9. Cooperative Purchasing

When the Purchasing & Materials Manager determines it to be in the best interest of the Authority, a purchase for goods or services, other than Public Works construction, may be made using a Cooperative Agreement. *See Section 21 for further definition of Cooperative Agreement or Purchasing.* The Authority may lead a competitive solicitation in collaboration with one or more other public agencies, or utilize an existing agreement or contract previously established by other public entities for similar items.

In order for a Cooperative Agreement to be eligible for use, the awarded contract must have resulted from a full and open competition, using source selection methods substantially equivalent to those specified in the OCFA Purchasing Ordinance (Article III). Use of a Cooperative Agreement is sometimes referred to as “piggybacking” if the agency is using the bid results and contract of one specific agency, rather than a group of agencies involved in the establishment or use of a contract.

A record of cooperative procurements shall be maintained as a public record, and such procurements exceeding the amount defined in the Roles and Responsibilities Matrix must be approved by the Executive Committee prior to award.

10. Sole Source

Sole source procurement shall be avoided except when no reasonable alternative exists. However, when the requesting department provides written evidence to support their sole source request, and the Purchasing & Materials Manager determines, after conducting a good faith review of available sources, that there is only one viable source for a required material or service, a contract may be awarded without competition. The Purchasing & Materials Manager may require the submission of cost analysis or other pricing data, and that negotiations as to price, delivery, and terms are conducted for such an award.

A record of sole source procurements shall be maintained as a public record, and such procurements exceeding the amount defined in the Roles and Responsibilities Matrix must be approved by the Executive Committee prior to award.

11. Special Procurement

In the event of unusual or special circumstances, when in the best interest of the Authority, The Purchasing & Materials Manager may authorize procurements of supplies, equipment or services (excluding construction services) without utilizing the competitive procurement procedures otherwise required in the OCFA Procurement Ordinance.

The requesting department of the special procurement shall provide written evidence to support their request, and such request shall be made with sound fiscal discretion. The Purchasing & Materials Manager shall review such request, determine the supplier to be awarded, and obtain the approval from the

Assistant Chief, Business Services, ensuring that the procurement is fair, honest, prudent, and in the public interest.

Documentation of the need to waive the competitive procurement procedures, as well as the basis for the source selection and the due diligence performed shall be maintained as a public record. Procurements exceeding the amount defined in the Roles and Responsibilities Matrix must be approved by the Executive Committee prior to contract award.

12. Public Works Informal Bidding

On February 22, 1996, the Authority adopted the alternative informal bidding procedures set forth in the California Uniform Public Construction Cost Accounting Act (CUPCCAA) for public project work performed or contracted by OCFA. This provided the ability to utilize informal bidding procedures set forth in the California Public Contract Code (PCC) §22000-§22045. This does not preclude the 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 Purchasing & Materials Manager determines it is in the best interest to of the Authority to do so. Public Works as defined in Labor Code § 1720(a) is construction and other enumerated construction-related tasks including maintenance, (see Labor Code § 1771) such as construction, alteration, demolition, installation, maintenance, or repair work, done under contract, and paid for in whole or in part out of public funds, and may include preconstruction and post-construction activities related to a public works project. The OCFA Purchase Process and Thresholds for Public Works Decision Matrix (Exhibit 4) provides dollar thresholds defining the process for public works and public projects. *The current thresholds are set by the State of California and are periodically adjusted for inflation. The current thresholds are under review - Senate (AB-2249). If approved the thresholds will increase from \$45,000 to \$60,000 and from \$175,000 to \$200,000 respectively.* Per the Roles and Responsibilities Matrix (Exhibit 2), all informal public projects valued up to \$175,000 can be awarded by the Purchasing & Materials Manager.

Contractors List

Per Public Contract Code §22034, OCFA must invite all licensed contractors to submit their company information for inclusion on the list of qualified contractors identified according to work categories annually. A contractor may have their company added to the list at any time by providing the required information to the Procurement team.

Contractors included on the contractors list are notified of public works projects specific to the trades they have identified in their registration. Inclusion on the contractors list only determines whether contractors meet minimum qualification requirements and is not meant as a mechanism to score contractors or rate them for use on a project.

Request for Qualification (RFQual)

A Request for Qualifications is used to qualify a professional or firm for a specific project requiring specialized skills such as architectural, engineering, or consulting services or when a professional or firm is needed to provide specifications and details for a project with an undefined scope of services. It can also be used for pre-qualifying one or more firms offering professional services when anticipated future needs require the availability of the firm(s) as needed for services of the same or similar discipline. This can be the first step in a two-step solicitation process.

The RFQual utilizes a qualifications-based selection method of awarding contracts under which the most appropriate professional or firm is selected based on qualifications such as knowledge, skill, experience, and other project-specific factors rather than fees as prescribed in Government Code § 4525-4529.5.

Payment and Performance Bond

Per Civil Code §9554 Payment and Performance bonds are required for contracts over \$25,000 in an amount not less than 100 percent of the total amount payable pursuant to the public works contract. Bid bonds of not less than ten (10) percent of the total bid amount are required for solicitations valued over \$25,000.

Public Works Projects (currently less than \$45,000)

Projects valued at \$45,000 or less may be completed by force account (by Property Management employees) or through a negotiated contract, per PCC § 22032(a). OCFA may also select a contractor from the list of prequalified contractors who are qualified, capable, and are otherwise able to meet the Authority's requirements for the project.

Public Works Projects (between \$45,000 and \$175,000)

Public Works Projects with a value exceeding \$45,000 and less than \$175,000 must be bid in accordance with the procedures as defined in PCC §22034 and 22036. OCFA will solicit informal bids by publishing a notice that describes the project in general terms, provides information on how to obtain more detailed information about the project, and states the time and place for the submission of bids. **A clear and concise scope of work containing a description of the project will be included in the bid documents. Scope of work with desired outcome shall be written to encourage maximum and fair competition. Any brand name used in the specifications or scope of work will be used only for the purpose of establishing descriptive information and will not be used to restrict competitive bidding.**

Contracts are to be awarded to the lowest responsive, responsible bidder pursuant to PCC § 22032(b). This does not preclude the Authority from utilizing more restrictive bidding thresholds when it is in the best interest of the OCFA.

13. Public Works Formal Bidding

Public works contracts valued over \$175,000 are solicited using the formal bid procedures provided in PCC § 22032(c) and 22037, and follow the source selection methods outlined below.

Design-Bid-Build

The Design-Bid-Build method for construction projects is generally a two-step process beginning with a request for qualifications (design) followed by a bid for construction. A contract must be awarded to a qualified architect and/or engineer for the development of the scope of work. The scope of work is then included in the bid document for the actual construction. **The scope of work provided by the architectural/engineering firm provides detailed descriptions of the physical or functional characteristics of the project, inclusive of any related commodities, equipment, or services desired. Scope of work with desired outcome shall be written to encourage maximum and fair competition. Any brand name used in the specifications or scope of work will be used only for the purpose of establishing descriptive information and will not be used to restrict competitive bidding.** The bid is then advertised as required by the formal bidding procedures in accordance with PCC § 22032(c). Board approval of the contract award is by required if the contract exceeds \$175,000. A bid to complete the project is issued utilizing the scope of work provided by the architect/engineer.

This source selection method follows the process for bidding and contract award as described in Section 8 of this manual with bids unconditionally accepted without alteration or correction, except as authorized in the OCFA Procurement Code, and with evaluation based on the requirements set forth in the bid, inclusive of valid State Contractors Licensing, Department of Industrial Relations registration, and ability of the contractor to meet bonding and insurance requirements.

The lowest responsive responsible bidder shall be recommended for award in accordance with PCC § 21501. A summary page including details of all bids received, the staff recommendation for award, and any other pertinent information will be maintained in the bid file available for public record. These details will be provided in the staff report when the contract requires Board approval.

Design-Build (DB) Applicable to Projects in Excess of \$1,000,000

Since OCFA elected to follow the Public Contract Code as it applies to a general law city, the DB method may only be used when soliciting projects in excess of \$1,000,000, per PCC §22162. In the design build process, a single design build entity is responsible for both the design and construction of a project. This procurement process is a two-step process. In the first step, a request for qualifications is requested. Only the top three design build entities are invited to submit proposals. In contrast to Design-Bid-Build, DB relies on a single point of responsibility for the contract. The performance specifications and any plans must be prepared by a design professional who is duly licensed and registered in California. OCFA must follow the design-build procurement process as described in PCC §22164 as provided below:

(a) (1) The Authority shall prepare a set of documents setting forth the scope and estimated price of the project. The documents may include, but need not be limited to, the size, type, and desired design character of the project, performance specifications covering the quality of materials, equipment, workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the OCFA's needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(2) The documents shall not include a design-build-operate contract for any project. The documents, however, may include operations during a training or transition period but shall not include long-term operations for any project.

(b) The Authority shall prepare and issue a request for qualifications in order to prequalify or short-list the design-build entities whose proposals shall be evaluated for final selection. The request for qualifications shall include, but need not be limited to, the following elements:

(1) Identification of the basic scope and needs of the project or contract, the expected cost range, the methodology that will be used by the Authority to evaluate proposals, the procedure for final selection of the design-build entity, and any other information deemed necessary by the Authority to inform interested parties of the contracting opportunity.

(2) Significant factors that the Authority reasonably expects to consider in evaluating qualifications, including technical design and construction expertise, acceptable safety record, and all other non-price-related factors.

(3) A standard template request for statements of qualifications prepared by the Authority. In preparing the standard template, the Authority may consult with the construction industry, the building trades and surety industry, and other local agencies interested in using the authorization provided by this article. The template shall require the following information:

(A) If the design-build entity is a privately held corporation, limited liability company, partnership, or joint venture, a listing of all of the shareholders, partners, or members known at the time of statement of qualification submission who will perform work on the project.

(B) Evidence that the members of the design-build team have completed, or demonstrated the experience, competency, capability, and capacity to complete projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, and a financial statement that ensures that the design-build entity has the capacity to complete the project.

(C) The licenses, registration, and credentials required to design and construct the project, including, but not limited to, information on the revocation or suspension of any license, credential, or registration.

(D) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(E) Information concerning workers' compensation experience history and a worker safety program.

(F) If the proposed design-build entity is a corporation, limited liability company, partnership, joint venture, or other legal entity, a copy of the organizational documents or agreement committing to form the organization.

(G) An acceptable safety record. A proposer's safety record shall be deemed acceptable if its experience modification rate for the most recent three-year period is an average of 1.00 or less, and its average total recordable injury or illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category or if the proposer is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code.

(4) (A) The information required under this subdivision shall be certified under penalty of perjury by the design-build entity and its general partners or joint venture members.

(B) Information required under this subdivision that is not otherwise a public record under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) shall not be open to public inspection.

(c) (1) A design-build entity shall not be prequalified or shortlisted unless the entity provides an enforceable commitment to the Authority that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or contract that falls within an apprenticeable occupation in the building and construction trades, in accordance with Chapter 2.9 (commencing with Section 2600) of Part 1.

(2) This subdivision shall not apply if any of the following requirements are met:

(A) The Authority has entered into a project labor agreement that will bind all contractors and subcontractors performing work on the project or contract to use a skilled and trained workforce, and the entity agrees to be bound by that project labor agreement.

(B) The project or contract is being performed under the extension or renewal of a project labor agreement that was entered into by the Authority prior to January 1, 2017.

(C) The entity has entered into a project labor agreement that will bind the entity and all its subcontractors at every tier performing the project or contract to use a skilled and trained workforce.

(3) For purposes of this subdivision, "project labor agreement" has the same meaning as in paragraph (1) of subdivision (b) of Section 2500.

(d) Based on the documents prepared as described in subdivision (a), the Authority shall prepare a request for proposals that invites prequalified or short-listed entities to submit competitive sealed proposals in the manner prescribed by the Authority. The request for proposals shall include, but need not be limited to, the following elements:

(1) Identification of the basic scope and needs of the project or contract, the estimated cost of the project, the methodology that will be used by the Authority to evaluate proposals, whether the contract will be awarded on the basis of low bid or best value, and any other information deemed necessary by the Authority to inform interested parties of the contracting opportunity.

(2) Significant factors that the Authority reasonably expects to consider in evaluating proposals, including, but not limited to, cost or price and all non-price-related factors.

(3) The relative importance or the weight assigned to each of the factors identified in the request for proposals.

(4) Where a best value selection method is used, the Authority may reserve the right to request proposal revisions and hold discussions and negotiations with responsive proposers, in which case the Authority shall so specify in the request for proposals and shall publish separately or incorporate into the request for proposals applicable procedures to be observed by the Authority to ensure that any discussions or negotiations are conducted in good faith.

(e) For those projects utilizing low bid as the final selection method, the competitive bidding process shall result in lump-sum bids by the prequalified or short-listed design-build entities, and awards shall be made to the design-build entity that is the lowest responsible bidder.

(f) For those projects utilizing best value as a selection method, the design-build competition shall progress as follows:

(1) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposals. The following minimum factors, however, shall be weighted as deemed appropriate by the Authority:

(A) Price, unless a stipulated sum is specified.

(B) Technical design and construction expertise.

(C) Life-cycle costs over 15 or more years.

(2) Pursuant to subdivision (d), the Authority may hold discussions or negotiations with responsive proposers using the process articulated in the Authority's request for proposals.

(3) When the evaluation is complete, the responsive proposers shall be ranked based on a determination of value provided, provided that no more than three proposers are required to be ranked.

(4) The award of the contract shall be made to the responsible design-build entity whose proposal is determined by the Authority to have offered the best value to the public.

(5) Notwithstanding any other provision of this code, upon issuance of a contract award, the Authority shall publicly announce its award, identifying the design-build entity to which the award is made, along with a statement regarding the basis of the award.

(6) The statement regarding the Authority's contract award, described in paragraph (5), and the contract file shall provide sufficient information to satisfy an external audit, providing performance specifications prepared by licensed and registered design professional and preparing a set of documents setting forth the scope and estimated price of the project. The documents may include, but need not be limited to, the size, type, and desired design character of the project, performance specifications covering the quality of materials, equipment, workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the Authority's needs.

The Design-Build Entity proposing the lowest cost or best value (whichever is most favorable to OCFA) shall be recommended for award in accordance with PCC § 22164. A summary page including details of all bids received, the staff recommendation for award, and any other pertinent information will be maintained in the bid file available for public record. These details will be provided in the staff report should the item require Board approval.

Contract Award

For a design bid build project, 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. Design Build projects are awarded based on best value from firms selected to participate in the solicitation process following the qualifications process.

The recommendation for award is submitted to the Board of Directors inclusive of the project, plans, and specifications in accordance with PCC § 22039, the contract is approved by the. The approved contract is then executed by the Purchasing & Materials Manager or designee.

14. Emergency Procurement

In the event of an emergency (as defined in the Section 21 of this document) when there is a threat to public health, welfare or safety, or other situation that makes compliance with the OCFA competitive procurement procedures contrary to the public interest, the Fire Chief may make, or authorize others to make, emergency procurements of materials, services, or construction. Emergency procurements shall be made with as much competition as is practicable under the circumstances.

The requesting department of an emergency procurement must provide written evidence justifying the need, and the procurements shall be limited to only those materials, services or construction necessary to satisfy the immediate, critical needs within the specified time limits of 70 hours as defined by the Federal Emergency Management Agency (“FEMA”), in order to qualify for potential reimbursement to the Authority. All procurements related to the emergency occurring after the specified time limit (currently 70 hours) must abide by the procedures outlined in Section 15 of this manual, as required in Title 2 of the Code of Federal Regulations Part 200, if federal or pass through funds will be utilized.

Emergency procurements exceeding the amount defined in the Roles and Responsibilities Matrix must be executed by the Purchasing & Materials Manager upon approval by the Chair or Vice Chair of the Board of Directors, and a written determination of the basis for the emergency and for the selection of the supplier shall be maintained as a public record.

Public Works Emergencies

In cases of emergency when public works construction related repair or replacements are necessary and exceed amounts as defined in the Roles and Responsibilities Matrix, the Fire Chief or designee has authority to declare an emergency and authorize replacement or repair without adopting plans, specifications, working details, or competitive bidding requirements when it is impracticable to convene a meeting of the Board of Directors prior to addressing the emergency needs. The authorization for the exemption from procurement (requirements by four-fifths vote) will be addressed at next scheduled meeting as required per PCC § 22035 and 22050. In all cases, public works emergency procurements should follow the procedures outlined in Exhibit 4.

15. Federally Funded Purchases

The Office of Management and Budget (OMB) implemented the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) in December 2014. The Uniform Guidance provides an authoritative set of rules and requirements for all government agencies receiving federal grants directly from the federal government or from pass-through agencies such as the State of California. An addendum was issued by the OMB on May 17, 2017 allowing nonfederal entities an additional year to implement the Uniform Guidance requirements related to procurement. OCFA elected to utilize this extension period and become subject to this requirement on July 1, 2018.

OCFA must establish and follow the documented procurement policies and procedures which comply with Title 2 of the Code of Federal Regulations (CFR) § 200.318 through § 200.326., known as the Uniform Guidance (as applicable). The OCFA must use its own documented procurement procedures §200.318 (a)

which reflect applicable State and local laws and regulations as well as conforming to the applicable Federal law and standards identified in this policy.

Effective July 1, 2018, all OCFA procurements expending federal funds received directly from the federal government or from a pass-through agency, must comply with the provisions of Title 2 of the Code of Federal Regulations (CFR) § 200.318 through § 200.326. Federal regulations will apply to these purchases unless OCFA procurement procedures are more restrictive. Additional compliance requirements may be applicable as determined by the funding agency and funding source.

The following policies were developed in accordance with the Uniform Guidance:

Standards of Conduct for All Parties Involved in Procurement §200.318 (c)(1) – All standards as defined in 3.2 of this policy manual apply to federally funded procurements. The OCFA may take appropriate disciplinary actions for violations of such standards by officers, employees, or agents of the recipient.

Full and Open competition §200.319 – All procurement transactions must be conducted in a manner that provides, to the maximum extent practical, full and open completion using one of the methods as defined in the Uniform Guidance based on the most restrictive thresholds as defined in the Uniform Guidance or the OCFA Ordinance. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids, or requests for proposals must be excluded from competing for such procurements.

Specifications §200.319 (c) (1) (2) The specifications must incorporate a clear and accurate description of the technical requirements for the material, product, or services required. The descriptions in competitive procurements must not contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to set forth minimum essential characteristics and standards for conformity for the intended use. Any specific features which must be met by the offerors must be clearly stated along with any requirements the offerors must fulfill and any other factors that will be used in evaluating the bids or proposals.

Procurement of Recycled Materials §200.322 – When the purchase price of items exceeds \$10,000, or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000, OCFA must procure only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition. Documentation of the determination are to be maintained with the file.

Minority Businesses, Women’s Business Enterprises and Labor Surplus Area Firms §200.321 – OCFA must take all necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible. The affirmative steps include:

1. Placing qualified small and minority businesses and women’s business enterprises on solicitation lists;
2. Assuring that small and minority businesses, and women’s business enterprises are solicited whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women’s business enterprises;
4. Establishing delivery schedules, where the requirement permits, which encourages participation by small and minority businesses, and women’s business enterprises;

5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in the preceding paragraphs (1) through (5).

Use of Pre-Qualified lists §200.319(d) – Procurements may not use standing, pre-qualified lists, unless the list is open for new qualifications during the solicitation period and the list includes enough qualified sources to ensure maximum open and free competition. The use of a two-step procurement process where the first step is a qualification process specific to the procurement is allowable under the Uniform Guidance.

Local Preference or Geographical Exclusion §200.319 (b) – A local preference shall not be applied when evaluating bids or proposals. Geographical exclusions or qualifications must not be included in the scope of work. *The only exception is for professional architectural and engineering services where the use of a geographical selection criterion resulted in an acceptable number of qualified firms.*

Considerations Prior to Solicitation

Is the acquisition necessary? §200.318 (d) – The OCFA must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

Are state and local intergovernmental agreements available? §200.318 (e) – OCFA encourages entering into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services in an effort to foster greater economy and efficiency.

Has Federal excess and surplus property been considered? §200.318 (f) – OCFA encourages the use of Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

Value Engineering in Construction contracts. §200.318 (g) – OCFA encourages the use of value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

Methods of Procurement Title 2 CFR§200.320

Simplified Purchasing Procedures

- *Micro-purchase* §200.320(a) – Federal threshold (currently \$3,500 or less), no solicitation required, the agency determines reasonableness of price and awards the contract. The Davis-Bacon Act is applicable for construction contracts in excess of \$2,000.

Small Purchases §200.320(b) – [OCFA threshold in more restrictive \(less than \\$50,000\) requires request for quotes from three qualified sources as practicable.](#) Federal threshold (currently \$150,000 or less), requires that quotes must be obtained from an adequate number of qualified sources (no less than three). OCFA will follow the more restrictive requirements when utilizing federal funds.

Formal Procurement Procedures - Federal threshold (currently over \$150,000), [Since the OCFA threshold is more restrictive, a purchase with federal funding over \\$50,000 will be processed using one of the formal procurement methods provided below.](#) Solicitations should clearly state all the requirements the supplier must fulfill in order for the bid or proposal to be considered by the OCFA.

Invitation for Bid (Sealed Bid) §200.320(c)

- *Requirements* – complete technical specifications are provided, an independent estimate is required before receiving bids or proposals, solicit bids from adequate number of sources (requirement two or more responsible bidders are willing to participate), provide sufficient time for responses, publicly advertise solicitation, public opening, fixed price contract, award to lowest responsive and responsible bidder.

Request for Proposals (Competitive Proposal) §200.320(d)

- *Requirements* – scope of work provided, solicit proposals from adequate number of qualified sources, solicitation must be publicized and include all factors for evaluation and their relative importance, the RFP must contain written method for conducting technical evaluations received and for ranking proposals, award contracts to the responsible firm whose proposal is most advantageous to the program with price and other factors considered.
- *Qualification Based Selection* may be used for architectural/engineering professional services where by qualifications are evaluated and the most qualified competitor is selected subject to negotiation of fair and reasonable compensation. Price is not considered as a selection factor, however this is only applicable to procurement of A/E professional services.

Non-Competitive Bids or Proposals §200.320(f) – Procurement by noncompetitive proposals may only be used when one or more of the following situations apply:

- After a solicitation of a number of sources is completed, competition is determined inadequate. §200.323(b) When only a single bid or proposal is received in response to a solicitation, profit margin must be negotiated as a separate item. *Language must be included in applicable solicitations allowing such negotiations.*
- Item is available only from a single source.
- Public exigency or emergency for the requirement will not permit delay resulting from a competitive solicitation. *The Federal government defines an emergency as the first 70 hours after a disaster.*
- Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from OCFA.

Cost/Price Analysis §200.323(a) – Procurements over the simplified acquisition threshold (including any contract amendments), must have a cost/price analysis completed and documented. For competitive procurements above the simplified acquisition threshold, the cost/price analysis must be completed prior to issuing the solicitation. The cost analysis is the review and evaluation of each element of cost to determine whether it is reasonable, allocable to the grant program and an allowable cost for the grant program. Price analysis involves a comparison of marketplace prices.

Types of Contracts – Acceptable types of contracts that may be awarded are: lump sum, unit price, cost plus fixed fee, time and materials with a not to exceed amount, and intergovernmental agreements. §200.323(d) Cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

Use of Time and Material Type Contracts §200.318 (j)(1) – Prior to entering into a time and materials type contract, a determination must be made and documented that no other contract type is suitable. Time and materials contracts must establish a maximum price that the contract exceeds at its own risk. This type of contract defines cost as the actual cost of materials, and the direct labor hours charged at a fixed hourly rate that reflect wage, general and administrative expenses and profit. §200.318 (j)(2) OCFA must assert a high degree of oversight on such contract to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Contract Award §200.318 (h) The OCFA must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. Multiple awards can only be made from an IFB or RFP when requirements are separated into lots, regions, or other established distinctions between work to be performed under the resulting contracts.

Bonding Requirements §200.325 – Except as otherwise required by statute, an award that requires the contracting (or subcontracting) for construction or facility improvements shall provide for OCFA to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the construction contract or subcontract exceeds \$150,000. For those contracts or subcontracts exceeding \$150,000, the Federal awarding agency may accept the bonding policy and requirements of OCFA, provided the Federal awarding agency has made a determination that the Federal Government's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

1. A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder shall, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
2. A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
3. A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by statute of all persons supplying labor and material in the execution of the work provided for in the contract.

Contract Provisions §200.326 – In addition to other provisions required by the Federal agency, state or the OCFA, the following provisions must be included in all applicable procurements as provided in Appendix II to Part 200:

- a. Contracts in excess of the simplified acquisition threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.
- b. All contracts in excess of \$10,000 shall contain suitable provisions for termination for cause and for convenience by OCFA, including the manner by which termination shall be effected and the basis for settlement.
- c. Equal Employment Opportunity – Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3, in excess of \$10,000, must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity"
- d. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). – When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by OCFA must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144 and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). IN accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. OCFA must place a copy of the current prevailing wage determination issued by the Department of

Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The OCFA must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145) as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or sub-recipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. OCFA must report all suspected or reported violations to the Federal awarding agency.

- e. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708) – Where applicable, all contracts awarded by OCFA in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily on the open market, or contracts for transportation or transmission of intelligence.
- f. Rights to Inventions Made Under a Contract or Agreement – If the Federal award meets the definition of “funding agreement” under 37 CFR § 401.2(a) and OCFA wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under the “funding agreement,” OCFA must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.
- g. Clean Air Act and Federal Water Pollution Control Act as amended – Contracts of amounts in excess of \$150,000 must contain a provision that requires OCFA to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- h. Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (43 U.S.C. 6201).
- i. Debarment and Suspension (Executive Orders 12549 and 12689) – A contract award must not be made to parties listed on the government-wide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 and 12689 “Debarment and Suspension.” The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549. This applies to all federally funding contracts regardless of the threshold.
- j. Byrd Anti-Lobbying Amendment certification must be obtained from all Offerors for procurements in excess of \$100,000. The text provided below will be added as a submittal requirement or will be otherwise obtained as applicable: *“Offeror certifies that it and its*

subcontractors will not and have not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. List as a disclosure any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award by Offeror or Offeror's subcontractors."

- k. Procurement of recovered (recycled) materials – OCFA and its contractors must comply with the Solid Waste Disposal Act § 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of § 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition. When the purchase price of items exceeds \$10,000, or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000, OCFA must procure only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition.

Addition provision needs to be added to solicitations allowing for price and profit margin negotiation in the case that only one bid is received in compliance with §200.323.

Documentation/Recordkeeping §200.318 (i)– The Authority must maintain records explaining the rationale for the method of procurement, selection of contract type, contractor selection, basis for price, cost/price analysis, and lease versus purchase alternatives. The documentation will be maintained in the solicitation folder in the Purchasing Section in accordance with the OCFA retention policy.

§200.324 (b)OCFA shall, on request, make available for the Federal awarding agency, pre-award review and procurement documents, such as request for proposals or invitations for bids, independent cost estimates, etc., when any of the following conditions apply.

1. OCFA's procurement procedures or operation fails to comply with the procurement standards in the Federal awarding agency's implementation of this Circular.
2. The procurement is expected to exceed the "Simplified Acquisition Threshold" (currently \$150,000) and is to be awarded without competition or only one bid or offer is received in response to a solicitation.
3. The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product.
4. The proposed award over the Simplified Acquisition Threshold is to be awarded to other than the apparent low bidder under sealed bid procurement.
5. A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the Simplified Acquisition Threshold.

Oversight – §200.318 (b) OCFA must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

16. Sustainable Procurement

The Authority encourages procurement that takes into account the economic, environmental and social impacts of the Authority's spending. Whenever practicable, procurements should be planned in such a way that allows the authority to meet its needs for goods, services, construction works and utilities while achieving value for money on a whole-life basis in terms of generating benefits not only to the organization, but also to society and the economy, while remaining within the carrying capacity of the environment.

Consistent with the requirements of PCC §22150-22154 of the PCC, the Authority promotes the use of recycled/recyclable supplies and materials, reusable products, and products designed to be recycled. The use of such materials or products to the maximum extent practicable, financially feasible, and allowable within the specifications is encouraged provided that the performance or operational effectiveness of the product or material is not detrimentally affected, or that health and safety is not negatively impacted by the use of such products or materials.

Sustainable Procurement Guidelines

1. Waste prevention, recycling, market development and use of recycled/recyclable materials through lease agreements, contractual relationships and purchasing practices with suppliers, contractors, businesses and other governmental agencies is encouraged.
2. Adopt waste prevention, recycling and use of recycled supplies/materials as a priority of the Authority.
3. Generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used, and disposed.
4. Procure recycled material when practicable
5. Ensure compliance with Title 24 certification requirements for lighting projects and Energy Star ratings are present on all new appliances so as to reduce the overall energy usage of the Authority and increase the efficient use of available resources. When practicable utilize LEED certification standards as a model for new construction.

17. Protests

Throughout the solicitation and contracting process, Procurement staff and stakeholders are to follow procurement best practices to avoid or mitigate potential protests. However, any actual or **prospective bidder** (aka “interested party”) who is aggrieved in connection with the solicitation or award of a contract may file a protest in accordance with the process described in the OCFA Procurement Ordinance (Article IX).

The Purchasing & Materials Manager has the authority to settle and resolve protests and contract claims. All protests must be in writing and include the name, address, telephone number, email and signature of the of the interested party; the solicitation or contract number; a detailed statement of the legal and factual grounds of the protest, including copies of relevant documents; and the form of relief requested.

Protests concerning solicitations should be filed not less than five (5) working days before the solicitation due date. Protests concerning contract awards shall be filed no later than seven (7) days after issuance of the intent to award. The Purchasing & Materials Manager, without waiving the Authority's right to dismiss the protest for lack of timeliness, may consider a protest that is not filed timely. The Purchasing & Materials Manager 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. Material submitted by a protestor shall not be withheld from any interested party except to the extent that the withholding of information is permitted or required by law.

While a protest is in progress, the Authority may proceed with the solicitation or the contract unless the Purchasing & Materials Manager determines 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 Authority. The Purchasing & Materials Manager shall issue a written decision to the protestor within 14 days, including

an explanation of the basis of the decision and a statement of the available appeals process. If the protest is sustained, in whole or part, the Purchasing & Materials Manager shall implement a remedy appropriate to the circumstances.

A protestor may appeal the decision of the Purchasing & Materials Manager to the Fire Chief within seven (7) days from the date the decision is issued. The appeal shall contain all the information originally set forth in the protest, a copy of the decision of the Purchasing & Materials Manager; and the specific factual or legal error in the decision of the Purchasing & Materials Manager that forms the basis of the appeal. A decision by the Fire Chief shall be final.

18. Staff Reports

Staff reports must be submitted for contract awards requiring approval by the Board of Directors or its Executive Committee, as outlined in the Roles & Responsibilities Matrix (Exhibit 2). The staff report should contain at a minimum the following sections: Summary, Recommended Action, Background, and Attachments (if needed).

The **Summary** section briefly describes the purpose of the report. The **Recommended Action** specifies terms such as duration, amount, and renewal conditions that must be adhered to upon execution of the contract. The **Background** should consist of a detailed description of the items or services to be provided, the solicitation method, analysis of the evaluation, and anticipated results of the action. **Attachments** should include a summary page containing **details of all bids received, the staff recommendation for award, and any other pertinent information** as well as the Contract (if any) that will be awarded.

Any contract resulting from the solicitation must be attached to the staff report and approved by OCFA legal counsel in advance.

19. Contract Representative Duties

The Contract Representative (department staff) is responsible for contract administration following an award. The duties of the Contract Representative outlined in the professional services contract include providing instructions, approving modifications to the work being performed or the project timeline, along with receiving project reports and retaining all documents drawings, specifications, reports, records, documents and other materials prepared by Firm in the performance of the contract.

The Contract Representative must ensure vendor compliance with any pricing agreements in effect, approve payment of invoices, monitor the progress of the project, inspect and accept any goods or services provided by the vendor, and provide timely feedback of vendor performance.

The Contract Representative may also request that the Purchasing & Materials Manger direct the supplier to perform services in addition to those specified in the contract. Any additional compensation not exceeding one-hundred thousand dollars (\$100,000) annually must be approved by written contract. Any greater increase must be approved in writing by the Executive Committee of the OCFA Board of Directors as required in the Roles and Responsibilities Matrix (Exhibit 2).

Contract administration can take many forms but typically requires the support of procurement for renewals, extensions, amendments, and cures. Compliance issues must be well documented by the Contract Representative and brought to the attention of Procurement in a timely manner.

20. Surplus

Fixed/controlled assets and other items owned by OCFA that are considered obsolete or no longer usable may be declared surplus. The Purchasing & Materials Manager is responsible for determining the most cost-effective manner of disposing of surplus property, including public auction or other public sale; vendor trade-in; or donation or sale to other government agencies.

Surplus property may not be sold to OCFA employees unless the general public is given the same opportunity; therefore, OCFA employees may only obtain surplus property through public sale.

Surplus items may be donated to another government agency, rather than sold, upon approval from the Fire Chief (for items valued at \$5,000 or less) and/or the Executive Committee or Board of Directors (for items valued at more than \$5,000).

It may be determined that a fixed/controlled asset or other item declared surplus may instead be utilized by another OCFA section/division. Items transferred to another area of the organization are no longer considered surplus property, since they will be retained by the OCFA in a different capacity.

Surplus equipment must have all OCFA identification removed prior to disposal. Surplus vehicles must have all OCFA identification and special equipment removed prior to disposal. Support vehicles will have light bars, radios and all lettering removed. Operations vehicles will have Code 3 equipment, radios and all lettering removed. Vehicles declared surplus must be inspected and must have either a certificate of compliance or non-compliance prepared if offered for retail sale.

Unless otherwise provided, all proceeds from the sale of surplus property will be deposited into the Authority's general fund.

21. Definition of Key Terms

“Aggregate Amount” is the total amount that has been spent with a supplier. Could be on a specific contract or for a specific item. The aggregate amount determines if a procurement will require competition and/or Executive Committee or Board approval.

“Agreement” is an understanding or arrangement between two or more parties. Also see “Contract”, and “Purchase Order”.

“Best Interest” means the discretionary rationale used by a purchasing official in taking action most advantageous to the agency when it is impossible to adequately delineate a specific response by law or regulation.

“Best Value” is a method in a competitive sealed proposal process, also known as an RFP, which permits the evaluation of criteria besides pricing to determine the best overall value to OCFA. The evaluation criteria must be stated in the solicitation.

“Blanket Order (Blanket Purchase Order) (BO)” is a price agreement between OCFA and a supplier that allows for authorized OCFA employees to purchase specified goods and/or services at pre-established prices, dollar limits and/or other terms and conditions, throughout the term of the agreement (unusually one year or longer). The BO may be renewable.

“Bonds” are forms of insurance to protect OCFA on a project. Standard purchasing related bonds include bid bonds, performance, and payment bonds to guarantee the bidder will honor their bid, enter into a contract, perform and complete all work contracted for, and pay all material suppliers and subcontractors for services and materials provided. Note: PCC§ 7103, requires all public work projects \$25,000 or greater to require a payment bond not less than 100 percent of the total contract amount.

“Brand Name or Equal” refers to using a brand name to describe the standards of quality, performance and other characteristics needed to meet the requirements of a solicitation, and invite offers for alternative, but equivalent products from a bidder.

“Business” means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture or any other private legal entity.

“California Uniform Public Construction Cost Accounting Act (CUPCCAA)” is an alternative method for public project work performed or contracted by public entities in California as defined by Public Contract Code § 22000 et seq. The Authority adopted the alternative informal bidding procedures on February 22, 1996 establishing informal bidding procedures for public works. Details of the bid thresholds and requirements can be found in PCC § 22000-22045.

“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.

“Centralized Purchasing” means that only the Purchasing & Materials Manager and designees have the authority to purchase, negotiate and/or contract for supplies, services and equipment on behalf of the OCFA.

“Change Order” A written document signed and issued by the Purchasing Manager, or her designee directing the supplier or contractor to make a change or modification to a purchase order or contract. Also called an amendment, contract amendment or contract modification. In some instances, a change order will require EC/Board approval (see the Roles and Responsibilities Matrix).

“Chief Procurement Officer (CPO)” is the person appointed by the Fire Chief to be the central procurement and contracting authority for the Authority, at OCFA this is the Purchasing & Materials Manager.

“Competition” refers to various solicitation and bidding processes used by OCFA to ensure that all suppliers have an equal opportunity to obtain OCFA business. Purchases made with federal and state grant funds (i.e. FEMA, UASI, etc.) can have additional restrictions (such as lower dollar thresholds than OCFA’s requirements) for requiring competition.

“Competitive Negotiation” a method for acquiring goods, services and construction for public use.

“Conflict of Interest” a situation where the personal interests of a contractor, public official, and/or designated employee are/is, or appear to be, at odds with the interests of the agency.

“Confirming Purchase Order” A purchase order issued “after the fact” (goods or services have been received) restating the terms and conditions that were agreed to by the department. Per the Uniform Commercial Code, all contracts in excess of \$500 must be in writing.

“Construction” The process of building, reconstructing, erecting, altering, renovating, improving, demolishing or repairing any Fire Authority owned, leased, or operated facility. Construction does not generally include maintenance work, which is defined to include routine, recurring, and usual work for the preservation or protection of any Fire Authority owned or operated facility for its intended purposes. However, the California Labor Code includes routine maintenance, repair, or operation (MRO) of existing real property in their definition of construction, and imposes additional requirements on contractors performing such work. See Public Works information below.

“Construction project management” means those services provided by a licensed architect, registered engineer, or licensed general contractor.

“Contract” means all types of Fire Authority agreements, regardless of what they may be called, (purchase order, professional services agreement, maintenance agreement, blanket order, etc.) for the procurement of materials, maintenance, services, public works, construction or the disposal of materials

“Contract claim” means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, payment in a sum certain, adjustment or interpretation of contract terms, or other relief arising under or relating to the contract.

“Contract representative” means any person duly authorized to participate in the source selection process, including but not limited to; preparing specifications and written determinations, conducting negotiations, making award recommendations, and administering contracts.

“Contractor” shall mean any corporation, partnership, individual, sole proprietorship, joint venture or other legal entity which enters into a contract to sell commodities, services, or construction services to the Authority.

“Consultant” means a person or firm who provides professional or expert advice and/or recommendations, such as architects, engineers, attorneys, etc.

“Cooperative Agreement” An established (competitively bid) contract that is available for government agencies to use, without the need to conduct their own solicitation

“Cooperative Purchasing” means procurement conducted by, or on behalf of, more than one public procurement unit to get the benefit of volume purchasing discounts and reduction of time and cost.

“Cost” means the aggregate cost of all materials and services, including labor performed by force account.

“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.

“Delegated Purchasing Authority” Is the authority to obligate OCFA to a purchase that the Purchasing Manager has delegated to a specific OCFA employee, for example, by use of the Cal Card). .

“Department” means the Purchasing Section of the Business Services Department.

“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.

“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.

“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 or concurrent phases.
- c) Finance services, maintenance services, operations services, preconstruction services and other related services may be included.

“Designee” means a duly authorized representative of the Purchasing & Materials Manager, designated by the Purchasing & Materials Manager.

“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."

"Disposal of material" means sale of surplus property by public auction, including online electronic auction, competitive sealed bidding, trade-in, recycling, or other appropriate method authorized by this code.

"Electronic" means electrical, digital, magnetic, optical, electromagnetic, or any other similar technology.

"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.

"Emergency for Public Projects" shall have the meaning provided in Public Contract Code § 22035 and 22050.

"Emergency Purchase" a purchase made in response to 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 as defined in the Purchasing Ordinance. In an emergency situation compliance with normal procurement practice may be impracticable, however Purchasing must be notified. By definition, emergency purchases are those made within the first 70 hours following an event, and are not the same as an "urgent" need.

"Encumbrance" Committed funds for a specific purchase, created when a PO is issued. The money for the purchase is committed when a PO is issued and is no longer available in the budget for other purchases. Blanket Orders are not encumbered.

"End User/Requestor" means the agency employee who is requesting the procurement be made.

"Equal or Equivalent" is a phrase used to indicate the acceptability of products or services that, although not identical to a given brand name or model, are functionality equivalent for the purpose to be used by the OCFA, and therefore may be bid as an alternate to the specification called out in the solicitation.

"Executive Committee" means the Executive Committee of the Orange County Fire Authority Board of Directors.

"Facility" means any plant, building, structure, ground facility, real property, street, highway or other public work improvement.

"Filed" means delivery to the contract officer or to the Purchasing & Materials Manager, whichever is applicable. A time and date of receipt shall be documented in a verifiable manner for purposes of filing.

"Finance services" means financing for a construction services project.

"Fire Authority" means the Orange County Fire Authority.

"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.

"Force account" means work performed on public projects by the Authority's regularly employed personnel, including but not limited to labor, equipment, materials, supplies and subcontracts of OCFA. Per Public Contract Code PCC 22032, use of force account is limited to projects of \$45,000 or less.

"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.

"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.

"Informal Bidding Procedures" are those used for small dollar purchases of goods or services, as described in Ordinance Section 1-20, or public projects within the limits listed in the PCC § 22302, which do not require formal, sealed competitive solicitations. The requirements of informal solicitations for public works are described in PCC § 22034. All projects greater than the informal bid thresholds require formal solicitations and may require OCFA Board approval.

"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, sub consultant or subcontractor to an actual or prospective bidder, respondent or offeror.

"Invitation for Bids (IFB)" A formal competitive source selection method used when specifications and price are the only evaluation and awarding factors, and the lowest, responsive and responsible bidder is awarded the contract. Typically used for purchase of goods greater than \$50,000 (formal bids).

"Local Bidder" means a bidder who regularly maintains a place of business, or maintains an inventory of materials, supplies or equipment for sales in, and is licensed by, or pays business taxes within the County of Orange, California.

"Maintenance work" shall have the meaning provided in PCC § 22002(d), as that section may be amended from time to time, and shall include 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.

Note: Labor Code § 1771 which provides specific requirements when contracting for these services.

"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.

“Minor informalities or irregularities” 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.

“Negotiations” means an exchange of information or any form of cooperation during which the offeror and the Authority may alter or otherwise change the conditions, terms, and price, unless prohibited, of the proposed contract.

“Person” means any corporation, consultant, business, individual, union, committee, club, other organization or group of individuals.

“Piggyback” refers to a type of cooperative purchasing in which another governmental agency has completed a sealed bid procurement for the item(s) needed, and arranged as part of their resulting contract, for other public purchasing agencies to be able to purchase from the selected vendor under the same terms and conditions as itself, eliminating the need for this particular item to be bid again.

“Potential Bidder or Offeror” means a person who, at the time the agency issues a solicitation, or proposes to award a contract, is engaged in the sale or lease of goods or the services of the type to be procured under the contract, and who at such time is eligible and qualified in all respects to perform that contract.

“Preconstruction services” means professional or technical services during the design phase of a project.

“Prequalification” means a procedure to prequalify products or vendors and limit consideration of bids or proposals to only those products or vendors which have been prequalified through establishment of a list of products which have been tested, or contractors whose capability to provide a service has been evaluated and approved based on written prequalification procedures.

“Prevailing Wage” The base pay rate established by the State of California and Federal law to ensure that all construction workers engaged in public works projects are paid adequately for the craft they are working in. It is the combination of an hourly pay rate plus fringe benefits. All public works projects greater than \$1,000 are subject to include prevailing wages. This also applies to maintenance work. See LC § 1771

“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.

“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.

“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.

"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.

"Property" means controlled fixed assets including supplies, materials or equipment with a useful life of more than one (1) year and value greater than \$5,000.

"Property transfer" means the transfer of controlled fixed assets between using agencies or transfer of property to or from the surplus property program.

"Proprietary Specification" means one that restricts the acceptable products or services to those of one manufacturer or vendor. A common example would be a specification by brand name, or for a patented product, which excludes consideration of proposed "equals" or "equivalents".

"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.

"Public project" shall have the meaning provided in PCC § 22002(c), as that section may be amended from time to time, and shall include 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.

"Public project" does not include maintenance work.

"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.

"Public Works/Public Project" as used in Labor Code § 1720(a) defines public works as construction and other enumerated construction-related tasks including "maintenance," (see Labor Code § 1771) such as construction, alteration, demolition, installation, maintenance, or repair work, done under contract, and paid for in whole or in part out of public funds, and may include preconstruction and post-construction activities related to a public works project.

"Purchase Order (PO)" A legally binding written contract, encumbering funds between OCFA and a supplier documenting what the supplier will provide including cost, delivery schedule, terms of payment and delivery charges.

"Purchase Requisition (Req.)" A standardized fill-in form completed by the requesting department containing a complete description of their requirement submitted to Purchasing to authorize a purchase. This initiates the purchasing process.

“Purchasing Authority” refers to the authorization to obligate OCFA money. The Purchasing & Materials Manager/Purchasing & Materials Manager is the central procurement and contracting authority for the OCFA and may delegate purchasing authority to designees. Ordinance 8 Sec. 1-11(2) (4)

“Registered supplier” means a supplier, vendor, or contractor that that has registered as an interested party to do business with the Authority.

“Request for Information (RFI)” Informal request for information from the vendor community used to better develop specifications and to gauge interest in the providing services to OCFA. There is no award made from the RFI process.

“Request for Proposals (RFP)” A formal competitive source selection method used when other factors besides price will be used in the evaluation of the proposals. This method is typically used for services or when it is unknown what product best meets OCFA’s needs. The factors that will be evaluated must be included in the initial solicitation. Further negotiations with the top ranked firms is allowable in this source selection method.

“Request for qualifications” refers to all documents, written or electronic, whether attached or incorporated by reference, used for soliciting qualifications from potential vendors.

“Request for Quotes (RFQ)” An informal competitive source selection method for purchases of materials or services (not construction) less than \$50,000. Detailed specifications are required and the solicitation can be posted electronically or emailed, requiring less paperwork and faster turnaround than a formal sealed bid.

“Responsible bidder, offeror, or respondent” means a person who has the experience, integrity, quality, perseverance, reliability, capacity, facilities, equipment, and financial resources to fully perform the contract requirements.

“Responsive bidder” means a person who submits a bid which conforms in all material respects to the requirements and criteria in the solicitation.

“Scope of Work” The division of work to be performed under a contract or subcontract in the completion of a project or group of projects, typically broken out into groups of activities with specific tasks associated within each group.

“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 include, but are not limited to; consulting, personal, professional and legal counsel, auditing, technical, professional design and construction management. They do not include employment agreements or collective bargaining agreements.

“Simplified Acquisition Threshold” means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods, as set forth in Title 2 of the Code of Federal Regulations, Part 200, as it may be amended from time to time.

“Single Source” refers to a procurement entered into after soliciting and negotiating with only one supplier, usually because of standardization, time constraints, the technology required or uniqueness of

the product or service provided. A single source differs from a “sole source”, in that the single source is not the **only** available product or supplier for the requested procurement, but is being used based on special circumstances, or perceived superiority to competing products or services.

“Sole Source” means a product or service that is available from **only** one supplier as a result of unique performance capabilities, manufacturing processes, compatibility requirements or market conditions.

“Solicitation” A request to vendors to provide competitive offers for a commodity or service need. This can also refer to the documents that are included in each solicitation. There are multiple types of solicitations including; RFQ, RFP, IFB, and RFI. See the definitions of each for further detail.

“Source Selection Method” The type of purchasing process and/or solicitation to be used for the purchase of a specific good or service.

“Special Procurement” A purchase, where due to unusual or special circumstances, it would be in the best interest of the OCFA to accomplish the procurement without competitive bidding. Special Procurements are not applicable to construction services.

“Specification” Detailed description of the physical or functional characteristics or the nature of supplies, equipment, service or construction. Some examples include size, weight, performance parameters, safety requirements, etc.

“Splitting of Purchase” means splitting a purchase into smaller orders for the purpose of evading a policy rule (such as a CAL-Card limit) or bidding threshold. This practice is strictly prohibited by Procurement and Accounting standard codes of conduct.

“Subcontractor or sub consultant” 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 sub consultant as a part of a contract with the Authority.

“Surplus property” means property no longer needed by using department 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.).

“Urgent Purchase” A purchase made to fill an immediate, unexpected need. Purchasing staff will make every effort to process urgent purchases within the Purchasing Ordinance and the law governing the type of purchase.

“Using department” means any organizational unit of the Authority, which utilizes any materials, services or construction procured under this code.

“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.

22. Exhibits

ORANGE COUNTY FIRE AUTHORITY

Page 1 of 2
December 2, 2002 REVISED

GO #6

GENERAL ORDER

CONFLICT OF INTEREST

Outside employment opportunities are within the rights of any Fire Authority employee. However, the Authority retains the right to require that Authority employees not engage in outside employment or teaching that would interfere with the performance of their assigned duties, or be a conflict of interest in their position with the Authority.

Authority time, property, tools, materials, records, confidential information, vehicles or buildings shall not be used in conjunction with any outside employment or teaching, or for any other personal gain by an Authority employee without direct and specific approval by the Fire Chief.

Authority employees shall not engage in any outside activity, employment or enterprise that is inconsistent, or incompatible with, or in conflict with their duties as Authority employees. Such employment, activity or enterprise includes, but is not limited to, those which involve:

1. The uses of Authority time, facilities, equipment, badge, or uniform for private gain or advantage, or gain or advantage of another entity.
2. The use of prestige or influence of Authority employment for private gain or advantage, or the gain or advantage of another entity.
3. The use of confidential information acquired by virtue of Authority employment for the employee's private gain or advantage, or gain or advantage of another entity.
4. The acceptance of money or other consideration by an employee from any source except the Authority for the performance of an act which the employee would be required or expected to render in the regular course or hours of his/her Authority employment, or as a part of his/her duties as an Authority employee.
5. The performance of an act in other than his/ her capacity as an Authority employee, knowing that such act may later be subject directly or indirectly, to the control, inspection, review, audit, or enforcement by the employee or the department in which he/she is employed.
6. The representation of, or assisting in, the representation of private interests for profit before any board or commission of the County or in court when the Authority is a party.
7. The solicitation of future employment with a business doing business with the Authority over which the employee has some control or influence in his/her official capacity at the time of transaction.
8. Tasks, work conditions, time demands, or schedule demands that detract from job performance with the Authority, or cause the employee to be less efficient.

GENERAL ORDER

CONFLICT OF INTEREST

Authority employees who are engaged in, or who contemplate engaging in outside employment or teaching and are unsure whether that outside employment or activity is in violation of this General Order, shall submit a request through channels to their respective Department Chief. The information submitted shall include a clear and complete description of the activity.

The determination of inconsistency, incompatibility, and conflict made herein are subject to appeal to the Fire Chief presented within twenty days of the publication of this order.

In addition to the provisions of this order, Authority employees should also be aware that California law specifically prohibits the following activities:

1. Asking, receiving or agreeing to receive, any bribe, upon any agreement or understanding that a vote, opinion, or action upon any matter then pending, or which may be brought up for consideration in an official capacity, shall be influenced thereby. (Penal Code - 68)
2. Having financial interest in any contract made by the employee in his/her official capacity or by any body or board of which he/she is a member. (Government Code - 1090)
3. Selling anything to the Authority when official duties are in any way related to the transaction. (Government Code - 1090)
4. The making of, participating in the making of, or using official position to influence, a government decision in which a public official knows, or has reason to know, he/she has a personal financial interest. (Government Code 87100)



Chip Prather
Fire Chief

ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities
(specific to Procurement)

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	Executive Committee	Board of Directors
Commodity purchases (materials, equipment & supplies) Ord. 8, Sec. 1-3(18)	Approve purchase of commodities (Ord. 8, per Art. III selection process or Art. X cooperative purchasing) for annual contract amount less than \$250,000. Approve any increase to commodity term contracts provided the annual contract amount remains less than \$250,000.	Approve purchase of commodities with an annual contract amount greater than \$250,000. Approved increase to commodity contracts if the increase results in the annual contract being greater than \$250,000.	
Fixed asset purchases	Approve purchase of fixed assets with unit cost less than \$100,000.	Approve purchase of fixed assets with a unit cost greater than \$100,000.	
Service Contracts - <i>includes professional services, facilities & equipment services, and consulting.</i>	Approve all service contracts (selection process per Ord. 8, Art. III, or Art. X) for annual contract amount less than \$100,000. Approve multi-year contracts so long as the annual amount is less than \$100,000, and the total contract amount does not exceed \$500,000.	Approve all service contracts in which the annual contract amount exceeds \$100,000 or multi-year contract exceeds \$500,000 when future years are taken into consideration. Contract extensions beyond the initial contract term and allowable contract extensions will require Executive Committee approval prior to contract extension.	

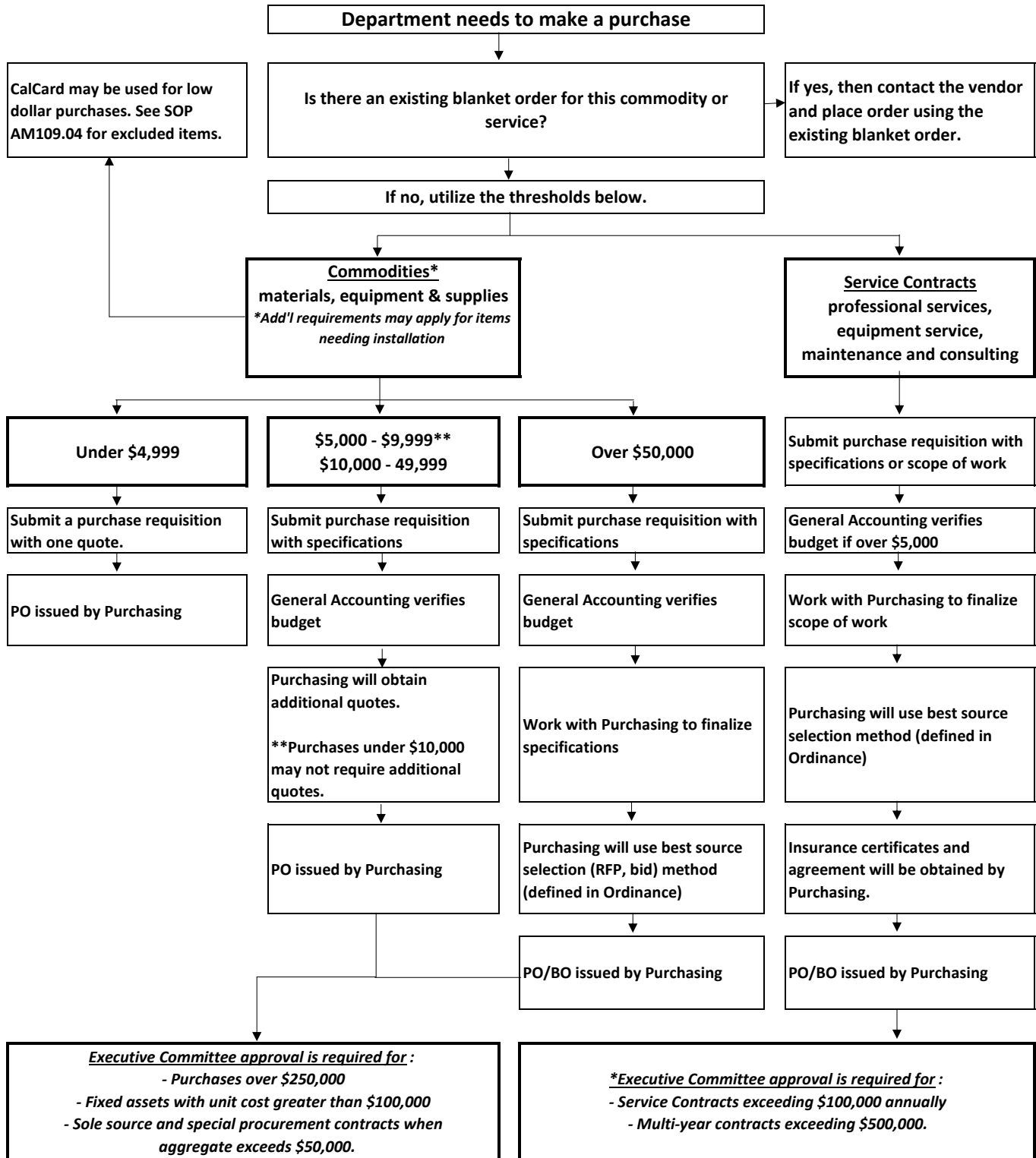
ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities
(specific to Procurement)

	Authority Management	Executive Committee	Board of Directors
Change Orders/ Modifications Service Contract Amendments <i>(Non Public Projects)</i>	For service 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. For contracts originally approved by the Executive Committee or Board of Directors, approve change orders within the original scope of work, less than 15% but not to exceed a total value of \$50,000.	Approve change order/modifications to any contracts with original or revised values that exceed those amounts delegated herein to Authority Management.	
Emergency Purchases/Contracts	Approve emergency purchases, as defined in Ord. 8, Sec. 1-3(14) & Sec. 1-22, up to \$100,000.	Purchases in excess of \$100,000 require prior approval of Chair or Vice Chair and must be reported at the next Executive Committee meeting.	
Sole Source Contracts	Approve any sole source contracts less than \$50,000, so long as acceptable justification is provided by the using agency per the requirements in Ord. 8, Sec. 1-21.	Approve any sole source contracts when aggregate amount exceeds \$50,000. <i>Sole source justification form is a required attachment to the staff report.</i>	
Special Procurement Contracts – <i>utilized when it is in the best interest of OCFA to award a contract without bidding requirements and the procurement does not meet the definition of a sole source.</i>	Approve any special procurement contract less than \$50,000, so long as acceptable justification is provided by the using agency per the requirements in Ord. 8, Sec. 1-23.	Approve any special procurement contract when the aggregate amount exceeds \$50,000. <i>Special procurement justification form is a required attachment to the staff report.</i>	

ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities
(specific to Procurement)

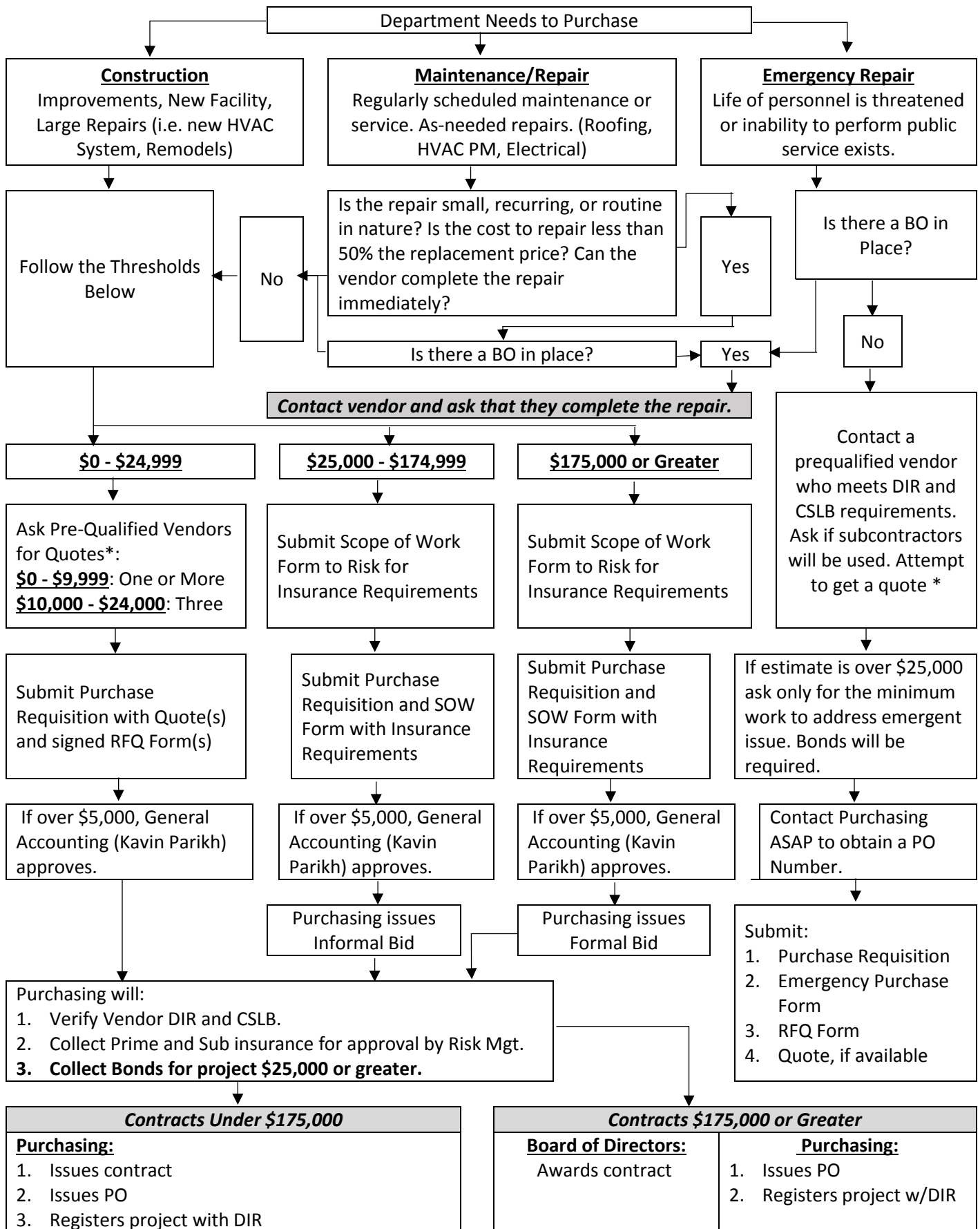
	Authority Management	Executive Committee	Board of Directors
Public Projects	Approve all informal public projects in amounts up to the statutory limits authorized by Public Contract Code Section 22032 (Currently projects under \$175,000).		Approve all formal public works contracts in amounts at or above the statutory limits authorized by Public Contract Code Section 22032 (Currently projects over \$175,000).
Public Projects - Change Orders/ Modifications for formal and informal Public Projects as set forth in Public Contract Code Section 22032	Approve Change Order/modifications for formal and informal Public Projects up to 10% of original contract amount, but less than a total value of \$17,500.	Approve Change Order/modifications for informal Public Projects over 10% of original contract amount, or exceeding a total value of \$17,500.	Approve Change Order/modification on formal Public Projects over 10% of original contract amount, or exceeding a total value of \$50,000 which ever is less.
Public Projects – Emergency as defined in Public Contract Code Sections 22035 and 22050 (Ord. 8, Sec. 1-53)	Fire Chief or designee has authority to declare an emergency and authorize procurement of equipment, services, construction 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.		Authorize exemption from procurement requirements by four-fifths vote (at next scheduled meeting) as required per Public Contract Code Sections 22035 and 22050.

OCFA Purchase Process and Thresholds - Standard



***This chart is provided for general guidance for the purchasing process. There may be additional State of California requirements for Maintenance contracts and Public Works projects not defined in this chart.

OCFA Purchase Process and Thresholds – Public Works



*Use the RFQ Form provided by Purchasing and found on theHIVE.



Orange County Fire Authority
AGENDA STAFF REPORT

Board of Directors Meeting
May 24, 2018

Agenda Item No. 3C
Consent Calendar

Proposed Adjustment – Santa Ana Service Charge

Contact(s) for Further Information

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

Jim Ruane, Finance Manager/Auditor jimruane@ocfa.org 714.573.6304

Summary

This agenda item is submitted for approval to adjust the City of Santa Ana’s cash contract service charge to exclude OCFA’s accelerated pension liability payments, since the accelerated payments are for OCFA’s pension liability, which accrued prior to Santa Ana becoming a member of OCFA.

Prior Board/Committee Action

Budget and Finance Committee Recommendation: *APPROVE*

At its regular May 9, 2018, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

RECOMMENDED ACTION(S)

Approve and authorize staff to adjust the City of Santa Ana’s service charge to exclude the impact of OCFA’s Accelerated Pension Payments from FY 2015/16 forward.

Impact to Cities/County

The proposed adjustment is only applicable to the City of Santa Ana. OCFA’s seven other cash contract cities were members during the time the OCFA’s unfunded liability developed, and therefore, their service charges will continue to include costs associated with the previously accrued pension liability.

Fiscal Impact

The total proposed adjustment for FY 2015/16, 2016/17, and 2017/18 is \$1,261,605 or 1.12% of the total contract charges to the City for these years. The portion of the adjustment impacting FY 2015/16 and 2016/17 may be an audit finding as a prior period adjustment in the OCFA’s financial statements.

Background

When the City of Santa Ana joined OCFA in 2012, the City’s initial contract service charge appropriately excluded all OCFA costs associated with its accrued pension liability. This is because when a new city joins OCFA, the city retains responsibility for its previously accrued pension liability with the Public Employees Retirement System, and the city begins accruing new liability for the new service performed under OCFA on a go-forward basis. The normal ongoing pension liability that accrues for all members as services are being performed is termed “normal costs.” Normal costs are funded in the budgetary line item that OCFA routinely pays for retirement.

In addition to routine retirement payments, the OCFA adopted an “Accelerated Pension Paydown Plan” in 2013 to expedite payment of its unfunded actuarially accrued liability (UAAL). This UAAL was developed prior to Santa Ana becoming a member of OCFA.

Identified Need for Adjustment

In recent months, the OCFA has been working on a service proposal for Garden Grove. Like Santa Ana, the proposed contract cost to Garden Grove excludes all costs associated with OCFA’s UAAL. While reviewing past increases to OCFA’s existing cash contract members in preparation for the Garden Grove proposal, staff identified a justifiable cause to revise our method for processing increases to Santa Ana, specifically in relation to accelerated payments of the OCFA’s UAAL.

The OCFA has a longstanding method for calculating annual increases to cash contract cities. The calculation method initially captures all budgetary cost increases that have occurred, since the prior year’s calculated charges, and then carefully excludes certain costs that are not applicable to contract cities. Examples of excluded costs are grant funded expenses, fee funded expenses, and expenses specifically applicable to structural fire fund (SFF) members (such as property tax studies, property tax collection administrative fees, and added staffing in a SFF city).

This standard adjustment method was applied to Santa Ana’s annual contract charge in the same consistent manner as our seven other contract cities, since they joined in April 2012. However, the subsequent adoption of the Accelerated Pension Paydown Plan introduced additional cost increases into the annual charges for contract cities, which we now believe should be excluded from the method for charging Santa Ana (and Garden Grove, should they choose to join OCFA).

Proposed Adjustment

The initial years of the Accelerated Pension Paydown Plan included one-time payments that did not impact cash contract charges. Accelerated payments began impacting the contract charges in FY 2015/16, with the proposed adjustment to Santa Ana’s charge as follows:

FY	Service Charge Processed	Adjusted Service Charge	Proposed Adjustment Value	Adjustment % of Processed Charge	Method for Adjusting
15/16	36,698,594	36,350,893	347,701	0.95%	Refund or credit on future invoices
16/17	37,172,006	36,725,307	446,699	1.20%	Refund or credit on future invoices
17/18	38,845,152	38,377,946	467,206	1.20%	Refund or credit on future invoices
Total Proposed Adjustment			\$1,261,605	1.12%	

If this Committee approves the recommended action, the amount listed as Santa Ana’s service charge in today’s Budget and Finance Committee’s FY 2018/19 Proposed Budget book will be adjusted down by \$488,230 (from \$40,593,184 to \$40,104,954) in the Proposed Budget book presented to the Board of Directors on May 24, 2018.

Attachment(s)

None.



Orange County Fire Authority
AGENDA STAFF REPORT

Board of Directors Meeting
May 24, 2018

Agenda Item No. 4A
Public Hearing

Review of the Fiscal Year 2018/19 Proposed Budget

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 presents the Fiscal Year 2018/19 Proposed General Fund and Capital Improvement Program (CIP) Budget for review by the Budget and Finance Committee.

Prior Board/Committee Action

Budget and Finance Committee Recommendation: *APPROVE*

The CIP Ad Hoc Committee reviewed the Proposed CIP Budget with staff on April 11, 2018, and provided support for moving the CIP Budget forward to the Budget and Finance Committee and Board of Directors for approval. The Committee also recommended that staff ensure (1) the gravel parking lot (planned for reuse as additional training grounds at Regional Fire Operations and Training Center) complies with city codes for required parking spaces; (2) that OCFA's data center is protected from accidental flooding damage due to plumbing/water supply lines flowing to the offices upstairs from the data center; and (3) that future CIP Ad Hoc Committee reviews include a report on the total revenue received from the sale of surplus and obsolete vehicles as an offset against the cost for vehicle replacements.

The City Managers' Budget and Finance Committee reviewed the FY 2018/19 Proposed Budget with staff on April 19, 2018, and recommended that the OCFA Budget and Finance Committee and Board of Directors adopt the FY 2018/19 Budget, as submitted.

At its regular May 9, 2018, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

RECOMMENDED ACTION(S)

1. Conduct a Public Hearing
2. Adopt the proposed FY 2018/19 Budget as submitted.
3. Adopt the resolution entitled A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS ADOPTING AND APPROVING THE APPROPRIATIONS BUDGET FOR THE ORANGE COUNTY FIRE AUTHORITY FOR FISCAL YEAR 2018/19.
4. Approve and authorize the temporary transfer of up to \$46 million from the following funds to cover a projected temporary cash flow shortfall for FY 2018/19:
 - a. Fund 123 Fire Stations and Facilities - \$10 million
 - b. Fund 133 Fire Apparatus - \$20 million
 - c. Fund 190 Workers' Compensation Reserve Fund - \$16 million
5. Approve and authorize the repayment of \$46 million borrowed funds from Fund 121 to the above funds along with interest when General Fund revenues become available in FY 2018/19.
6. Approve an update to the Financial Stability Budget Policy allowing for as needed transfers to the CIP funds at fiscal year onset.

7. Approve and authorize FY 2017/18 budget adjustments to increase General Fund (121) revenues by net \$2,242,077 and General Fund (121) expenditures by \$2,587,327; decrease expenditures in Fire Stations and Facilities Fund (123) by \$7,500,000 and decrease Fire Apparatus Fund (133) by \$145,000.

Impact to Cities/County

The proposed FY 2018/19 budget results in a 4.5% increase in cash contract cities' base service charges. Total increases vary from city-to-city, based on annual catch up payments for all cities (for dollar impacts by city, please see page 22 of the Revenue section in the attached Budget book).

Fiscal Impact

See attached Proposed Budget

Background

We are pleased to present the proposed FY 2018/19 budget for your review and consideration. As required by the Fiscal Health Plan and Financial Stability Budget Policy, this proposed General Fund budget meets our policy reserve requirements and is balanced for FY 2018/19 and for all five years of the five-year forecast. An operating transfer from the General Fund to the CIP funds is included in the proposed budget, contingent on approval of the update to the Financial Stability Budget Policy. The Budget Overview in the attached budget book provides details relating to staff's recommendations to unfreeze and fund positions from the Master Position Control.

Proposed 2017/18 Budget Adjustment

Since the mid-year budget adjustment was approved by the Board in March, additional changes to the budget have become necessary. The proposed changes are as follows:

- Increase to General Fund (121) revenues in the net amount of \$2,242,077. This adjustment is comprised of the following:
 - \$948,339 increase to Supplemental Property tax
 - \$1,768,133 increase to State reimbursements for assistance by hire
 - \$435,605 decrease to San Clemente contract due to cancellation the Ambulance service portion of the contract
 - \$38,790 decrease to miscellaneous revenue categories
- Increase to General Fund (121) expenditures of \$2,587,327. This adjustment is comprised of the following:
 - \$2,290,173 increase for ABH overtime
 - \$7,154 increase for salary adjustment to Assistant Fire Marshal as approved by the Executive Committee
 - \$290,000 increase for miscellaneous expenditure for vehicle outfitting costs, helicopter maintenance and miscellaneous equipment. This is partially offset by a reduction of \$145,000 from the Fire Apparatus Fund (133) to move the budget to the General Fund.
- Decrease to Fire Stations and Facilities Fund (123) expenditures of \$7.5M. The budget for the project to replace Fire Station 10 has been included in the proposed FY 2018/19 and FY 2019/20 budgets
- Decrease to Fire Apparatus Fund (133) expenditures of \$145,000. The expenditures are being performed and properly accounted for in the General Fund, therefore the expenditure budget is being moved to the General Fund.

Attachment(s)

1. Proposed Resolution
2. FY 2017/18 Proposed Budget
3. Update to Financial Stability Budget Policy

RESOLUTION NO. 2018-XX

**A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY
BOARD OF DIRECTORS ADOPTING AND APPROVING THE
APPROPRIATIONS BUDGET FOR THE ORANGE COUNTY FIRE
AUTHORITY FOR FISCAL YEAR 2018/19**

*THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS DOES HEREBY
RESOLVE AS FOLLOWS:*

The appropriations budget for the Orange County Fire Authority for Fiscal Year 2018/19 is approved and adopted by the Board of Directors as follows:

<u>General Fund Operating Appropriations</u>	
Salary and Employee Benefits	\$336,309,298
UAAL Pay-down to OCERS	\$9,167,397
Services and Supplies (including one-time)	\$31,069,162
Capital Outlay	<u>\$159,000</u>
Total Operating Appropriations	\$376,704,857
Operating Transfers-out of General Fund To CIP Fund(s)	\$5,203,761
<u>Other Funds Appropriations</u>	
Fund 12110 – General Fund CIP	\$4,121,700
Fund 123 – Fire Stations and Facilities	\$14,120,000
Fund 124 – Communications and Info. Systems	\$7,734,148
Fund 133 – Fire Apparatus	\$8,145,951
Fund 171 – Structural Fire Entitlement Fund	\$525,336
Fund 190 – Self-Insurance Fund	<u>\$14,760,398</u>
Total Other Funds Appropriations	\$49,407,533
<u>Reserves</u>	
10% Operating Contingency	\$36,753,746

PASSED, APPROVED and ADOPTED this 24th day of May 2018.

ED SACHS, CHAIR
Board of Directors

ATTEST:

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

ORANGE COUNTY FIRE AUTHORITY

BOARD OF DIRECTORS PROPOSED FY 2018/19 BUDGET



Business Services Department
Treasury & Financial Planning
May 24, 2018



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BOARD OF DIRECTORS PROPOSED FY 2018/19 BUDGET

May 24, 2018

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Budget Overview

We are pleased to present the proposed FY 2018/19 budget for your review and consideration. As required by the Fiscal Health Plan and Financial Stability Budget Policy, this proposed General Fund budget is balanced for FY 2018/19 and meets our policy reserve requirements.

At 66% of our revenues, property taxes are the largest component of our General Fund revenue budget. OCFA contracts with Rosenow Spevacek Group (RSG) to conduct property tax forecasts for the next five fiscal years. Their projections, which are updated on an annual basis, are included in the five-year cash flow forecast located on page 10. Although RSG employs conservative assumptions and methodologies, the forecast for property tax revenue remains cautiously optimistic over the five year forecast.

The recovery and growth of our largest revenue source provides OCFA the ability to continue to restore positions frozen during the economic downturn. Consistent with our approach for the last three fiscal years, our strategy has been to request restoration of the frozen positions over multiple years, in an effort to ensure that our revenues are sustained and sufficient to fund the positions, while also ensuring that the added costs are phased-in to our contract member agencies over time. Wherever feasible, positions are funded with reductions in other budget areas. With this FY 2018/19 budget, we are requesting to reclassify and unfreeze 9 existing positions, including:

- Three Battalion Chiefs (1 Post position) to create a new Battalion in Irvine, starting July, 2018. The need for the positions is driven by, and funded from, continued growth and development in the city.
- Three frontline firefighter/paramedic positions (1 Post position) to provide enhanced services to Fire Station 25 in Midway City.
- One Accountant position in Finance, funded from a corresponding reduction in the Finance services and supplies budget.
- One Fire Equipment Technician in EMS, funded from a corresponding reduction in the EMS services and supplies budget.
- One Fire Delivery Driver, Part-time in Community Risk Reduction, funded from fees collected in the planning and development section.

None of these restored positions will impact Cash Contract Cities since they are all funded by Structural Fire Fund property taxes, fee revenues, or reductions of other areas of the budget.

The budget development process continues to include the following measures:

- ***Vacant/Frozen Positions*** – Funding for frozen positions must be approved by the Board before filling; 4 positions continue to be frozen and are not funded in this proposed budget. At the highest-point following the recession, OCFA was carrying 103 frozen positions. Our efforts to restore the service levels needed for OCFA are not yet complete, but we are making good progress in returning these frozen positions to active status. As in the past, non-frozen vacant positions are funded.

FY 2018/19 Proposed Budget

- **Services and Supplies** – All sections were directed to hold their services and supplies (S&S) budget at the FY 2017/18 level after one-time increases were removed. Requested increases for FY 2018/19 were reviewed and approved on a case-by-case basis.
- **Salaries** – The proposed budget includes scheduled salary increases only for positions included in an approved MOU. Merit increases are included for qualifying employees.
- **Workers' Compensation** – The workers' compensation annual budget is funded at the 50% confidence level per policy, using the latest actuarial report figures.
- **Prioritization of Five-Year Capital Improvement Plan** – The five-year CIP was updated and reviewed by the Executive Management team which scrutinized all projects to ensure they contribute to the OCFA's mission of providing a safe, hazard-free work environment and quality service to our members and citizens.

Consistent with the recently updated Financial Stability Budget Policy, operating transfers of General Fund surplus to the CIP funds primarily occur at the Mid-Year Budget Adjustment. The Policy calls for fifty percent to be directed to the CIP funds and the balance to be used to pay-down the unfunded pension liability, expanding the sources of pay-down past those contained in the original Snowball Plan. However this fiscal year we are seeking to amend the Financial Stability Budget Policy to allow for transfers to the CIP fund(s) when needed at fiscal year onset. The intention of this change is allow transfers sufficient to prevent a negative ending fund balance in the CIP fund(s) at budget adoption.

- **Snowball Plan** – The budget includes approximately \$9.1M in additional unfunded pension liability payments, in accordance with Board direction to continue to pay-down the UAAL.

Several years of growing property tax revenues have allowed us to strategically unfreeze and fill positions throughout the agency. The nine positions we are seeking with this budget will better position the OCFA to achieve this goal, and in turn improve and enhance the services we provide to our member agencies and the citizens we serve.

ORANGE COUNTY FIRE AUTHORITY
FUND 121 - GENERAL FUND
REVENUE AND EXPENDITURE SUMMARY
FY 2018/19 BUDGET

	FY 2017/18 Adjusted Budget (2)	FY 2018/19 Draft Proposed Budget	\$ Change from FY 2017/18 Adjusted	% Change from FY 2017/18 Adjusted
FUNDING SOURCES				
Property Taxes	\$244,761,645	\$260,069,047	\$15,307,402	6.25%
Intergovernmental	15,729,661	20,286,643	4,556,982	28.97%
Charges for Current Services	106,390,732	111,444,977	5,054,245	4.75%
Use of Money & Property	562,353	1,036,063	473,710	84.24%
Other	1,333,751	1,021,382	(312,369)	-23.42%
Subtotal Revenues	368,778,142	393,858,112	25,079,970	6.80%
One-time Grant/ABH/RDA	20,787,678	-	(20,787,678)	-100.00%
Total Revenues & Other Financing Sources	389,565,820	393,858,112	4,292,292	1.10%
Beginning Fund Balance	68,305,665	54,705,371	(13,600,294)	-19.91%
TOTAL AVAILABLE RESOURCES	\$457,871,485	\$448,563,483	(\$9,308,002)	-2.03%
EXPENDITURES				
Salaries & Employee Benefits	321,935,171	\$336,309,298	\$14,374,127	4.46%
Services & Supplies	28,535,464	29,316,916	781,452	2.74%
Capital Outlay	140,000	159,000	19,000	13.57%
Subtotal Expenditures	350,610,635	365,785,214	15,174,579	4.33%
One-time Grant/ABH	26,378,632	1,752,246	(24,626,386)	-93.36%
UAAL Paydowns-Pension & Retiree Medical	22,206,806	9,167,397	(13,039,409)	-58.72%
Total Expenditures & Other Uses	399,196,073	376,704,857	(22,491,216)	-5.63%
Operating Transfer Out	3,970,041	5,203,761	1,233,720	31.08%
Appropriation for Contingencies (1)	3,000,000	3,000,000	-	0.00%
Ending Fund Balance	51,705,371	63,654,865	11,949,494	23.11%
TOTAL FUND COMMITMENTS & FUND BALANCE	\$457,871,485	\$448,563,483	(\$9,308,002)	-2.03%

(1) Requires Board approval to spend

(2) Includes proposed adjustments to be considered by the Board in May 2018

**ORANGE COUNTY FIRE AUTHORITY
FY 2018/19 General Fund
Draft Budget Highlights
May 24, 2018**

NOTE: This comparison is the Adjusted FY 2017/18 budget to the proposed FY 2018/19 budget. Significant one-time increases/adjustments have been removed for comparison purposes.

Revenue

\$25.1 million or a 6.80% increase

- Property Taxes** **\$15.3M increase**
- Based on 6.11% current secured growth per final RSG study of April 2, 2018, applied to the current year tax ledger, excluding public utility taxes
 - The refund factor is estimated at 1% based on historical trends
- State Reimbursements** **\$1.2M increase**
- Proposed FY 2018/19 budget includes increases from the CAL FIRE contract that occurred in the current FY
- Federal Reimbursements** **\$890K increase**
- Proposed budget includes the FY 2018/19 annual portion of the SAFER grant.
- Community Redevelopment Agency (CRA) Pass-Thru** **\$2.5M increase**
- Based on projections from the preliminary RSG study of April 2, 2018. Increases in revenues result from growth in gross tax increment between the base year of the former redevelopment project areas and the current assessed value.
- Cash Contract Charges** **\$4.3M increase**
- Based on estimated 4.5% increase to cash contract cities service charge (except for Santa Ana, see below), plus the annual catch-up payments, for an average increase of 4.5%
 - Santa Ana's base service charge has been adjusted per the proposed Santa Ana service charge adjustment methodology, removing the voluntary UAAL payments from the calculation of budget increase
- Community Risk Reduction Fees** **\$780K increase**
- Based on current FY projections and input from CRR staff. A projected decrease in Inspection Services revenues is offset by an increase in Planning and Development revenues.
- Miscellaneous Revenue** **\$312K decrease**
- Decreases stem primarily from the end of bankruptcy loss recovery revenue; the County of Orange disbursed the final bankruptcy loss recovery payment due in the current fiscal year.
-

Expenditures

\$15.1 million or a 4.33% increase overall

- Salaries** **\$8.5M increase**
- Includes 4 post positions for additional staffing for FS20 for the entire fiscal year; 2 Firefighters, 1 Fire Captain, and 1 Fire Apparatus Engineer
 - Includes 9 newly funded positions starting FY 2018/19; Accountant, Fire Delivery Driver, Fire Equipment Technician, three Battalion Chiefs for a new battalion in the City of Irvine, and three Firefighters for service enhancements to Midway City.
 - Fire Management and Firefighter units MOU increases included; no increases for OCEA, Administrative Management (OCFAMA), or Executive Management
 - FY 2018/19 proposed budget includes a \$4.2 million deduction for average salary savings in the firefighter ranks due to vacancies pending new hires and promotions.
- Retirement** **\$3.5M increase**
- All UAAL paydown amounts removed for comparison purposes
 - FY 2018/19 rates are OCERS' final adopted rates. Budgeted rates decreased in the safety categories as compared to last year. The safety decrease is due to safety employees paying a greater share of retirement contributions based on the approved MOUs. Changes in the General categories vary between plan, with legacy plans remaining the same, or decreasing slightly. The General 2%@55 plan increased slightly.
 - Retirement rates based on the Public Employees' Pension Reform Act (PEPRA) are used for vacant positions. PEPRA rates decreased slightly for FY 2018/19
- Benefits** **\$2.3M increase**
- Workers' Comp is budgeted based on the 50% confidence level provided by the actuarial study completed in February, 2018
 - Firefighter group medical insurance based on blended rate of \$1,955 per month
 - Management dental insurance reflects an increase of 2.16%; vision 5%
- Services and Supplies/Capital outlay (Equipment)/Debt Service** **\$800K Increase**
- One-time, non-base building increases were removed from both fiscal years for comparison purposes. Approximately \$800,000 in requested ongoing increases were approved for FY 2018/19. Approximately \$2.6 million in total increases in Services and Supplies and Capital Outlay were added including the one-time non-base building requests.

**ORANGE COUNTY FIRE AUTHORITY
FY 2018/19 Pending Issues/Items of Note
May 24, 2018**

WC Confidence Level Funding Amount

- In keeping with the Board's approval of the Accelerated Snowball plan, we have reduced the WC expenditure budget by \$1M and allocated that funding to UAAL paydown.

CAL FIRE Contract

- Gray Book rates have not been received for FY 2018/19. We are using FY 2017/18 rates pending the update.

Cash Contract City Charges

- Current estimate is a 4.5% increase except for Santa Ana, pending final budget figures. Increases beyond 4.5% will be banked for future years when the increase is under the cap.

US&R Grants

- No estimate has been included for the new grant nor unspent funds of current grants.

City Managers' Budget and Finance Committee Recommendations

The City Managers' Budget and Finance Committee (B&FC) met on April 19, 2018 to review the Proposed FY 2018/19 Budget, including the CIP Budget. They made the following formal recommendations and suggestions:

Formal Recommendation

1. The City Managers' B&FC endorses and recommends that the OCFA Budget & Finance Committee and Board of Directors adopt the FY 2018/19 Budget, as submitted.

FY 2018/19 Proposed Budget

ORANGE COUNTY FIRE AUTHORITY COMBINED PROPOSED BUDGET SUMMARY FY 2018/19

	121 General Fund	12110 ⁽¹⁾ General Fund CIP	123 Fire Stations & Facilities
FUNDING SOURCES			
Property Taxes	\$260,069,047		
Intergovernmental	20,286,643		
Charges for Current Services	111,444,977		
Use of Money & Property	1,036,063		531,056
Other	1,021,382		361,800
Total Revenue & Other Financing Sources	393,858,112	-	892,856
Operating Transfer In ⁽²⁾	-	3,053,761	-
Beginning Fund Balance	54,705,371	1,067,939	15,300,150
TOTAL AVAILABLE RESOURCES	\$448,563,483	\$4,121,700	\$16,193,006
EXPENDITURES			
Salaries & Employee Benefits	\$336,309,298		
Services & Supplies	29,316,916		
Capital Outlay	159,000	4,121,700	14,120,000
Debt Service	-		
Subtotal Expenditures	365,785,214	4,121,700	14,120,000
One-time/Grant/ABH	1,752,246		
UAAL Paydown	9,167,397		
Total Expenditures & Other Uses	376,704,857	4,121,700	14,120,000
Appropriation for Contingencies	3,000,000	-	-
Operating Transfer Out ⁽²⁾	5,203,761	-	-
Ending Fund Balance	63,654,865	-	2,073,006
TOTAL FUND COMMITMENTS & FUND BALANCE	\$448,563,483	\$4,121,700	\$16,193,006

(1) Project related budgets segregated for operational budget clarity purposes.

(2) Operating transfers will be reconciled per the net General Fund surplus calculation at the Mid-year Budget adjustment, consistent with the updated Financial Stability Budget Policy.

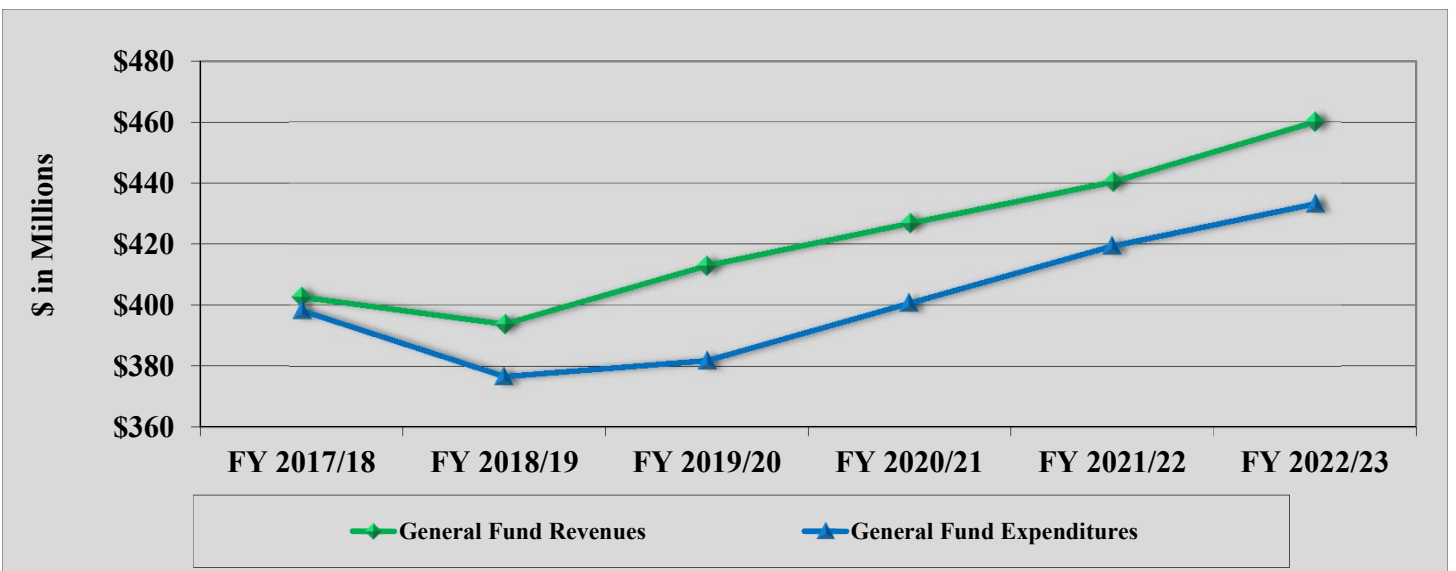
Proposed Budget Overview

124 Communications & Information Systems	133 Fire Apparatus	171 SFF Entitlement	190 Self- Insurance	Total
				\$260,069,047
				20,286,643
136,770	1,446,217 856,452	15,425	17,366,238 1,781,815	130,257,432 4,357,581
136,770	2,302,669	15,425	19,148,053	416,353,885
150,000	2,000,000	-	-	5,203,761
7,450,615	3,861,947	1,013,360	77,290,745	160,690,127
\$7,737,385	\$8,164,616	\$1,028,785	\$96,438,798	\$582,247,773
				\$336,309,298
7,734,148	6,880,089 1,265,862	525,336	14,760,398	44,602,650 33,014,937 1,265,862
7,734,148	8,145,951	525,336	14,760,398	415,192,747
				9,167,397
7,734,148	8,145,951	525,336	14,760,398	424,360,144
-	-	-	-	3,000,000
-	-	-	-	5,203,761
3,237	18,665	503,449	81,678,400	149,683,868
\$7,737,385	\$8,164,616	\$1,028,785	\$96,438,798	\$582,247,773

FY 2018/19 Proposed Budget

Five-Year Forecast Proposed FY 2018/19 Budget Orange County Fire Authority Five-Year Financial Forecast

	<i>Adjusted</i> FY 2017/18	<i>Year 1</i> FY 2018/19	<i>Year 2</i> FY 2019/20	<i>Year 3</i> FY 2020/21	<i>Year 4</i> FY 2021/22	<i>Year 5</i> FY 2022/23
Beginning Fund Balance	193,642,194	168,335,126	154,276,524	147,793,894	152,910,838	158,946,624
General Fund Revenues	402,740,335	393,858,112	412,971,754	426,860,940	440,424,592	460,093,944
General Fund Expenditures	379,265,096	367,537,460	372,227,553	388,333,468	405,148,999	415,457,107
Paydown of UAAL	19,060,936	9,167,397	9,648,658	12,368,859	14,279,280	17,787,217
Total General Fund Expenditures	398,326,032	376,704,857	381,876,211	400,702,327	419,428,279	433,244,324
Net General Fund Revenue	4,414,303	17,153,256	31,095,543	26,158,613	20,996,312	26,849,620
Less Incremental Increase in 10% GF Op. Cont.	3,049,187	5,469,229	469,009	1,610,591	1,681,553	1,030,811
General Fund Surplus / (Deficit)	1,365,116	11,684,027	30,626,534	24,548,021	19,314,759	25,818,809
Operating Transfer to CIP Funds	870,041	5,842,013	18,203,827	16,480,417	11,780,832	12,909,405
Paydown of UAAL from General Fund Surplus	870,041	5,842,013	12,422,707	8,067,604	7,533,927	12,909,405
CIP/Other Revenues	22,595,883	29,354,366	41,491,255	39,260,198	36,223,041	37,374,530
CIP/Other Expenses	37,777,622	48,882,197	48,442,895	35,753,845	31,868,808	24,156,766
CIP Surplus / (Deficit)	(15,181,739)	(19,527,831)	(6,951,640)	3,506,353	4,354,233	13,217,765
Ending Fund Balance	168,335,126	154,276,524	147,793,894	152,910,838	158,946,624	173,195,200



	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
General Fund Revenues	\$ 402.74	\$ 393.86	\$ 412.97	\$ 426.86	\$ 440.42	\$ 460.09
General Fund Expenditures	\$ 398.33	\$ 376.70	\$ 381.88	\$ 400.70	\$ 419.43	\$ 433.24

Proposed Budget Overview

Five-Year Forecast Proposed FY 2018/19 Budget

	ADJUSTED FY 2017/18 [b]	PROJECTED FY 2018/19	PROJECTED FY 2019/20	PROJECTED FY 2020/21	PROJECTED FY 2021/22	PROJECTED FY 2022/23
A. BEGINNING FUND BALANCE [c]	193,642,194	168,335,126	154,276,524	147,793,894	152,910,838	158,946,624
GENERAL FUND REVENUES						
Property Taxes	244,761,645	260,069,047	273,491,217	282,399,389	291,535,872	301,288,794
State Reimbursements	5,764,627	6,974,627	6,974,627	6,974,627	6,974,627	6,974,627
Federal Reimbursements	100,000	100,000	100,000	100,000	100,000	100,000
One-Time Grant/ABH/RDA	17,416,844	888,606	414,683	-	-	-
Community Redevelopment Agency Pass-thru	9,842,993	12,323,410	13,168,306	13,828,213	14,341,206	20,754,426
Cash Contracts	96,160,664	100,484,466	105,566,132	110,278,893	114,156,611	117,629,786
Community Risk Reduction Fees	6,145,787	6,925,735	6,925,735	6,925,735	6,925,735	6,925,735
ALS Supplies & Transport Reimbursement	3,929,330	3,929,330	3,929,330	3,929,330	3,929,330	3,929,330
Interest Earnings	562,353	1,036,063	1,274,896	1,297,925	1,334,382	1,364,418
Other Revenue	4,881,576	1,126,828	1,126,828	1,126,828	1,126,828	1,126,828
Unencumbered Fund Balance for Paydown of UAAL	13,174,516	-	-	-	-	-
TOTAL REVENUES	402,740,335	393,858,112	412,971,754	426,860,940	440,424,592	460,093,944
GENERAL FUND EXPENDITURES						
New Positions for New Stations	-	-	-	5,646,931	12,923,134	13,905,870
Employee Salaries	201,829,971	210,299,094	213,785,220	218,632,256	223,602,200	228,012,855
Retirement - Regular Annual Payments	72,266,355	75,782,826	76,033,786	77,518,960	79,050,952	80,613,221
Retirement - Paydown of UAAL (Rate Savings)	1,886,420	3,167,397	1,648,658	2,368,859	3,279,280	4,787,217
Retirement - Paydown of UAAL (Unencumb. Funds)	13,174,516	-	-	-	-	-
Retirement - Paydown of UAAL (\$1M per Year from WC)	1,000,000	1,000,000	1,000,000	1,000,000	-	-
Retirement - Paydown of UAAL (\$1M per Year, Increasing)	3,000,000	5,000,000	7,000,000	9,000,000	11,000,000	13,000,000
Workers' Comp Transfer out to Self-Ins. Fund	16,927,039	17,366,238	17,830,032	18,293,826	19,794,723	20,388,565
Other Insurance	28,159,824	29,856,185	31,602,366	33,461,194	35,440,834	37,550,114
Medicare	2,772,659	3,004,955	3,054,484	3,114,713	3,176,132	3,238,765
One-Time Grant/ABH Expenditures	14,877,843	-	-	-	-	-
Salaries & Employee Benefits	355,894,627	345,476,695	351,954,546	369,036,739	388,267,256	401,496,606
Services & Supplies/Equipment	41,177,245	31,228,162	29,921,665	31,375,428	30,477,903	31,000,128
New Station/Enhancements S&S Impacts	-	-	-	290,160	683,120	747,590
One-Time Grant Expenditures	1,254,160	-	-	-	-	-
TOTAL EXPENDITURES	398,326,032	376,704,857	381,876,211	400,702,327	419,428,279	433,244,324
NET GENERAL FUND REVENUE	4,414,303	17,153,256	31,095,543	26,158,613	20,996,312	26,849,620
B. Incremental Increase in GF 10% Contingency	3,049,187	5,469,229	469,009	1,610,591	1,681,553	1,030,811
GENERAL FUND SURPLUS / (DEFICIT)	1,365,116	11,684,027	30,626,534	24,548,021	19,314,759	25,818,809
C. Operating Transfers (from) Operating Contingency	-	-	-	-	-	-
Transfers to CIP Funds from General Fund Surplus	870,041	5,842,013	18,203,827	16,480,417	11,780,832	12,909,405
One-Time Paydown of UAAL from General Fund Surplus	870,041	5,842,013	12,422,707	8,067,604	7,533,927	12,909,405
Capital Improvement Program/Other Fund Revenues						
Interest Earnings	1,819,602	3,321,518	2,193,105	2,154,397	2,245,982	2,448,826
State/Federal Reimbursement	-	-	-	-	-	-
Cash Contracts	1,310,005	1,446,220	1,489,608	1,534,297	1,580,326	1,627,735
Developer Contributions	1,103,400	1,016,577	1,774,683	797,261	821,178	-
Workers' Comp Transfer in from GF	16,927,039	17,366,238	17,830,032	18,293,826	19,794,723	20,388,565
Miscellaneous	565,796	361,800	-	-	-	-
Operating Transfers from General Fund Surplus	870,041	5,842,013	18,203,827	16,480,417	11,780,832	12,909,405
Total CIP, W/C, Other Revenues	22,595,883	29,354,366	41,491,255	39,260,198	36,223,041	37,374,530
Capital Improvement Program/Other Fund Expenses						
Fund 12110 - General Fund CIP	3,111,074	4,121,700	2,903,700	5,020,700	3,340,100	1,302,900
Fund 123 - Fire Stations and Facilities	2,514,115	14,120,000	19,350,000	9,175,000	7,000,000	-
Fund 124 - Communications & Information Systems	4,334,891	7,734,148	3,046,511	540,000	-	-
Fund 133 - Fire Apparatus	11,290,499	8,145,951	7,805,871	4,913,273	4,714,815	5,299,737
Sub-Total CIP Expenses	21,250,579	34,121,799	33,106,082	19,648,973	15,054,915	6,602,637
Fund 171 - SFF Entitlement	549,651	-	-	-	-	-
Fund 190 - WC Self-Ins. (Cashflow Payments per Actuary)	15,977,392	14,760,398	15,336,813	16,104,872	16,813,893	17,554,129
Total CIP, W/C, Other Expenses	37,777,622	48,882,197	48,442,895	35,753,845	31,868,808	24,156,766
D. CIP SURPLUS/(DEFICIT)	(15,181,739)	(19,527,831)	(6,951,640)	3,506,353	4,354,233	13,217,765
ENDING FUND BALANCE (A+B+C+D) [a]	168,335,126	154,276,524	147,793,894	152,910,838	158,946,624	173,195,200
Fund Balances						
Operating Contingency (10% of Expenditures)	36,313,309	36,753,746	37,222,755	38,833,347	40,514,900	41,545,711
Reserve Exceeding Required Contingency	14,464,413	19,493,205	19,493,205	19,493,205	19,493,205	19,493,205
Reserve for Cash Contract City Station Maintenance	405,000	405,000	405,000	405,000	405,000	405,000
Donations & Restricted Funds	3,897,614	3,897,614	3,897,614	3,897,614	3,897,614	3,897,614
Committed - SFF Cities Enhancement	1,013,360	1,013,360	1,013,360	1,013,360	1,013,360	1,013,360
Capital Improvement Program	34,950,685	10,785,928	-	-	-	8,885,889
Fund 190 - WC Self-Insurance	77,290,745	81,927,671	85,761,959	89,268,312	93,622,545	97,954,421
Total Fund Balances	168,335,126	154,276,524	147,793,893	152,910,838	158,946,624	173,195,200

[a] Calculation removes fund balance transfers shown under General Fund Revenues as these are already included in Beginning Fund Balance.

[b] Includes proposed budget adjustments to be reviewed by the Board in May.

[c] Beginning Fund Balance in FY 2017/18 adjusted by \$375K to accommodate Mid-Year transfer to CIP funds from General Fund Surplus.

Forecast Assumptions – FY 2018/19 Budget

Basic Assumptions:

The Adopted FY 2017/18 budget, and the Five-Year Capital Improvement Plan approved by the Board of Directors on May 25, 2017 form the basis for this financial forecast with the following adjustments:

- Updated total beginning fund balance from the FY 2016/17 audited financial statements
- All approved budget adjustments that have occurred since the adoption of the budget
- Proposed FY 2017/18 mid-year adjustments
- Revised 5-Year CIP Plan based on input from CIP managers.

General Fund Revenues:

- ***Secured Property Taxes*** – Rosenow Spevacek Group’s Final 2018 Report provides the growth factors assumed for the forecast. The following are projections of current secured property tax growth:

FY 2018/19	6.11%
FY 2019/20	5.50%
FY 2020/21	3.46%
FY 2021/22	3.43%
FY 2022/23	3.54%

- ***Public Utility, Unsecured, Homeowners Property Tax Relief, and Supplemental Delinquent Taxes*** – All of these categories of property taxes are projected to remain constant during the forecast period.
- ***State Reimbursements*** – State reimbursements are expected to remain constant, pending more details from CAL FIRE.
- ***Federal Reimbursements*** – This revenue is projected to remain constant.
- ***One-Time Grant/ABH/RDA Proceeds*** – These are one-time only revenues that vary significantly from year to year and therefore are not forecasted beyond the current year with the exception of the SAFER Grant budgeted for FY 2018/19 and FY 2019/20. Board actions to date and proposed mid-year adjustments have increased the FY 2017/18 adopted budget by \$15.7M for one-time increases in grants and assistance by hire.
- ***Community Redevelopment Agency Pass-thru Revenue*** – RSG completed a Redevelopment Area Excess Revenue Analysis of pass-thru and residual revenues from the dissolution of the redevelopment agencies dated 4/2/2018. The forecast figures come from this report.
- ***Cash Contracts*** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments and year-over-year changes are estimated between 3.50% and 4.50% per year. In addition, this revenue category includes estimated John Wayne Airport contract proceeds with an annual 4% increase cap, which is projected to continue through the forecast period.

- **Community Risk Reduction Fees** – Community risk reduction fees are projected to remain constant through the forecast period, pending any changes approved by the Board.
- **ALS Supplies & Transport Reimbursements** – This revenue is estimated to remain flat, pending any changes approved by the Board.
- **Interest Earnings** – Assumes an annual return of 1.25% for FY 2017/18, 2.00% for FY 2018/19, and 2.25% for FY 2019/20 through FY 2022/23.
- **Other Revenue** – This revenue source includes various items such as reimbursements for training and cost recovery for the firefighter handcrew.

General Fund Expenditures

- **Salaries & Employee Benefits** – S&EB is composed of the following factors:
 - ✓ **New Positions for New Stations** – The forecast assumes that four post positions for a Station 20 Truck will be unfrozen 6/1/2018 (the remaining prorated cost not included in the FY 2017/18 budget is added in FY 2018/19). Vehicles will be in service beginning 7/1/2020 for Station 67, 7/1/2020 for Station 52, and 7/1/2021 for Station 12.
 - ✓ **Employee Salaries** – Projected salaries reflect increases consistent with the approved labor group MOUs. In addition, annual salary increases of 2% projected for the years that follow expiration of the current MOUs.
 - ✓ **Retirement** – Retirement costs reflecting the projected employer retirement rates are based on the OCERS provided rates for FY 2018/19. The projected employer rates in the outer years of the forecast are based on a study prepared by Segal Consulting and provided by OCERS on 5/14/2018. FY 2018/19 rates are approximately 1.17% higher for safety and 0.82% higher for non-safety compared to FY 2017/18 rates.

FY	Safety	General	Source
2017/18	50.78%	33.80%	Effective rates for FY 2017/18 provided by OCERS without 3-Year Phase-In
2018/19	51.95%	34.62%	FY 2018/19 based on OCERS provided rates. Outer years based on Segal Study dated 5/14/2018. Effective rates were adjusted to remove impact of additional OCFA UAAL contributions.
2019/20	52.00%	36.88%	
2020/21	52.00%	36.88%	
2021/22	52.00%	36.88%	
2022/23	52.00%	36.88%	

Note: employer rates shown in the table above do not include the portion of the employee rate that is paid by OCFA

FY 2017/18 includes a mid-year adjustment of \$13.2M for accelerated paydown of OCFA’s Unfunded Actuarial Accrued Liability (UAAL) from unencumbered fund balance carried over from FY 2016/17.

In accordance with the Updated Snowball Strategy presented to the board in November 2015, outer years of the forecast include the following projected UAAL paydowns:

- Contributing additional funds each year using projected savings that will be realized under new Public Employees’ Pension Reform Act (PEPRA) of \$3.2M in FY 2018/19 and continuing in different amounts until payment is complete.

FY 2018/19 Proposed Budget

- Contributing an additional \$1M each year starting in FY 2016/17 and increasing by \$2M each year until it reaches \$15M and continuing at \$15M thereafter.
 - Contributing \$1 million per year from surplus fund balance available in the Workers' Compensation Self Insurance Fund starting in FY 2016/17 for 5 years.
- ✓ **Workers' Compensation** – FY 2018/19 assumes a 50% confidence level for ongoing Workers' Compensation costs. The 50% confidence level is assumed throughout the forecast period. Workers' Compensation costs in the forecast period are based on projected payments in the Rivelle Consulting Services February 2018 Study.
- ✓ **Other Insurance** – Medical insurance rates for firefighters are assumed to remain flat in 2018 and increase by 5% for years 2019, 2020, and 2021 per the Health Plan Agreement dated 3/29/2017. For staff members, it is projected to grow by 10% annually. This category also includes \$60,000 for unemployment insurance in FY 2018/19.
- ✓ **Medicare** – Annual amounts are calculated at 1.45% of projected salaries.
- **One-Time Grant/ABH Expenditures** – These are one-time only expenditures that vary significantly from year to year and therefore are not forecasted beyond FY 2017/18.
 - **Services and Supplies (S&S)** – S&S is held flat unless a new fire station is built, specific increases have been identified by section managers, or one-time grant proceeds have been received.

Net General Fund Revenue

This figure equals the General fund Revenue minus the General Fund Expenditures.

Incremental Increase in General Fund 10% Contingency:

This is the amount needed to add to the General Fund 10% Contingency each year to maintain this category of fund balance at the required policy level of 10% of General Fund expenditures (less one-time expenditures).

General Fund Surplus/(Deficit):

This figure is equal to the Net General Fund Revenue less the incremental increase in the General Fund 10% Contingency. In years when there is a surplus, unless an exception is triggered, 50% is transferred to the CIP funds and 50% is used to paydown the UAAL as outlined in the Financial Stability Budget Policy approved by the Board on 3/23/2017. In years when there is a deficit, the deficit amount must be drawn from the 10% Contingency, and once those are exhausted, from fund balance for CIP.

A revision to the Financial Stability Budget Policy is being proposed for Board approval which allows transfer of CIP funds at fiscal year onset to prevent negative CIP fund balance.

In FY 2018/19 a one-time adjustment from excess General Fund surplus of approximately \$5.0M was made to the General Fund Reserve exceeding contingency to restore that item of fund balance to previous levels

Capital Improvement Program/Other Funds Revenue:

- **Interest Earnings** – Assumes an annual return of 1.25% for FY 2017/18, 2.00% for FY 2018/19, and 2.25% for FY 2019/20 through FY 2022/23.

- **State/Federal Reimbursement** – The forecast assumes no State/Federal reimbursement revenue in the forecast period.
- **Cash Contracts** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments.
- **Developer Contributions** –The forecast assumes developer contributions will be used to fund various vehicles for Rancho Mission Viejo Station 67 in FY 2018/19 and FY 2019/20, Station 52 in FY 2020/21, and Station 12 in FY 2021/22.
- **Workers' Compensation Transfer** – These amounts equal the General Fund Workers' Compensation budget which reflects a reduction of \$1M used to paydown the UAAL per the Snowball Plan.
- **Operating Transfer In** – This figure equals the Operating Transfer Out from the General Fund.

Capital Improvement Program/Other Funds Expenditures:

Expenditures for each CIP fund are based on the CIP Budget.

- **Structural Fire Fund Entitlement (Fund 171)** – The forecast period assumes no Structural Fire Fund Entitlement expenditures past the next fiscal year.
- **Self-Insurance Fund (Fund 190)** – Self-Insurance fund expenditures are based on projected payments in the Rivelle Consulting Services Feb 2018 Workers' Compensation Actuarial Study.

Fund Balances:

- **Operating Contingency** – Reflects policy of 10% of the General Fund expenditures each year (less one-time expenditures and UAAL payments). General Fund deficits (if applicable) are deducted from this category of fund balance once the Cash Flow fund balance is exhausted.

Assigned Fund Balances

- **Self-Insurance Fund (Fund 190)** – Funding is set aside for Workers' Compensation outstanding claims at the 50% confidence level per Board policy. The required amount is based on the actuarial report for Estimated Outstanding Losses as of the last full fiscal year prior to report issuance. The required funding levels are maintained by retaining funds in fund balance that reflect the difference between the workers' compensation transfer and Fund 190 expenditures.
- **Capital Improvement Program** – This fund balance includes funding for future capital replacements and is reduced annually by the cost of capital assets and increased in years when there are Operating Transfers into the CIP.

**ORANGE COUNTY FIRE AUTHORITY
Salaries & Employee Benefits Assumptions
May 2018**

Salaries

Vacant Positions

- Vacant unfrozen positions are budgeted as follows:
 - ✓ Firefighter - step 1
 - ✓ Fire Apparatus Engineer – step 10
 - ✓ Captain - step 10
 - ✓ Fire Battalion Chief – middle of range
 - ✓ Staff positions - step 5 for entry level positions, and step 10 for positions with promotional opportunities within the same occupational class series. Top-step assumed for Sr. Human Resources Analyst and Risk Management Analyst positions.

- The following 4 frozen positions are not funded in the proposed FY 2018/19 budget:
 - ✓ 1 Management Analyst (Support Services; Property Management)
 - ✓ 3 Administrative Fire Captains (Organizational Planning; Training & Safety and Operations; Divisions I and IV)

New Station Staffing

- New station FS20 (Irvine) is anticipated to be operational 6/1/2018. Funding for the full year of staffing is included in the proposed FY 2018/19 budget. Staffing is budgeted at twelve full-time employees (4 post positions) for a 4 person Truck Company which consists of: two Firefighters, a Fire Captain, and a Fire Apparatus Engineer.

Merit Increases for Eligible Employees

- Firefighter Unit and OCEA: 2 ½ steps or 6.875% up to step 12
- Fire Management: 5.5% in Sept. 2018, not to exceed top step
- Administrative Management and Executive Management: 5.5% in August 2018, not to exceed top step

MOU Changes

- Orange County Employees Association (OCEA)
 - ✓ No cost-of-living adjustments included for FY 2018/19, pending negotiations
 - ✓ New employees hired on or after 1/1/2013 assumed to be under 2.5% @ 67 retirement plan; employee contributions vary based on age of entry

- Fire Management
 - ✓ Rates include cost-of-living adjustment of 3.3% effective 7/1/2018, per approved MOU

- Firefighter Unit
 - ✓ Rates include cost-of-living adjustment of 3.2% effective 9/1/2018, per approved MOU
 - ✓ New employees hired on or after 1/1/2013 assumed to be under 2.7% @ 57 retirement plan; employee contributions vary based on age of entry
- Administrative Management
 - ✓ No cost-of-living adjustments included for FY 2018/19
 - ✓ New employees hired on or after 1/1/2013 assumed to be under 2.5% @ 67 retirement plan; employee contributions vary based on age of entry
- Executive Management
 - ✓ No cost-of-living adjustments included for FY 2018/19

Backfill/Holiday/FLSA Adjustment

- Backfill is estimated at \$36,950,788 for FY 2018/19
- Estimate is allocated to divisions/sections based on historical usage ratios
- Holiday pay and FLSA adjustment are budgeted on a per employee basis

Reserve Firefighters

- Based on FY 2018/19 projected usage

Other Pay

- The following Other Pays were calculated on a per employee basis:
Supplemental Assignment Pay, Supplemental Incentive Pay, Air Pack Certification Bonus Pay, Education Incentive Pay, Emergency Medical Technician (EMT) Bonus, Plan Review Pay, Duty Officer Compensation, Bilingual Pay, Executive Management Car Allowance, US&R Tech Truck Certification Pay, FAE/PM Incentive Pay, Manpower Coordinator Pay, and Aircraft Rescue Fire Fighting (ARFF) Pay, and ARFF Crane Operator Pay.
- The following Other Pays were calculated based on historical costs:
ECC Move-Up Supervisor Pay, Emergency Medical Dispatch (EMD) Pay, On-Call Pay, Urban Search and Rescue (US&R) Pays, Hazardous Materials Pay, Paramedic Bonus Pay, and Dispatch Trainer Pay.

Vacation/Sick Payoff

- Vacation/Sick Payoff is estimated at \$4,018,754 for FY 2018/19
- Based on projected trends
- Allocated to divisions/sections based on historical usage ratios

Salary Savings

- Salary savings is estimated at \$3,058,152 for FY 2018/19 based on historical trends; the gross savings is approximately \$4,196,220 including retirement and Medicare benefits

Benefits

Group Medical

- Firefighter Unit – based on FF Health Plan Agreement rates of \$1,900 per month effective 1/1/2018 and \$1,995 per month effective 1/1/2019
- OCEA – based on OCEA MOU rate of \$943 per month effective 1/1/2018.

Health & Welfare

- OCEA - \$52.20 per month per position – no change from prior years
- Firefighter Unit – based on the FF Health Plan Agreement, the Health and Welfare will no longer be separately calculated but included as part of the Firefighter Unit Group Medical rate

Management Insurance

- Includes Management Optional Benefits – no change
- There have been no changes to Life, AD&D and Disability Insurance rates
- Dental rates are estimated to increase by 2.16% beginning 1/1/2019.
- Vision rates are estimated to increase by 5.00% beginning 1/1/2019.

Retirement

	<u>FY 2018/19 Rate</u>
General (OCEA)	34.08%
FF Unit	52.05%
Management (safety)	51.56%
Management (non-safety)	34.08%
Supported Employment	40.67%

- The above retirement rates represent “employer share” rates for employees hired prior to 7/1/2011, and are net of employee contributions
- Employee contributions were increased as a result of MOU changes or Personnel and Salary Resolution changes, resulting in a multi-year phased in approach to achieving employees paying their full share of employee retirement contributions, as calculated by OCERS
- New hires employed after 1/1/2013 are subject to the PEPRA Plan with a lower retirement rate
- Retirement costs are net of savings related to the prepayment to OCERS of \$1,479,430

Workers’ Compensation

- FY 2018/19 amount of \$17,366,228 represents the projected expenditures at the 50% confidence level based on the actuarial report dated 2/12/2018. Workers’ Compensation amount reflects \$1,000,000 reduction used for paydown of the UAAL in accordance with the updated Snowball Strategy presented to the Board in November 2015.
- Third Party Administrator (TPA) and excess insurance costs are included in Services and Supplies

Unemployment Insurance

- Budgeted at \$60,000 for FY 2018/19 based on historical data

Medicare

- 1.45% of salary for employees hired after 4/1/1986
- Calculated effective rates are applied to Backfill/Overtime, Other Pays, Vacation/Sick Payoffs, and Salary Savings



ORANGE COUNTY FIRE AUTHORITY
FUND 121 - GENERAL FUND
REVENUE SUMMARY
FY 2018/19

DESCRIPTION	FY 2017/18 Adjusted Budget (1)	Less One-time/ Grants/ ABH	FY 2017/18 Comparative Budget	FY 2018/19 Proposed Budget	\$ Change from FY 2017/18 Comparative	% Change from FY 2017/18 Comparative
PROPERTY TAXES (2)	\$244,761,645	-	\$244,761,645	\$260,069,047	\$15,307,402	6.25%
INTERGOVERNMENTAL	33,124,465	(17,394,804)	15,729,661	20,286,643	4,556,982	28.97%
CHARGES FOR CURRENT SVCS	106,390,732	-	106,390,732	111,444,977	5,054,245	4.75%
USE OF MONEY AND PROPERTY (3)	562,353	-	562,353	1,036,063	473,710	84.24%
OTHER	4,726,625	(3,392,874)	1,333,751	1,021,382	(312,369)	-23.42%
TOTAL REVENUE	\$389,565,820	(\$20,787,678)	\$368,778,142	\$393,858,112	\$25,079,970	6.80%

Notes:

(1) The FY 2017/18 Adjusted Budget includes all Board approved adjustments to date and \$2.2M in additional adjustments anticipated to be approved by the board in May 2018.

(2) Property Tax is based on RSG final study dated April 2, 2018.

(3) Projected interest earnings are based on an annual return of 2.00% in FY 2018/19. There will not be a TRAN for FY 2018/19.

FY 2018/19 Proposed Budget

ORANGE COUNTY FIRE AUTHORITY
FUND 121 - GENERAL FUND
REVENUE DETAIL
FY 2018/19

DESCRIPTION	FY 2017/18 Adjusted Budget (1)	Less One-time/ Grants/ ABH	FY 2017/18 Comparative Budget	FY 2018/19 Proposed Budget	\$ Change from FY 2017/18 Comparative	% Change from FY 2017/18 Comparative
TAXES						
Property Taxes, Current Secured	\$230,072,518	-	\$230,072,518	\$246,268,358	\$16,195,840	7.04%
Property Taxes, Current Unsecured	7,066,933	-	7,066,933	7,170,233	103,300	1.46%
Property Taxes, Prior Unsecured	139,520	-	139,520	92,818	(46,702)	-33.47%
Property Taxes, Supplemental	5,921,984	-	5,921,984	4,973,645	(948,339)	-16.01%
Delinquent Supplemental	205,117	-	205,117	183,059	(22,058)	-10.75%
Homeowner Property Tax	1,355,573	-	1,355,573	1,380,934	25,361	1.87%
TOTAL PROPERTY TAXES (2)	244,761,645	-	244,761,645	260,069,047	15,307,402	6.25%
INTERGOVERNMENTAL						
State						
SRA-Wild lands (CAL FIRE Contract)	6,764,627	(1,187,959)	5,576,668	6,764,627	1,187,959	21.30%
Assistance by Hire (State)	13,394,469	(13,194,469)	200,000	200,000	-	0.00%
Mandated Reimb. SB90	31,657	(31,657)	-	-	-	0.00%
Helicopters' Billing - CAL FIRE	384,962	(374,962)	10,000	10,000	-	0.00%
Miscellaneous State Revenue	200,709	(200,709)	-	-	-	0.00%
SUB-TOTAL	20,776,424	(14,989,756)	5,786,668	6,974,627	1,187,959	20.53%
Federal						
USAR Reimbursements	1,710,652	(1,710,652)	-	-	-	0.00%
Assistance by Hire (Federal)	631,585	(531,585)	100,000	100,000	-	0.00%
Misc Federal Revenue	162,811	(162,811)	-	888,606	888,606	0.00%
SUB-TOTAL	2,505,048	(2,405,048)	100,000	988,606	888,606	888.61%
CRA Pass-Through						
Cypress-CRA Pass thru	699,143	-	699,143	1,048,428	349,285	49.96%
Irvine - CRA Pass thru	1,410,029	-	1,410,029	2,024,721	614,692	43.59%
La Palma - CRA Pass thru	353,364	-	353,364	345,357	(8,007)	-2.27%
Lake Forest - CRA Pass thru	559,804	-	559,804	668,593	108,789	19.43%
Mission Viejo Pass thru	960,883	-	960,883	1,257,550	296,667	30.87%
San Juan Caps - CRA Pass thru	966,300	-	966,300	1,333,949	367,649	38.05%
County of Orange Pass-Through	2,734,958	-	2,734,958	2,853,845	118,887	4.35%
Yorba Linda - CRA Pass thru	2,158,512	-	2,158,512	2,790,967	632,455	29.30%
SUB-TOTAL	9,842,993	-	9,842,993	12,323,410	2,480,417	25.20%
TOTAL INTERGOVERNMENTAL	33,124,465	(17,394,804)	15,729,661	20,286,643	4,556,982	28.97%

ORANGE COUNTY FIRE AUTHORITY
FUND 121 - GENERAL FUND
REVENUE DETAIL
FY 2018/19

DESCRIPTION	FY 2017/18 Adjusted Budget (1)	Less One-time/ Grants/ ABH	FY 2017/18 Comparative Budget	FY 2018/19 Proposed Budget	\$ Change from FY 2017/18 Comparative	% Change from FY 2017/18 Comparative
CHARGES FOR CURRENT SERVICES						
Cash Contracts						
San Clemente-Ambulance S&EB	80,074	-	80,074	-	(80,074)	-100.00%
San Clemente-Ambulance S&S	2,461	-	2,461	-	(2,461)	-100.00%
Facility Maintenance Charges	252,302	-	252,302	250,000	(2,302)	-0.91%
Tustin	7,365,755	-	7,365,755	7,790,345	424,590	5.76%
Placentia	5,914,287	-	5,914,287	6,258,959	344,672	5.83%
Seal Beach	5,078,574	-	5,078,574	5,371,942	293,368	5.78%
Stanton	4,144,696	-	4,144,696	4,391,778	247,082	5.96%
Santa Ana	38,845,152	-	38,845,152	40,104,954	1,259,802	3.24%
JWA Contract	4,810,552	-	4,810,552	5,002,974	192,422	4.00%
Buena Park	10,459,455	-	10,459,455	11,048,962	589,507	5.64%
San Clemente	8,134,792	-	8,134,792	8,570,835	436,043	5.36%
Westminster	11,072,564	-	11,072,564	11,693,717	621,153	5.61%
SUB-TOTAL	96,160,664	-	96,160,664	100,484,466	4,323,802	4.50%
Community Risk Reduction Fees						
AR Late Payment Penalty	8,400	-	8,400	19,000	10,600	126.19%
Inspection Services Revenue	1,870,143	-	1,870,143	1,742,323	(127,820)	-6.83%
P&D Fees	4,117,244	-	4,117,244	5,004,412	887,168	21.55%
False Alarm	150,000	-	150,000	160,000	10,000	6.67%
SUB-TOTAL	6,145,787	-	6,145,787	6,925,735	779,948	12.69%
Other Charges for Services						
Hazmat Response Subscription Prog	4,951	-	4,951	5,446	495	10.00%
Charge for C&E Services	150,000	-	150,000	100,000	(50,000)	-33.33%
SUB-TOTAL	154,951	-	154,951	105,446	(49,505)	-31.95%
Ambulance Reimbursements						
Ambulance Supplies Reimbursement	1,030,920	-	1,030,920	1,030,920	-	0.00%
ALS Transport Reimbursement	2,898,410	-	2,898,410	2,898,410	-	0.00%
SUB-TOTAL	3,929,330	-	3,929,330	3,929,330	-	0.00%
TOTAL CHGS FOR CURRENT SVCS	106,390,732	-	106,390,732	111,444,977	5,054,245	4.75%

FY 2018/19 Proposed Budget

ORANGE COUNTY FIRE AUTHORITY
FUND 121 - GENERAL FUND
REVENUE DETAIL
FY 2018/19

DESCRIPTION	FY 2017/18 Adjusted Budget (1)	Less One-time/ Grants/ ABH	FY 2017/18 Comparative Budget	FY 2018/19 Proposed Budget	\$ Change from FY 2017/18 Comparative	% Change from FY 2017/18 Comparative
<i>USE OF MONEY AND PROPERTY</i>						
Interest (3)						
Interest	562,353	-	562,353	1,036,063	473,710	84.24%
TOTAL USE OF MONEY/PROPERTY	562,353	-	562,353	1,036,063	473,710	84.24%
<i>REVENUE - OTHER</i>						
Miscellaneous Revenue						
Other Revenue	14,000	-	14,000	14,000	-	0.00%
Miscellaneous Revenue	2,485,829	(2,275,829)	210,000	146,000	(64,000)	-30.48%
Restitution	1,000	-	1,000	1,000	-	0.00%
RFOTC Cell Tower Lease Agreement	44,765	-	44,765	44,765	-	0.00%
Fullerton Airport Hangar Lease	203,669	-	203,669	201,117	(2,552)	-1.25%
Witness Fees	4,500	-	4,500	4,500	-	0.00%
Joint Apprenticeship Comm (CFEJAC)	300,000	(200,000)	100,000	100,000	-	0.00%
Santa Ana College Agreement	490,000	-	490,000	450,000	(40,000)	-8.16%
Bankruptcy Loss Recovery	180,942	-	180,942	-	(180,942)	-100.00%
Insurance Settlements	34,875	-	34,875	-	(34,875)	-100.00%
Sales of Surplus	967,045	(917,045)	50,000	60,000	10,000	20.00%
TOTAL OTHER REVENUE	4,726,625	(3,392,874)	1,333,751	1,021,382	(312,369)	-23.42%
TOTAL	\$389,565,820	(\$20,787,678)	\$368,778,142	\$393,858,112	\$25,079,970	6.80%

Notes:

- (1) The FY 2017/18 Adjusted Budget includes all Board approved adjustments to date and \$2.2M in additional adjustments anticipated to be approved by the board in May 2018.
- (2) Property Tax is based on RSG final study dated April 2, 2018.
- (3) Projected interest earnings are based on an annual return of 2.00% in FY 2018/19. There will not be a TRAN for FY 2018/19.

**ORANGE COUNTY FIRE AUTHORITY
FY 2018/19 Revenue Assumptions
May 2018**

Property Taxes

Current Secured

- Based on projected growth in current secured property tax of 6.11% for FY 2018/19 per RSG's final study dated April 2, 2018, applied to the FY 2017/18 tax ledger and estimated 1.00% refund factor
- Public utility taxes are based on the FY 2017/18 tax ledger

Current Unsecured

- Based on 0% growth factor as provided by RSG
- Based on FY 2017/18 tax ledger and estimated 8.94% refund factor

Supplemental

- Based on the FY 2017/18 projection. This category of revenue is inconsistent from year to year

Homeowner Property Tax Relief

- Based on FY 2016/17 receipts and a reduction of 1.14% for FY 2018/19, which reflects historical trends

Intergovernmental

State Responsibility Area (SRA) – Wildlands CAL FIRE Contract

- Based on the FY 2017/18 contract amount per the Gray Book (CAL FIRE's notice of allocation to the contract counties)

Assistance by Hire – State

- Estimate based on FY 2017/18 projection

Assistance by Hire – Federal

- Estimate based on FY 2017/18 projection

Community Redevelopment Agency (CRA) Pass-thru

- The proposed budget is based on projections from RSG final report dated April 2, 2018

Charges for Current Services

Cash Contract Cities

- Based on estimated budget increases of 4.5% in FY 2018/19
- Based on the 20-year JPA agreement which includes the shortfall amortization
- San Clemente's ambulance service costs reflect the discontinuation of the full-time emergency transportation service which was eliminated in FY 2017/18.
- Santa Ana's base service charge has been adjusted per the proposed Santa Ana service charge adjustment methodology, removing the voluntary UAAL payments from the calculation of budget increases.

John Wayne Airport Contract

- Based on the FY 2018/19 estimated charge

Community Risk Reduction Fees

- Planning and Development fees are based on the FY 2017/18 projection using the new fee study and input from the CRR staff
- Inspection Services revenue is based on the FY 2017/18 projection using the new fee study and input from the CRR staff

Advance Life Support (ALS) Transport and Supplies Reimbursements

- Based on FY 2017/18 projection

Use of Money and Property

Interest

- Projected interest earnings are based on an annual return of 2.00% in FY 2018/19
- No Tax and Revenue Anticipation Note (TRAN) will be issued for FY 2018/19. If interim funds are needed they will be borrowed from the Workers' Compensation reserves

Other Revenue

Miscellaneous Revenue

- Based on prior FY 2017/18 projection, FY 2018/19 projections, and various lease agreements as applicable

Capital Improvement Plan Overview

Introduction

The Orange County Fire Authority's Capital Improvement Program (CIP) has been reviewed and updated through FY 2022/23 to coincide with the FY 2018/19 budget. The proposed FY 2018/19 CIP budget is \$34.1 million.

The proposed CIP budget for FY 2018/19 reflects a net increase of \$11.4 million compared to the prior five-year CIP budget. Projects include the replacement of Fire Station 9 in Mission Viejo (\$6.0M), replacement of Fire Station 10 in Yorba Linda (\$3.75M), 800 MHz Countywide Coordinated Communications System replacement (\$3.5M), Community Risk Reduction (CRR) Automation – Integrated Fire Prevention (IFP) application replacement (\$2.3M), RFOTC Training Grounds Expansion and Upgrade (\$2.8M), Audio Video Equipment upgrade (\$1.5M), the purchase of six Type I engines (\$3.8M), and one Air Utility (\$483K).

A total of \$8.9M was rebudgeted for the CRR automation (IFP) replacement project from FY 2017/18 to FY 2018/19 (\$1.4M), and for the replacement of Fire Station 10 in Yorba Linda from FY 2017/18 to FY 2018/19 and FY 2019/20 (\$3.75M for each respective fiscal year).

CIP Funds

The OCFA's five-year CIP is organized into four funds. A description of each fund is located in each section. Major funding sources for the CIP include operating transfers from the General Fund, interest, developer contributions, and contracts with member cities. Lease Purchase Financing Agreements also provide cash flow funding for the CIP. Currently, projects are primarily funded through use of fund balances.

CIP Highlights

Fund 12110 – General Fund CIP

FY 2018/19 Budget Request - \$4.1M includes:

- \$550K for thermal imaging cameras
 - \$500K for station bathroom gender compliance
 - \$460K for the mobile data computer (MDC) systems
 - \$410K for network, servers and security
 - \$300K for fire station paging/public address system
 - \$328K for fire station telephone/alarm/sound system upgrades
 - \$290K for RFOTC administrative phone system
 - \$260K for Fires Station 26 kitchen, flooring and bathroom remodel
 - \$202K for personal computer (PC)/laptop/printer replacement
-

Fund 123 – Fire Stations and Facilities

FY 2018/19 Budget Request - \$14.1M includes:

- \$6.0M for replacement of Fire Station 9 (Mission Viejo)
 - \$3.75M for replacement of Fire Station 10 (Yorba Linda)
 - \$2.8M for RFOTC training grounds expansion and upgrade
 - \$500K for Fire Station 49 apparatus bay floor reconstruction
 - \$500K for infrastructure security enhancements
-

Fund 124 – Communications & Information Systems

FY 2018/19 Budget Request - \$7.7M includes:

- \$3.5M for 800 MHz countywide coordinated communication system (CCCS) upgrade
 - \$2.3M for replacement of the CRR – Integrated Fire Prevention application
 - \$1.5M for OCFA Enterprise audio video equipment upgrades
-

Fund 133 – Fire Apparatus

FY 2018/19 Budget Request - \$8.1M includes:

- emergency vehicles include the purchase of six Type I engines (\$3.8M), one air utility (\$483K), and seven 3/4 ton pickup utility vehicles (\$329K)
 - purchase of two developer-funded vehicles (\$1.0M)
 - purchase of fifteen support vehicles (\$854K)
 - debt payments towards the lease-purchase agreement for the helicopters (\$1.3M)
-

Capital Improvement Program Overview

ORANGE COUNTY FIRE AUTHORITY
CAPITAL IMPROVEMENT PROGRAM
FIVE-YEAR PLAN SUMMARY FY 2018/19 - FY 2022/23

Fund	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Year TOTAL
<i>Fund 12110</i> General Fund CIP	\$4,121,700	\$2,903,700	\$5,020,700	\$3,340,100	\$1,302,900	\$16,689,100
<i>Fund 123</i> Fire Stations and Facilities	14,120,000	19,350,000	9,175,000	7,000,000	-	49,645,000
<i>Fund 124</i> Communications and Information Systems	7,734,148	3,046,511	540,000	-	-	11,320,659
<i>Fund 133</i> Fire Apparatus	8,145,951	7,805,871	4,913,273	4,714,815	5,299,737	30,879,647
GRAND TOTAL	\$34,121,799	\$33,106,082	\$19,648,973	\$15,054,915	\$6,602,637	\$108,534,406
Less: Non-discretionary lease installment payments	1,265,862	-	-	-	-	1,265,862
TOTAL CIP PROJECTS	\$32,855,937	\$33,106,082	\$19,648,973	\$15,054,915	\$6,602,637	\$107,268,544

FY 2018/19 - FY 2022/23 Capital Improvement Plan Budget

**ORANGE COUNTY FIRE AUTHORITY
CAPITAL IMPROVEMENT PROGRAM
FIVE-YEAR PLAN PROJECT LISTING**

Item No.	Project Priority	Project	Internal Use Only - Adj'd FY 2017/18 *
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GENERAL FUND CIP - FUND 12110

IT Division

1	A	800 MHz Radios	\$238,071
2	A	900 MHz Pagers/Small Equipment/Personal Communications	41,600
3	A	Data Storage, Backup, and Recovery	126,569
4	A	Fire Station Paging/Public Address System	-
5	A	Fire Station Telephone/Alarm/Sound System Upgrades	558,240
6	A	Mobile Data Computer (MDC) System	242,138
7	A	Network, Servers, Security	486,083
8	A	Personal Computer (PC)/Tablets/Printer Replacements	356,851
9	A	RFOTC Administrative Phone System	-
10	A	VHF Radios	45,229
11	B	Digital Orthophotography	-
12	B	RFOTC Uninterruptible Power System (UPS) Replacement	-

Operations Department

13	A	Cardiac Monitors and AED	-
14	A	High Pressure Airbags	-
15	A	Thermal Imaging Cameras	-
16	A	Fire Shelters	-
17	A	Gas Monitors	-
18	A	SCBA (645 Airpacks)	-
19	A	Portable Fire Pumps	-
20	CY	Extrication Tools	666,293
21	CY	Weather/Fire Monitoring Equipment Remote Cameras	250,000
22	CY	Weather/Fire EOC Upgrade	100,000

Property Management

23	A	Station Bathroom Gender Compliance	-
24	A	Fire Station 26 Kitchen, Flooring and Bathroom Remodel	-
		Total - Fund 12110	\$3,111,074

Project Priority: A=Essential; B=Important; C=Could Defer; CY=Current Year's project

* Adjusted FY 2017/18 budget includes proposed mid-year budget adjustments

Capital Improvement Program Overview

Item No.	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Year TOTAL
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1	\$85,500	\$31,500	\$27,000	\$40,000	\$40,000	\$224,000
2	41,600	41,600	41,600	41,600	41,600	208,000
3	96,000	396,000	96,000	96,000	96,000	780,000
4	300,000	-	-	-	-	300,000
5	328,000	328,000	400,000	500,000	500,000	2,056,000
6	460,000	460,000	55,800	48,000	55,800	1,079,600
7	410,000	160,000	160,000	160,000	160,000	1,050,000
8	202,500	202,500	652,500	202,500	202,500	1,462,500
9	290,000	-	-	-	-	290,000
10	22,100	9,100	7,800	12,000	15,000	66,000
11	80,000	-	80,000	-	80,000	240,000
12	100,000	100,000	400,000	100,000	100,000	800,000

13	126,000	-	-	-	-	126,000
14	170,000	-	-	-	-	170,000
15	550,000	550,000	-	-	-	1,100,000
16	100,000	100,000	100,000	140,000	-	440,000
17	-	25,000	-	-	-	25,000
18	-	-	2,500,000	2,000,000	-	4,500,000
19	-	-	-	-	12,000	12,000
20	-	-	-	-	-	-
21	-	-	-	-	-	-
22	-	-	-	-	-	-

23	500,000	500,000	500,000	-	-	1,500,000
24	260,000	-	-	-	-	260,000
	\$4,121,700	\$2,903,700	\$5,020,700	\$3,340,100	\$1,302,900	\$16,689,100

FY 2018/19 - FY 2022/23 Capital Improvement Plan Budget

**ORANGE COUNTY FIRE AUTHORITY
CAPITAL IMPROVEMENT PROGRAM
FIVE-YEAR PLAN PROJECT LISTING**

Item No.	Project Priority	Project	Internal Use Only - Adj'd FY 2017/18 *
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FIRE STATIONS & FACILITIES - FUND 123

1	A	Fire Station 67 (Rancho Mission Viejo)	Developer Build
2	A	Replacement of Fire Station 9 (Mission Viejo)	500,000
3	A	Replacement of Fire Station 10 (Yorba Linda)	-
4	A	RFOTC Training Grounds Expansion and Upgrade	-
5	A	Fire Station 49 Apparatus Bay Floor Reconstruction	-
6	A	Infrastructure Security Enhancements	500,000
7	A	US&R Warehouse/Training Center Improvements	200,000
8	A	Retrofit Existing Station Fire Life Safety Systems	-
9	A	Replacement of Fire Station 18 (Trabuco Canyon)	-
10	A	Construction of new Fire Station 52 (Irvine Business District)	-
11	A	Construction of new Fire Station 12 (Laguna Woods)	-
12	A	Replacement of Fire Station 25 (Midway City)	-
13	B	RFOTC 2nd Emergency Generator	-
14	CY	Fire Station 61 (Buena Park) - City Build	City Build
15	CY	Site Stabilization Fire Station 42 (Lake Forest)	800,000
16	CY	Vehicle Sheds Fire Station 18	100,000
17	CY	US&R Warehouse - Phase 1	414,115
		Total - Fund 123	\$2,514,115

Project Priority: A=Essential; B=Important; C=Could Defer; CY=Current Year's project

* Adjusted FY 2017/18 budget includes proposed mid-year budget adjustments

Capital Improvement Program Overview

Item No.	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Year TOTAL
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1	Developer Build	-	-	-	-	-
2	6,000,000	-	-	-	-	6,000,000
3	3,750,000	3,750,000	-	-	-	7,500,000
4	2,825,000	1,100,000	2,675,000	-	-	6,600,000
5	500,000	1,000,000	-	-	-	1,500,000
6	500,000	500,000	-	-	-	1,000,000
7	275,000	-	-	-	-	275,000
8	270,000	-	-	-	-	270,000
9	-	6,500,000	-	-	-	6,500,000
10	-	6,500,000	-	-	-	6,500,000
11	-	-	6,500,000	-	-	6,500,000
12	-	-	-	6,500,000	-	6,500,000
13	-	-	-	500,000	-	500,000
14	-	-	-	-	-	-
15	-	-	-	-	-	-
16	-	-	-	-	-	-
17	-	-	-	-	-	-
	\$14,120,000	\$19,350,000	\$9,175,000	\$7,000,000	-	\$49,645,000

FY 2018/19 - FY 2022/23 Capital Improvement Plan Budget

**ORANGE COUNTY FIRE AUTHORITY
CAPITAL IMPROVEMENT PROGRAM
FIVE-YEAR PLAN PROJECT LISTING**

Item No.	Project Priority	Project	Internal Use Only - Adj'd FY 2017/18 *
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COMMUNICATIONS & INFORMATION SYSTEMS - FUND 124

1	A	800 MHz Countywide Coordinated Comm. Sys. Upgrade	\$750,516
2	A	Community Risk Reduction Automation - IFP Replacement	-
3	A	Incident Reporting Application Replacement	900,000
4	B	OCFA Enterprise Audio Video Equipment Upgrades	150,000
5	B	OCFA Disaster Recovery Co-Location Facility	1,000,000
6	B	Fleet Services Fuel Management Tracking System	-
7	CY	Next Generation CAD2CAD	450,000
8	CY	RFOTC Data Center Fire Suppression System Upgrade	1,000,000
		Total - Fund 124	\$4,250,516

FIRE APPARATUS - FUND 133

1	A	Lease Purchase Financing: Principal & Interest	\$2,531,723
2	A/B	Emergency Vehicles	7,230,712
3	A	Developer Funded Vehicles	-
4	A/B	Support Vehicles	1,673,064
		Total - Fund 133	\$11,435,499

		GRAND TOTAL - ALL CIP FUNDS	\$21,311,204
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Project Priority: A=Essential; B=Important; C=Could Defer; CY=Current Year's project
* Adjusted FY 2017/18 budget includes proposed mid-year budget adjustments

Capital Improvement Program Overview

Item No.	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Year TOTAL
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1	\$3,539,250	-	-	-	-	\$3,539,250
2	2,294,898	905,117	-	-	-	3,200,015
3	400,000	-	-	-	-	400,000
4	1,500,000	540,000	540,000	-	-	2,580,000
5	-	1,000,000	-	-	-	1,000,000
6	-	601,394	-	-	-	601,394
7	-	-	-	-	-	-
8	-	-	-	-	-	-
	\$7,734,148	\$3,046,511	\$540,000	-	-	\$11,320,659

1	\$1,265,862	-	-	-	-	\$1,265,862
2	5,009,574	5,890,976	4,007,700	3,609,653	5,299,737	23,817,640
3	1,016,577	1,774,683	797,261	821,178	-	4,409,699
4	853,938	140,212	108,312	283,984	-	1,386,446
	\$8,145,951	\$7,805,871	\$4,913,273	\$4,714,815	\$5,299,737	\$30,879,647

	\$34,121,799	\$33,106,082	\$19,648,973	\$15,054,915	\$6,602,637	\$108,534,406
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FY 2018/19 - FY 2022/23 Capital Improvement Plan Budget

City of Aliso Viejo

Station 57, 57 Journey, 92656

City of Buena Park

Station 61, 7440 La Palma Ave. 90620 (Summer 2018)

Station 62, 7780 Artesia Blvd. 90621

Station 63, 9120 Holder St. 90620

City of Cypress

Station 17, 4991 Cerritos Ave. 90630

City of Dana Point

Station 29, 26111 Victoria Blvd. 92624

Station 30, 23831 Stonehill Dr. 92629

City of Irvine

Station 4, 2 California Ave. 92612

Station 6, 3180 Barranca Pkwy. 92606

Station 20, 6933 Trabuco Rd. 92618

Station 26, 4691 Walnut Ave. 92604

Station 27, 12400 Portola Springs. 92618

Station 28, 17862 Gillette Ave. 92614

Station 36, 301 E. Yale Loop 92604

Station 38, 26 Parker 92618

Station 47, 47 Fossil 92603

Station 51, 18 Cushing 92618

Station 55, 4955 Portola Pkwy. 92620

Cities of Laguna Hills and Laguna Woods

Station 22, 24001 Paseo de Valencia 92637

City of Laguna Niguel

Station 5, 23600 Pacific Island Dr. 92677

Station 39, 24241 Avila Rd. 92677

Station 49, 31461 St. of the Golden Lantern 92677

City of Lake Forest

Station 19, 23022 El Toro Rd. 92630

Station 42, 19150 Ridgeline Rd., 92679

Station 54, 19811 Pauling Ave., 92610

City of La Palma

Station 13, 7822 Walker St. 90623

City of Los Alamitos

Station 2, 3642 Green Ave. 90720

City of Mission Viejo

Station 9, #9 Shops Blvd. 92691

Station 24, 25862 Marguerite Pkwy. 92692

Station 31, 22426 Olympiad Rd. 92692

City of Placentia

Station 34, 1530 N. Valencia 92870

Station 35, 110 S. Bradford 92870

City of Rancho Santa Margarita

Station 45, 30131 Aventura 92688

City of San Clemente

Station 50, 670 Camino de los Mares 92673

Station 59, 48 Avenida La Pata, 92673

Station 60, 121 Avenida Victoria 92672

City of San Juan Capistrano

Station 7, 31865 Del Obispo 92675

Capital Improvement Program Overview

City of Santa Ana

Station 70, 2301 N. Old Grand St. 92705
Station 71, 1029 W. 17th St. 92706
Station 72, 1688 E. 4th St. 92701
Station 73, 419 S. Franklin St. 92703
Station 74 (Admin), 1439 S. Broadway St. 92707
Station 74, 1427 South Broadway St. 92707
Station 75, 120 W. Walnut St. 92701
Station 76, 950 W. MacArthur Ave. 92707
Station 77, 2317 S. Greenville St. 92704
Station 78, 501 N. Newhope St. 92703
Station 79, 1320 E. Warner Ave. 92705

City of Seal Beach

Station 44, 718 Central Ave. 90740
Station 48, 3131 N. Gate Rd. 90740

City of Stanton

Station 46, 7871 Pacific St. 90680

County of Orange, Unincorporated

Station 8, 10631 Skyline Dr., Santa Ana 92705
Station 11, 259 Emerald Bay, Laguna Beach 92651
Station 14, 29402 Silverado Canyon, P.O. Box 12, Silverado 92676
Station 15, 27172 Silverado Canyon Rd., Silverado 92676
Station 16, 28891 Modjeska Canyon Rd., Silverado 92676

Station 18, 30942 Trabuco Canyon Rd, P.O. Box 618,
Trabuco Canyon 92679

Specialty Stations

Station 41, 3900 West Artesia Ave, Fullerton 92633

Helicopter Operations

City of Tustin

Station 37, 15011 Kensington Park Dr. 92780
Station 43, 11490 Pioneer Way 92782

City of Villa Park

Station 23, 5020 Santiago Canyon Rd. 92869

City of Westminster

Station 64, 7351 Westminster Blvd. 92683
Station 65, 6061 Hefley St. 92683
Station 66, 15061 Moran St. 92683

City of Yorba Linda

Station 10, 18422 E. Lemon Dr. 92886
Station 32, 20990 Yorba Linda Blvd. 92887
Station 53, 25415 La Palma Ave. 92887

Station 21, 1241 Irvine Blvd., Tustin 92780
Station 25, 8171 Bolsa Ave., Midway City 92655
Station 33, 374 Paularino, Costa Mesa 92626
Station 40, 25082 Vista del Verde, Coto de Caza 92679
Station 56, 56 Sendero Way, Rancho Mission
Viejo, 92694

Station 58, 58 Station Way, Ladera Ranch 92694

30942 Trabuco Canyon Rd., P.O. Box 618,
Trabuco Canyon, 92678

Crews & Equipment - Camp 18



Fund 12110

General Fund - CIP



This fund is a sub-fund of the General Fund used to account for financial activity associated with maintenance and improvement projects that while considered “capital in nature”, do not meet the criteria to be included in a Capital Project Fund. This fund’s primary sources of revenue are operating transfers from the General Fund.



800 MHZ RADIOS

Project Priority: A

Org Number: P332

Project Type: Equipment Replacement

Project Management: IT – Communications & Workplace Support

Project Description: Mobile Radio replacement is required approximately every nine to eleven years due to wear and exposure factors. The entire inventory of Mobile and Portable 800MHz radios will be replaced in 2018 as part of the Next Generation 800MHz Countywide Coordinated Communication System (CCCS) P25 radio upgrade. This purchase is for new radios to be installed in new apparatus. Therefore, radios purchased coincide with the vehicle replacement plan. Current pricing per mobile radio averages \$4,500 and adding dual head radios for command vehicles increases costs to approximately \$5,075. All radios purchased are P25 ready and are 100% compatible with the 800MHz CCCS that currently is underway and projected to go online in 2019.



Project Status: Ongoing

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Special department expense	\$85,500	\$31,500	\$27,000	\$40,000	\$40,000	\$224,000
Total	\$85,500	\$31,500	\$27,000	\$40,000	\$40,000	\$224,000

Impact on Operating Budget: Ongoing replacement of radios will help control maintenance costs in the operating budget.

900 MHZ PAGERS / SMALL EQUIPMENT / PERSONAL COMMUNICATIONS

Project Priority: A

Org Number: P330

Project Type: Equipment Replacement

Project Management: IT – Communications & Workplace Support

Project Description: The OCFA utilizes about 1,375 pagers, vehicle intercom headsets, portable radio lapel microphones, and several other related small equipment items. Replacement is required approximately every three to five years because of wear and exposure factors. The components in pagers break down over time and lose critical sensitivity capability needed for optimal performance. The OCFA reserve firefighter personnel use pagers as their primary alerting system for emergency incidents. Their responsibilities require that the pager be reliable 24 hours a day. The budget allows for the annual purchase of replacement equipment at a cost of about \$130 each.



Project Status: Ongoing

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
Project Cost						
Office expense	\$41,600	\$41,600	\$41,600	\$41,600	\$41,600	\$208,000
Total	\$41,600	\$41,600	\$41,600	\$41,600	\$41,600	\$208,000

Impact on Operating Budget: The timely replacement of 900 MHz pagers, intercom headsets, lapel microphones, and other small equipment may result in fewer maintenance expenditures in the operating budget.

DATA STORAGE, BACKUP, AND RECOVERY

Project Priority: A

Org Number: P339

Project Type: Equipment Replacement

Project Management: IT – Communications & IT Infrastructure

Project Description: This item is an annual, ongoing project to upgrade and/or replace outdated computer servers and expand the existing storage area network (SAN) to accommodate the ongoing move towards virtualized server-based centralized storage, and backup of critical department information. The OCFA currently has 170+ servers that support all of the business systems including: Exchange (E-mail), Orange County Fire Incident Reporting System (OCFIRS), Integrated Fire Prevention (IFP), Computer Aided Dispatch (CAD), Automatic Vehicle Location (AVL), Intranet, GIS, SharePoint, etc. Additional funds are included in FY2019/20 to upgrade the OCFA’s SharePoint environment. The useful life of servers, SAN’s, and other related hardware can range from three to five years.



Project Status: Ongoing

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Equipment expense	\$96,000	\$396,000	\$96,000	\$96,000	\$96,000	\$780,000
Total	\$96,000	\$396,000	\$96,000	\$96,000	\$96,000	\$780,000

Impact on Operating Budget: The replacement of servers may help control maintenance costs in the operating budget and improve application performance.

FIRE STATION PAGING / PUBLIC ADDRESS SYSTEM

Project Priority: A

Org Number: PXXX

Project Type: New Equipment

Project Management: IT – Communications & IT Infrastructure

Project Description: This project will add public address / paging functionality to OCFA fire stations utilizing the fire station alerting system technology and the station phone systems.



The project will require purchasing, installing and integrating the Westnet, Inc. Station Paging Module in each Fire Station that will allow the OCFA Emergency Command Center (ECC) staff to communicate directly with individual, or all OCFA fire stations at once for important announcements.

Since the OCFA currently uses Westnet, Inc. station alerting technology in its fire stations, adding this system would be a minimally intrusive upgrade that integrates with the existing fire station technology and could be completed fairly quickly in about two months.

Project Status: The fire station public address / paging equipment will be purchased and installed in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Equipment	\$300,000	-	-	-	-	\$300,000
Total	\$300,000	-	-	-	-	\$300,000

Impact on Operating Budget: After expiration of the 12-month warranty, ongoing maintenance and support estimated at \$4,000 would be added to the existing Westnet, Inc. annual support contract.

FIRE STATION TELEPHONE/ALARM/SOUND SYSTEM UPGRADES

Project Priority: A

Org Number: P334

Project Type: Equipment Replacement

Project Management: IT – Communications & IT Infrastructure

Project Description: Acquisition and installation of new fire station alarm/sound systems and telephone systems are necessary as the equipment becomes old, outdated, and parts are no longer available. The expected life of the fire station alarm/sound and phone systems is about fifteen years.



Fire Station Alerting/Sound Systems

In 2013, Westnet Inc. was chosen thru the RFP process to upgrade and install new fire station alerting technology in all OCFA fire stations (71 at the time) that would integrate the new TriTech CAD system with the existing incompatible fire station alerting systems. This project was completed in September 2014 in time for the go-live of the new TriTech CAD system. During the project implementation, a thorough evaluation of the existing alerting systems was completed at each fire station. All of the fire stations use outdated electro-mechanical relays and amplifiers that need to be upgraded to current digital technology. The cost per station to completely upgrade the fire station alerting/sound systems ranges from \$60,000 to \$150,000 depending on the size of the station, number of crew, apparatus deployed, and condition of existing wiring and infrastructure. All OCFA fire stations will be upgraded with Westnet fire station alerting systems over the next 15 years at a rate of three to five stations per year. New fire stations will have Westnet Inc. fire station alerting systems installed during building construction.



Fire Station Phone Systems

All OCFA fire station phone systems will be upgraded to a Voice over Internet Protocol (VoIP) system at a cost of approximately \$15,000 per station and at the rate of five to ten stations per year until all stations are completed.



Project Status: Ongoing

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Equipment	\$328,000	\$328,000	\$400,000	\$500,000	\$500,000	\$2,056,000
Total	\$328,000	\$328,000	\$400,000	\$500,000	\$500,000	\$2,056,000

Impact on Operating Budget: The replacement of old equipment may help control maintenance costs included in the operating budget.

MOBILE DATA COMPUTER (MDC) SYSTEM

Project Priority: A

Org Number: P303

Project Type: Equipment Replacement

Project Management: IT – Communications & Workplace Support

Project Description: The MDCs are used for delivery of emergency messages and information from the Computer Aided Dispatch (CAD) system for initial dispatch of fire and paramedic services to Operations personnel in OCFA emergency apparatus. The current modular MDCs (separate CPU, keyboard, and monitor) were installed six years ago at a purchase price of approximately \$6,000 each plus installation costs. Production of these MDCs has ended and Staff evaluated different types of replacement MDCs including ruggedized laptops and computer tablets. The computer environment in emergency apparatus is rapidly transitioning from single-purpose Windows computers, like the current MDCs to multipurpose, mobile capable, ruggedized computer tablets that can run numerous computer applications (apps).



Staff has selected new ruggedized computer tablets running the Windows Operating System (WinOS) which are being deployed in new emergency apparatus and to replace failing MDC’s in existing apparatus. The current mobile CAD app works only on WinOS, but staff is researching options to develop a new mobile CAD application that will work on any type of Android, Apple, or Windows data tablet so that as the consumer market for computer tablets changes, the OCFA won’t be locked into one brand/type of ruggedized tablet or computer. The new mobile CAD applications is at least two years from deployment.

The cost of ruggedized Windows computer tablets with associated mounting accessories is approximately \$5,500 per unit. Over the next several years, all modular MDCs will be replaced with ruggedized computer tablets that are compatible with the current as well as the next generation mobile CAD application.



Project Status: Ongoing

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Special department expense	\$460,000	\$460,000	\$55,800	\$48,000	\$55,800	\$1,079,600
Total	\$460,000	\$460,000	\$55,800	\$48,000	\$55,800	\$1,079,600

Impact on Operating Budget: Replacing the existing MDCs with ruggedized computer tablets will result in lower capital expense to purchase new MDCs as well as lower ongoing maintenance costs.

NETWORK, SERVERS, SECURITY

Project Priority: A

Org Number: P337

Project Type: Equipment Replacement/New Technology

Project Management: IT – Communications and IT Infrastructure

Project Description: This project replaces core network components installed as far back as 2004 which now are at “end of life” for support and maintenance. This is a multi-year project and replaces components with technology that increases bandwidth and network capacity necessary due to the expansion of applications including GIS, records management systems, centralized storage of departmental data, data collaboration across applications, and online training utilizing streaming media. We will replace core components in the Data Center and individual IDF’s (Intermediate Distribution Facility – more commonly known as data/phone connection closets).



Staff is continuing to implement virtualization to support server consolidation which supports the long range goal of virtual environment utilization as a component for Disaster Recovery. Project costs also include associated contracted professional services.

Project Status: Ongoing

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Equipment expense	\$410,000	\$160,000	\$160,000	\$160,000	\$160,000	\$1,050,000
Total	\$410,000	\$160,000	\$160,000	\$160,000	\$160,000	\$1,050,000

Impact on Operating Budget: Replacement of the hardware may help control maintenance costs included in the operating budget.

PERSONAL COMPUTER (PC)/LAPTOP/PRINTER REPLACEMENTS

Project Priority: A

Org Number: P331

Project Type: Equipment Replacement

Project Management: IT – Communications & Workplace Support

Project Description: The PC replacement budget is based on \$1,500 per unit, which includes adequate funding to replace associated printers and peripherals at the same time, as well as purchasing ruggedized iPad tablets. It also includes replacement of department-authorized, mission-critical computers and tablets on an as-needed basis. The replacement cycle is every three to four years for iPad tablets and up to six years for desktop PCs.



Additional funding has been added in FY 2020/21 to replace all of the OCMEDS electronic Prehospital Care Reporting (ePCR) ruggedized iPad tablets that were deployed in 2016 and 2017.



Project Status: Ongoing

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Office expense	\$202,500	\$202,500	\$652,500	\$202,500	\$202,500	\$1,462,500
Total	\$202,500	\$202,500	\$652,500	\$202,500	\$202,500	\$1,462,500

Impact on Operating Budget: Deferral of PC and tablet replacements beyond four years will increase repair and maintenance costs.

RFOTC ADMINISTRATIVE PHONE SYSTEM

Project Priority: A

Org Number: P401

Project Type: Equipment Replacement

Project Management: IT – Communications and IT Infrastructure

Project Description: The OCFA’s Administrative telephone system was placed in service in 2004. The system continues to function but parts are becoming difficult to obtain and it is reaching the end of its service life and must be replaced. It was upgraded in FY 2015/16 to extend the life of the system a few more years.

The new OCFA Administrative telephone system will utilize standard Voice over Internet Protocol (VoIP) technology which is next generation technology from the current OCFA phone system. One of the benefits of VoIP is a much smaller ‘footprint’ in the OCFA



datacenter for the system. VoIP technology provides much more flexibility with the types of handsets that can be used, and because it uses Internet Protocol and common computer data cable connections, the phones can be plugged in wherever there is a data connection at the RFOTC facilities and be connected. Staff is also in the process of another multi-year project to upgrade all OCFA Fire Stations to VoIP phone systems.

Maintenance and administration is simpler with a VoIP system vs. the current legacy system.

Project Status: Project completion scheduled for FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Equipment	\$290,000	-	-	-	-	\$290,000
Total	\$290,000	-	-	-	-	\$290,000

Impact on Operating Budget: Ongoing annual maintenance costs are included in the General Fund.

VHF RADIOS

Project Priority: A

Org Number: P333

Project Type: Equipment Replacement

Project Management: IT – Communications & Workplace Support

Project Description: This project is for the purchase and replacement of VHF mobile and portable radios. These radios are used for state and mutual aid communications with agencies that are not part of the County 800 MHz radio system and are installed in all OCFA emergency apparatus. Use of VHF radios ensures communication and enhances the safety of firefighters on automatic and mutual aid responses with the California Department of Forestry, Fire Protection (CAL FIRE), and the United States Forest Service (USFS) in state and federal responsibility areas, as well as contracts with agencies outside Orange County. These radios have a useful life of nine years. Budgeted replacement costs are based on the useful life of the existing radio inventory, and are tied to the new vehicle replacement schedule. Average price per mobile radios is \$1,500.



Project Status: Ongoing

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Special department expense	\$22,100	\$9,100	\$7,800	\$12,000	\$15,000	\$66,000
Total	\$22,100	\$9,100	\$7,800	\$12,000	\$15,000	\$66,000

Impact on Operating Budget: The replacement of radios helps control maintenance costs included in the operating budget.

DIGITAL ORTHOPHOTOGRAPHY

Project Priority: B
Org Number: P341
Project Type: Equipment Replacement
Project Management: IT – GIS

Project Description: Digital Orthophotography provides an accurate record of all physical data that exists in the County and area of service at a given point in time. It is important to the OCFA as a management tool for the effective and efficient operation of a number of business needs and for spatial data capture and verification. Some of the OCFA business needs supported by digital orthophotography include:

- Special Area Maps and preplans to guide first responders into difficult areas such as apartment complexes and shopping centers.
- Provide dispatchers a visual record to facilitate response assignments.
- Establish a default map viewing context for the Automatic Vehicle Location System (AVL).
- Facilitate vehicle routing to target locations.
- Assist in reconstructing and investigating crimes.
- More effectively manage urban and wildland interfaces.
- Quality control addresses for run maps.
- Verify pre-existing or non-conforming conditions for inspections.
- Include aerial imagery of new developments.



Project Status: The next GIS digital orthophotography will be purchased in FY 2018/19 and proceed every other year due to the increased development occurring in the County.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Special department expense	\$80,000	-	\$80,000	-	\$80,000	\$240,000
Total	\$80,000	-	\$80,000	-	\$80,000	\$240,000

Impact on Operating Budget: No impact.

RFOTC UNINTERRUPTIBLE POWER SYSTEM (UPS) REPLACEMENT

Project Priority: B

Org Number: TBD

Project Type: Equipment Replacement/New Technology

Project Management: IT – Communications and IT Infrastructure

Project Description: This item is to replace and upgrade the RFOTC Data Center Uninterruptible Power System (UPS) installed in the RFOTC data center, and the smaller UPS equipment installed in each Fire Stations, and other locations including network closets at the RFOTC to protect critical equipment.

The current RFOTC Data Center Uninterruptible Power System (UPS) was installed during the construction of the RFOTC facilities. The system is critical for managing the incoming power from the City as well as from the Emergency Power Generator to ensure a smooth, constant power source for the critical Data Center computer systems that house the 9-1-1 Safety Systems, Business systems, Payroll, Email, Radios communications, and other very important systems that house OCFA data. In the case of a power outage, the UPS will power the entire Data Center until the Emergency Power Generator starts up and is online. In the case of a failure of the Emergency Power Generator, the current UPS can power the Data Center for less than an hour before its battery reserves are exhausted.



The current UPS has been well maintained, but it is time to replace and upgrade its capacity as the power loads for the UPS have changed in the past 15 years since the facilities were constructed, and improvements in battery technologies can also be realized in the new UPS. The budgetary amount is a preliminary estimate and may need revision as requirements are developed.

Project Status: This primary UPS is expected to be replaced in FY 2020/21, but additional funds are placed each year to upgrade fire station UPS equipment and other important locations (network closets at RFOTC).

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Equipment	\$100,000	\$100,000	\$400,000	\$100,000	\$100,000	\$800,000
Total	\$100,000	\$100,000	\$400,000	\$100,000	\$100,000	\$800,000

Impact on Operating Budget: Annual maintenance estimated at \$10,000, beginning FY 2019/20 with 5% annual increases thereafter.

CARDIAC MONITOR/AED

Project Priority: A

ORG Number: TBD

Project Type: Service Enhancement/Replacement

Project Management: Emergency Medical Services

Project Description: The OCFA’s Emergency Medical Service delivery enhancements is an on-going process. The EMS Section projects a need for the following number of cardiac monitors and AED’s over the next one to five years:

Cardiac Monitors: 3 (\$32,000 each with tax)

AED Pro: 10 (\$3,000 each with tax)

The monitor total is based on current need. Priority is placed on additional two monitors needed for the RAMP plan and the addition of a Battalion 10 which would require one loaner. Additional Monitors might be needed over the next five years due to expansion of the “return the medic” program and new fire stations.

The 10 AED’s are based on current need and are planned as follows; two to be placed on the Type III strike team designated medic units, six that are aging and need to be replaced, and two for the new Battalion 10 (one for the Suburban and one for the Battalion loaner). Additional AED’s might be required if it is decided to provide them for more OCFA vehicles.

Project Status: Project completion scheduled for FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost Equipment</i>	\$126,000	-	-	-	-	\$126,000
Total	\$126,000	-	-	-	-	\$126,000

Impact on Operating Budget: Potential cost with equipment failure after one year warranty expiration.

HIGH-PRESSURE AIRBAGS

Project Priority: A
ORG number: TBD
Project Type: Service Enhancement/Replacement
Project Management: Operations

Project Description: The Operations Department projects a need to replace the aging high-pressure airbags based on current need. Priority is placed on truck companies. A small amount of additional airbags are also needed over the next fiscal year for engines stationed in remote locations with a high probability of traffic collisions, such as Ortega Highway.

The airbags needed are made in different sizes. Each size has different overall dimensions. This allows flexibility in their use. Larger airbags are ideal for lifting vehicles and heavy equipment. Smaller airbags are needed for more detailed rescue operations. As such, each OCFA truck will be receiving a set of six airbags, differing in size.

Project Status: Project completion scheduled for FY 2018/19.



Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Equipment expense	\$170,000	-	-	-	-	\$170,000
Total	\$170,000	-	-	-	-	\$170,000

Impact on Operating Budget: Potential cost with equipment failure after one year warranty expiration.

THERMAL IMAGING CAMERAS

Project Priority: A
Org Number: TBD
Project Type: Service Enhancement/Replacement
Project Management: Operations

Project Description: The majority of OCFA’s current supply of thermal imaging cameras were purchased in 2007. There have been several technological improvements over that time period. The Operations Department projects a need to replace all of OCFA’s thermal imaging cameras:

Thermal Imaging Camera (\$8,400 each with tax)
 Battery (\$240 each with tax)
 Battery Charger (\$1,000 each with tax)

The purchase of the requested thermal imaging cameras is based on current need and has a planned roll-out date for the FY 2018/19 budget year. Purchase of each camera is accompanied by a battery charge as well as several back-up batteries. Priority for replacement will be as follows:



1. Oldest units
2. Units whose batteries no longer hold an adequate charge
3. Trucks
4. Engines
5. Units that are in a relief status
6. Units primarily used for training purposes

Project Status: Project completion scheduled for FY 2019/20.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Equipment	\$550,000	\$550,000	-	-	-	\$1,100,000
Total	\$550,000	\$550,000	-	-	-	\$1,100,000

Impact on Operating Budget: Potential cost with equipment failure after one year warranty expiration.

FIRE SHELTERS

Project Priority: A

Org Number: TBD

Project Type: Service Enhancement/Replacement

Project Management: Operations

Project Description: The majority of OCFA’s current supply of 1000 shelters were purchased between 2008 and 2012. The shelters have a shelf life of 10 years. The Operations Department projects a need to replace all OCFA’s fire shelters over four fiscal years:



Fire Shelter (\$300 each with tax)

The purchase of the requested Fire Shelters is based on current need and has a planned roll-out date in FY 2018/19, FY 2019/20, FY 2020/21, and FY 2021/22 budget years. Priority for replacement will be as follows:

1. Oldest units
2. Worn out units

Project Status: Project completion scheduled for FY 2021/22.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Equipment	\$100,000	\$100,000	\$100,000	\$140,000	-	\$440,000
Total	\$100,000	\$100,000	\$100,000	\$140,000	-	\$440,000

Impact on Operating Budget: Potential cost with equipment failure after one year warranty expiration.

GAS MONITORS

Project Priority: A

ORG Number: TBD

Project Type: Service Enhancement/Replacement

Project Management: Operations

Project Description: OCFA’s current supply of 25 Gas Monitors were purchased with grant funds from UASI to enhance the safety of responding fire personnel to potential chemical/biological hazard incidents. The Monitors were purchased in 2014 and will need to be replaced in FY 2019/20. The monitors have a shelf life of five years. The Operations Department projects a need to replace all OCFA’s gas monitors in a single fiscal year. The unit cost of the Multi-RAE 6 gas monitor is estimated at \$900 each with tax.



The purchase of the requested monitors is based on a future need and has a planned roll-out date in the FY 2019/20 budget year. Replacement of the entire stock will be necessary.

Project Status: Project completion scheduled for FY 2019/20.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost Equipment</i>	-	\$25,000	-	-	-	\$25,000
Total	-	\$25,000	-	-	-	\$25,000

Impact on Operating Budget: Potential cost with equipment failure after 180-day warranty expiration.

SELF-CONTAINED BREATHING APPARATUS (SCBA)

Project Priority: A

ORG Number: TBD

Project Type: Service Enhancement/Replacement

Project Management: Operations

Project Description: The OCFA’s Operations Department currently uses 833 Self Contained Breathing Apparatus. The Operations Department projects a need for service enhancement and replacement at the 10-year use of life in FY 2020/21 and FY 2021/22. The expected life of the SCBA will peak in 2020 and 2021. Service enhancements of the SCBA have already occurred and will likely increase before our next replacement giving us the ability to incorporate increased temperature tolerance on the facepiece mask, clearer use of the heads-up display, increased visibility of the remote air use gauge, and a more ergonomic harness for wearer. The need for replacement could occur over two fiscal years: \$2.5M in FY 2020/21 and \$2.0M in FY 2021/22.



The SCBA total is based on current need. Additional SCBA might be needed over the next 3-5 years due to expansion of the Fire Authority and new fire stations.

Project Status: Project completion scheduled for FY 2021/22.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Equipment	-	-	\$2,500,000	\$2,000,000	-	\$4,500,000
Total	-	-	\$2,500,000	\$2,000,000	-	\$4,500,000

Impact on Operating Budget: None.

PORTABLE FIRE PUMPS

Project Priority: A
ORG Number: TBD
Project Type: Service Enhancement/Replacement
Project Management: Operations

Project Description: OCFA purchased our current supply of 20 Waterax Mini-Striker pumps in 2012. The fire pumps have an estimated service life of 10 years. The Operations Department projects a need to replace all OCFA’s portable fire pumps in FY 2022/23.

The Waterax Mini-Striker pump pairs a reliable single stage pump end with the Honda 4-stroke 2.5 HP engine to achieve pressures of up to 85 PSI (5.9 BAR) and offer volume supply of up to 80 GPM (303 L/Min). Extremely portable and lightweight, this mini powerhouse performs well when used by itself or in tandem with other pumps. It is also particularly suited to some of the latest fire control techniques where small, lightweight equipment is a requirement.



Cost of each portable pump is about \$600 plus tax.

The purchase of the requested portable fire pumps is based on current need and has a planned roll-out date in the FY 2022/23 budget year. Priority for replacement will be as follows:

1. Worn out units
2. Oldest units

Project Status: Project completion scheduled for FY 2022/23.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Equipment	-	-	-	-	\$12,000	\$12,000
Total	-	-	-	-	\$12,000	\$12,000

Impact on Operating Budget: Potential cost with equipment failure after 90-day warranty expiration.

STATION BATHROOM GENDER COMPLIANCE**Project Priority:** A**Project Org:** TBD**Project Type:** Facilities/Site Repair**Project Management:** Property Management

Project Description: This project would upgrade approximately 10 fire stations over the next three years to accommodate gender requirements at bathrooms. The impacted fire stations are: 13, 14, 16, 32, 35, 44, 70, 72, 73 and 78.

Project Status: Project is anticipated to commence in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Maintenance – buildings & improvements	\$500,000	\$500,000	\$500,000	-	-	\$1,500,000
Total	\$500,000	\$500,000	\$500,000	-	-	\$1,500,000

Impact on Operating Budget: No further operating budget impacts are anticipated for these modifications after the completion of this project.

FIRE STATION 26 KITCHEN, FLOORING AND BATHROOM REMODEL

Project Priority: A

Project ORG: TBD

Project Type: Station Improvement

Project Management: Property Management

Project Description: This project will remodel the kitchen including new cabinets, countertops, appliances, lighting and flooring area in the station. Also included in the scope is remodeling of the crew bathrooms.

Project Status: Project is anticipated to commence in FY 2018/19.

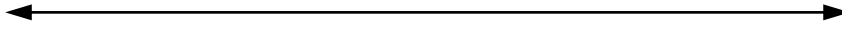
Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Maintenance – building and improvements	\$260,000	-	-	-	-	\$260,000
Total	\$260,000	-	-	-	-	\$260,000

Impact on Operating Budget: No anticipated impact.



Fund 123

Fire Stations and Facilities



This fund is a capital projects fund to be used for the significant acquisition, improvement, replacement, or construction of fire stations and facilities. Significant funding sources include operating transfer from the General Fund, and contributions or reimbursements from developers responsible for a share of new fire station development costs.



REPLACEMENT OF FIRE STATION 9 (MISSION VIEJO)

Project Priority: A

Org Number: P536

Project Type: Replacement Fire Station Construction

Project Management: Property Management

Project Description: This project contemplates planning, design, demolition and replacement of Fire Station 9, constructed in 1974. The station occupies about 0.6 of an acre. The project includes replacement construction of approximately a 10,000 square foot two-story station on the current site. The project includes all demolition, placement of a temporary fire station, planning, design, and new station construction. The station will house two companies.

Project Status: There are discussions of possible alternate locations to accommodate. Project delivery is anticipated to be Design-Build.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Planning, demolition, temporary fire station and construction	\$6,000,000	-	-	-	-	\$6,000,000
Total	\$6,000,000	-	-	-	-	\$6,000,000

Impact on Operating Budget: Replacement Fire Station 9 (Mission Viejo) will alleviate current significant overcrowding and improve the operational readiness of the station.

REPLACEMENT OF FIRE STATION 10 (YORBA LINDA)**Project Priority:** A**Org Number:** P503**Project Type:** Replacement Fire Station Construction**Project Management:** Property Management

Project Description: This project contemplates planning, design, demolition and replacement of Fire Station 10, constructed in 1972 along with the adjacent Old Fire Station 10, constructed in 1938. Both facilities currently occupy a combined site comprising 0.74 of one acre. Studies are underway to find alternate locations for the construction of a new 12,000-15,000 square foot, two company, three apparatus bay fire station with added standard modules to support a Division Chief and a station training room.

Project Status: Project delivery is anticipated to be Design-Build.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Planning, Possible Land Acquisition, Design	\$3,750,000	\$3,750,000	-	-	-	\$7,500,000
Total	\$3,750,000	\$3,750,000	-	-	-	\$7,500,000

Impact on Operating Budget: Replacement Fire Station 10 (Yorba Linda) will improve Division 4 Operational Control and Service Delivery.

RFOTC TRAINING GROUNDS EXPANSION AND UPGRADE

Project Priority: A

Project Org: TBD

Project Type: Facilities/Site Repair

Project Management: Property Management

Project Description: Although the department has grown in size by 25%, the current RFOTC drill ground has not been upgraded or expanded. Our current tower was out of service greater than 50% of the time in FY 2016/17, and our service vendor struggled to find timely solutions. The live-burn training system, designed in 1992, is obsolete and no longer has repair parts available. Exacerbating the down-time issues is the system was designed so that when one burn prop (out of seven in the tower) goes down, the whole system is inoperable.

OCFA has increased the size of our recruit academies from an average of 30 recruits in 2010 to 50 recruits today. Large academies results in more instructors (5:1 ratio) and results in greater need for office space, classroom space, and bathrooms.

To redress these shortcomings this project will be handled in stages.

- In FY 2018/19 we will upgrade the concrete deck and water recirculating system to provide large volume water training capabilities; this portion of the project is estimated at \$1,000,000. Additionally, we plan to add large metal buildings in the existing drill grounds to house existing training engines and provide additional storage. Utilities, concrete, and buildings are estimated to be \$1,825,000.
- In FY 2019/20, we plan to replace the burn props, safety sensor system, and computer operating system in our current tower at an estimated cost of \$1,100,000.
- In FY 2020/21, we plan to build a new burn tower (\$1,000,000) along with construction of portable classrooms (\$1,100,000). Grading and utilities are estimated to be an additional \$575,000.

Project Status: Project is subject to negotiations with the City of Irvine to obtain additional land, and anticipated to commence in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Maintenance – buildings & improvements	\$2,825,000	\$1,100,000	\$2,675,000	-	-	\$6,600,000
Total	\$2,825,000	\$1,100,000	\$2,675,000	-	-	\$6,600,000

Impact on Operating Budget: Annual maintenance contracts for burn props at approximately \$40,000 per year.

FIRE STATION 49 APPARATUS BAY FLOOR RECONSTRUCTION**Project Priority:** A**Project Org:** TBD**Project Type:** Facilities/Site Repair**Project Management:** Property Management

Project Description: The apparatus bay floor is cracking, spalling and deteriorating due to possible settling of the ground. Analysis of the structure and subgrade needs to be performed along with development of a repair plan.

Project Status: Project anticipated to commence in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Maintenance – buildings & improvements	\$500,000	\$1,000,000	-	-	-	\$1,500,000
Total	\$500,000	\$1,000,000	-	-	-	\$1,500,000

Impact on Operating Budget: No further funding or operating budget impacts are anticipated for these modifications after the completion of this project.

INFRASTRUCTURE SECURITY ENHANCEMENTS

Project Priority: A

Project Org: P247

Project Type: Facilities/Site Repair

Project Management: Property Management

Project Description: This project is part of a larger security upgrade effort at the RFOTC. This particular project will provide additional separation and security in the board room by building walls, access doors and card reading systems to separate board members from the general public areas.

Project Status: This project began in FY 2017/18 and will continue through FY 2019/20.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Maintenance – buildings & improvements	\$500,000	\$500,000	-	-	-	\$1,000,000
Total	\$500,000	\$500,000	-	-	-	\$1,000,000

Impact on Operating Budget: Security enhancements will add to existing features and systems which assist in safeguarding OCFA staff and critical infrastructure. No further funding or operating budget impacts are anticipated for these modifications after the completion of this project.

US&R WAREHOUSE/TRAINING CENTER IMPROVEMENTS

Project Priority: A

Project Org: P246

Project Type: Facilities/Site Repair

Project Management: Property Management

Project Description: The OCFA manages and operates the FEMA Urban Search and Rescue Task Force 5 (US&R). Task Force 5 is comprised of large over-the-road semi-tractor trailers, other vehicular rolling stock and a large cache of urban search and rescue equipment, materials and supplies. In order to fully comply with FEMA standards for storage and management, vehicles and materials must be secured indoors, under cover, in an environmentally controlled warehouse. For these reasons, a warehouse storage facility capable of storing all US&R vehicles and materials was identified and purchased in FY 2014/15. This facility provides a single, consolidated location that helps facilitate the maintenance, exercise and readiness of disaster equipment. In FY 2015/16, funding was required for improvements and repairs necessary to align the building with current code requirement which include expansion/installation of roll up vehicle doors, a new exhaust extraction system and phone/IT upgrades.

Funding for FY 2018/19 is anticipated for Phase II tenant improvements, classroom and office space, that will allow the OCFA to fully utilize the building for the intended purpose.

Project Status: A warehouse storage facility was identified and purchased in FY 2014/15. Improvements/repairs commenced in FY 2015/16. Phase I improvements including larger openings in the building, ventilation and flooring improvements were completed in 2017. Phase II improvements are scheduled to be completed in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Maintenance – buildings & improvements	\$275,000	-	-	-	-	\$275,000
Total	\$275,000	-	-	-	-	\$275,000

Impact on Operating Budget: Ongoing annual operational costs of \$23,000 are included in the current operating budget.

RETROFIT EXISTING STATION FIRE LIFE SAFETY SYSTEMS

Project Priority: A

Project Org: TBD

Project Type: Facilities/Site Repair

Project Management: Property Management

Project Description: This project would upgrade approximately six existing stations without hard wired fire detection systems. In an effort to have more robust detection and notification fire life safety systems this will include installation of smoke detectors that connect to our existing alerting system being monitored by our Emergency Communications Center.

Project Status: Project is anticipated to commence in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Maintenance – buildings & improvements	\$270,000	-	-	-	-	\$270,000
Total	\$270,000	-	-	-	-	\$270,000

Impact on Operating Budget: Ongoing annual operational costs of about \$25,000 is projected effective FY 2019/20.

REPLACEMENT OF FIRE STATION 18 (TRABUCO CANYON)**Project Priority:** A**Org Number:** TBD**Project Type:** Replacement Fire Station Construction**Project Management:** Property Management

Project Description: This project contemplates planning, design, demolition and replacement of Fire Station 18, constructed in 1974. The station occupies about 0.6 of an acre. The project includes replacement construction of approximately a 10,000 square foot two-story station on the current site. The project includes all demolition, placement of a temporary fire station, planning, design, and new station construction. The station will house two companies.

Project Status: Project delivery is anticipated to be Design-Build.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Planning, demolition, temporary fire station and construction	-	\$6,500,000	-	-	-	\$6,500,000
Total	-	\$6,500,000	-	-	-	\$6,500,000

Impact on Operating Budget: Replacement Fire Station 18 (Trabuco Canyon) will replace an existing station currently included in the operating budget.

CONSTRUCTION OF NEW FIRE STATION 52 (IRVINE BUSINESS DISTRICT)

Project Priority: A

Org Number: TBD

Project Type: New Fire Station Construction

Project Management: Property Management

Project Description: This project contemplates planning, design, and construction of a new Fire Station 52. The project includes construction of a new station, size and equipment compliment to be determined by operations. There may be additional costs associated with land purchase.

Project Status: Project delivery is anticipated to be Design-Build.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Planning and construction of a new fire station	-	\$6,500,000	-	-	-	\$6,500,000
Total	-	\$6,500,000	-	-	-	\$6,500,000

Impact on Operating Budget: Construction of this the Fire Station 52 (Irvine Business District) will require additional personnel and operating budget to ensure facility is maintained.

CONSTRUCTION OF NEW FIRE STATION 12 (LAGUNA WOODS)**Project Priority:** A**Org Number:** TBD**Project Type:** New Fire Station Construction**Project Management:** Property Management

Project Description: This project contemplates planning, design, and construction of a new Fire Station 12. The project includes construction of a new station, size and equipment compliment to be determined by operations. There may be additional costs associated with land purchase.

Project Status: Project delivery is anticipated to be Design-Build.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Planning and construction of a new fire station	-	-	\$6,500,000	-	-	\$6,500,000
Total	-	-	\$6,500,000	-	-	\$6,500,000

Impact on Operating Budget: Construction of this the Fire Station 12 (Laguna Woods) will require additional personnel and operating budget to ensure facility is maintained.

REPLACEMENT OF FIRE STATION 25 (MIDWAY CITY)

Project Priority: A

Org Number: TBD

Project Type: Replacement Fire Station Construction

Project Management: Property Management

Project Description: This project contemplates planning, design, demolition and replacement of Fire Station 25, constructed in 1935. The station occupies about 0.33 of an acre. The project includes replacement construction of the existing building on the existing site. The project includes all demolition, placement of a temporary fire station, planning, design, and new station construction. The station will house one, four (4) person medic engine.

Project Status: Project delivery is anticipated to be Design-Build.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Planning, demolition, temporary fire station and construction	-	-	-	\$6,500,000	-	\$6,500,000
Total	-	-	-	\$6,500,000	-	\$6,500,000

Impact on Operating Budget: Replacement Fire Station 25 (Midway City) will replace an existing station currently included in the operating budget.

RFOTC 2ND EMERGENCY POWER GENERATOR

Project Priority: B

Project Org: TBD

Project Type: Facilities/Site Repair

Project Management: Property Management

Project Description: This project is to add a 2nd backup Emergency Power Generator to supply the RFOTC facilities critical emergency power in the case of a long term power outage. The RFOTC facilities currently have one Emergency Power Generator that supplies emergency power in the case of a power outage to the RFOTC ‘B’ building including the 9-1-1 Dispatch Emergency Command Center (ECC), the Data Center, and other designated power outlets throughout the RFOTC facilities. The current Emergency Power Generator was installed during the construction of the RFOTC in 2004. Space for a 2nd backup Emergency Power Generator is available next to the current Emergency Power Generator.



If there is a mechanical or other issue with the current Emergency Power Generator during a power outage, the Data Center and 9-1-1 ECC would be inoperable until a portable Emergency Power Generator can be brought in from a supplier, a process that could take several hours at minimum.

This project will provide critical redundancy to the current Emergency Power Generator in the case of a prolonged power outage ensuring ongoing emergency operations capability for the 9-1-1 ECC Dispatch center and the OCFA Data Center, as well as supplying emergency power to additional offices and classrooms at the RFOTC.

Project Status: This project estimated to begin in FY 2021/22.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Maintenance – buildings & improvements	-	-	-	\$500,000	-	\$500,000
Total	-	-	-	\$500,000	-	\$500,000

Impact on Operating Budget: The budgetary amount is a preliminary estimate and may need revision as requirements are further developed.

Fund 124

Communications & Information Systems



This fund is a capital projects fund used for the significant acquisition, improvement, or replacement of specialized communications and information systems and/or equipment. Its primary funding sources are the operating transfers from the General Fund and the use of reserves.



800 MHZ COUNTYWIDE-COORDINATED COMMUNICATIONS (CCCS) SYSTEM UPGRADE

Project Priority: A

Org Number: P346

Project Type: Equipment Replacement

Project Management: IT – Communications & IT Infrastructure/ECC

Project Description: The current 800 MHz Countywide-Coordinated Communications System (CCCS) was implemented from 1999 to 2001 with an expected 15-year operational life expectancy. The system is administered by the Orange County Sheriffs’ Department/Communications staff.



OCSD/ Communications staff were directed in 2009 to develop the next generation system proposal, and developed a four-phase upgrade plan for the CCCS. The upgrade includes implementation of a P25 system architecture, which is the FEMA and Department of Homeland Security recommended technology for public safety communications interoperability.



Phase – 1 \$2,797,153 – funded by the Public Safety Interoperable Communications (PSIC) grant, was completed by OCSD/Communications staff in 2011.

Phases – 2, 3, 4 includes replacing core equipment, control equipment, base station, mobile, and portable radios, and dispatch consoles, with P25 capable, encrypted 800MHz radios. Individual agencies are responsible for purchasing radios and dispatch consoles.

OCFA budgeted \$7,540,000 in Fund 124 in FY 2016/17 to purchase and install 1,555 encrypted, P25 capable 800MHz portable, mobile, and base station 800MHz radios. These radios were purchased and programmed, and deployment is in progress.

OCFA Fund 124 estimated costs of \$3,539,250 to upgrade the ECC’s 18 dispatch consoles will be expended in FY 2018/19.

Project Status: Phase 1 is complete; Phases 2 to 4 in implementation stage now.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Equipment expense	\$3,539,250	-	-	-	-	\$3,539,250
Total	\$3,539,250	-	-	-	-	\$3,539,250

Impact on Operating Budget: Annual subscriber costs for new CCCS have not yet been determined. OCSD/Communications currently determines annual subscriber fees based on total number of active radios times an annual subscription fee per radio.

COMMUNITY RISK REDUCTION AUTOMATION – IFP REPLACEMENT

Project Priority: A

Org Number: P326

Project Type: Application Replacement

Project Management: IT – Systems Development & Support

Project Description: This project is to replace the Integrated Fire Prevention (IFP) system which is part of the larger Records Management Systems (RMS) replacement project. The RMS replacement project was originally planned to be replaced concurrently with the OCFA’s Computer Assisted Dispatch (CAD) system with both projects collectively referred to as the Public Safety Systems (PSS) replacement project. RMS replacement was split off the PSS project as separate projects to expedite replacement of the CAD system which was completed in September 2014.

Project Status: Commercially available RMS solutions have been reviewed extensively, but none were found to meet the needs of the OCFA. Developing a custom built RMS using Commercial off the Shelf (COTS) Microsoft technology and modern web-based design elements was approved by Executive Management in 2016. Staff has been actively developing workflows and coding for several major parts of the RMS (Fire Incident Reporting, Investigations Case Management systems) and have deployed a new Electronic Plans Review system and Pre-fire Management Geographic Information Systems (GIS) tools for inspections and wildland management activities.

Staff is also reviewing a customized and configured cloud-based solution that Orange County Public Works (OCPW) is developing with multiple technology vendors including Salesforce, BasicGov, Deloitte and Carahsoft as a possible replacement for IFP. This innovative solution may meet the needs that OCFA Community Risk Reduction (CRR) Department for the IFP system replacement and Staff is closely monitoring OCPW’s planned go-live currently scheduled for March, 2018. For this reason, FY 2017/18 CIP funds for this project have been re-budgeted to FY 2018/19 pending further review.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Equipment, software, professional services	\$2,294,898	\$905,117	-	-	-	\$3,200,015
Total	\$2,294,898	\$905,117	-	-	-	\$3,200,015

Impact on Operating Budget: Application maintenance, license, and user fees for a customized and configured cloud-based solution with 3rd party technology partners is estimated at \$400,000 beginning in FY 2020/21 with 5% annual increases thereafter.

INCIDENT REPORTING APPLICATION REPLACEMENT

Project Priority: A

Org Number: P325

Project Type: Application Replacement

Project Management: IT – Systems Development & Support

Project Description: This project is to replace the Orange County Fire Incident Reporting System (OCFIRS) and Investigations Case Management Systems (iCMS), as well as implementing Electronic Plans Review (EPR) and Pre-fire Management Geographic Information Systems (GIS) tools for inspections and wildland management activities. These systems are all components of the greater Records Management Systems (RMS) replacement project, which also includes replacing the Integrated Fire Prevention (IFP) system as a separately funded project.

The RMS replacement project was originally planned to be replaced concurrently with the OCFA’s Computer Assisted Dispatch (CAD) system with both projects collectively referred to as the Public Safety Systems (PSS) replacement project. RMS replacement was split off the PSS project as separate projects to expedite replacement of the CAD system which was completed in September 2014.

Project Status: Commercially available RMS solutions have been reviewed extensively, but none were found to be meet the needs of the OCFA. Developing a custom built RMS using Commercial off the Shelf (COTS) Microsoft technology and modern web-based design elements was approved by Executive Management in 2016. Staff has been actively developing workflows and coding for several major parts of the RMS (OCFIRS and iCMS) and have deployed new Electronic Plans Review and Wildland inspections systems that were developed in-house with staff resources for minimal cost.

This budgetary amount is a preliminary estimate and may need revision as requirements and software development needs continue to be developed.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Equipment, software, professional services	\$400,000	-	-	-	-	\$400,000
Total	\$400,000	-	-	-	-	\$400,000

Impact on Operating Budget: Application Maintenance/License Costs will be included in the annual budget for the OCFA’s Microsoft Enterprise Agreement license, and should not exceed the current annual maintenance costs of approximately \$73,000.

OCFA ENTERPRISE AUDIO VISUAL UPGRADES

Project Priority: B

Org Number: TBD

Project Type: Equipment Replacement / New Technology

Project Management: IT – Communications & IT Infrastructure

Project Description: In FY 2016/17, the audio visual (AV) system in the OCFA’s Board Room and five Classrooms was upgraded which included new displays, cameras, microphones, projectors, recorders, video streaming/conferencing, wireless connectivity, touch-screen LCD controllers, and a new voting system.



This project continues upgrading AV technology and will use funds currently budgeted for the Emergency Command Center (ECC) video wall (\$500,000 – FY 2019/20), and add another \$2,080,000 over three years (FY 2018/19 – FY 2020/21) for a project total of \$2,580,000.



In FY 2018/19, AV technology will be upgraded in classrooms at one Fire Station in each OCFA Battalion, additional conference rooms at the RFOTC and at specialty facilities (CAL5 Warehouse, HAZMAT, Airport), and upgrades in the 9-1-1 Emergency Command Center (ECC) including a video wall and remodeled DOC.

In FY 2019/20 and FY 2020/21, AV technology upgrades are planned for two additional fire stations in each Battalion during each fiscal year. When this project completes in FY 2020/21, each OCFA Battalion will have up to five fire stations with upgraded AV technology. The upgraded AV technology will enable station crews to access video and other electronic training materials more efficiently from their local stations, improve communications through video conferencing with other fire stations and HQ, and reduce the times crews leave their response areas for training or meetings.

Project Status: This project will begin in fiscal year FY 2018/19 and proceed through FY 2020/21.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Equipment	\$1,500,000	\$540,000	\$540,000	-	-	\$2,580,000
Total	\$1,500,000	\$540,000	\$540,000	-	-	\$2,580,000

Impact on Operating Budget: Annual maintenance estimated at \$15,000 in FY 2018/19, increasing by \$5,000 each year in FY 2019/20 through FY 2021/22 as additional fire station upgrades are completed with 5% annual increase thereafter.

OCFA DISASTER RECOVERY CO-LOCATION FACILITY

Project Priority: B

Org Number: P349

Project Type: New Technology

Project Management: IT – Communications and IT Infrastructure

Project Description: Disaster Recovery (DR) facilities must be secure and have redundant power and high-speed data connections. A DR facility may be a leased space within a dedicated facility located in another city/county/state. It may also be an appropriate OCFA facility, or a part of one that is secure and located away from the RFOTC facilities, or it could be a secure co-location facility shared with other PSAPs.



This project will develop a Disaster Recovery (DR) co-location facility to store and replicate critical OCFA backup emergency 9-1-1 and business systems and data in order to maintain continuity of operations in an extended emergency scenario.

The first phase of this project currently in process will identify the local DR facility, negotiate contracts and service level agreements, and move critical backup emergency 9-1-1 systems to it. The second phase of this project is estimated to begin in FY2019/20 to establish an out-of-state DR facility.

The OCFA currently backs up and maintains multiple versions of critical business, financial, and public safety systems data and stores it offsite with 3rd party vendors that specialize in secure data storage. The data storage can be recalled to restore to OCFA systems as needed.

The budgetary amount is a preliminary estimate and may need revision as requirements are developed.

Project Status: Project is ongoing and continues through FY 2019/20.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Equipment	-	\$1,000,000	-	-	-	\$1,000,000
Total	-	\$1,000,000	-	-	-	\$1,000,000

Impact on Operating Budget: Annual facility lease expense of \$60,000 starting FY 2019/20 for local co-location facility with additional \$60,000 annual starting FY 2020/21 for 2nd out-of-state co-location facility with 5% annual increases thereafter.

FLEET SERVICES FUEL MANAGEMENT TRACKING SYSTEM**Project Priority:** B**Org Number:** TBD**Project Type:** Application Replacement**Project Management:** IT – Systems Development & Support**Project Description:** This item is to add Fuel Module functionality to the Fleet Management system.

The current Fleet Management system has the capability to track fuel usage of all OCFA vehicles and all OCFA fuel dispensing locations. It requires adding an additional software module to the Fleet system as well as additional hardware to the fuel ‘islands’ and tracking devices on each OCFA vehicle. Professional services for installation and testing are included in the budget.

The implementation of this module to the Fleet application for the Fleet Services Section will improve accountability for consumable assets, pump control, card lockout, less shrinkage of inventory, and overall fuel consumption savings.

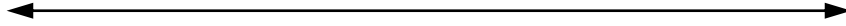
Project Status: This project has been pushed back to FY 2019/20 after reprioritizing project which required a re-budget of funds.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Equipment	-	\$601,394	-	-	-	\$601,394
Total	-	\$601,394	-	-	-	\$601,394

Impact on Operating Budget: Application Maintenance/License Costs are expected to be 20% - 25% of the new software costs, or \$60,000 annually which is included in our Five-Year Financial Forecast beginning in FY 2019/20.

Fund 133

Fire Apparatus



This fund is a capital projects fund used for the planned acquisition, improvement, or replacement of fire apparatus, including vehicles, trailers, and helicopters. Funding sources for this fund include operating transfers from the General Fund, contributions from cash contract member cities, and proceeds from lease purchase agreements.



Fund 133 - Fire Apparatus

ORANGE COUNTY FIRE AUTHORITY
FUND 133 - FIRE APPARATUS
LIST OF VEHICLES TO BE REPLACED

Existing Vehicle Number	Current Vehicle Type	Dept/Section Assigned to:	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Year Total
EMERGENCY VEHICLES								
Air Utility								
5255	Air Utility	Operations	\$483,084	-	-	-	-	\$483,084
5415	Air Utility	Operations	-	-	-	527,878	-	527,878
Battalion Chief Command								
TBD	BC Command Vehicle	Operations	98,503	-	-	-	-	98,503
2258	PIO Command Vehicle	Operations	98,503	-	-	-	-	98,503
2185	BC Command Vehicle	Operations	-	-	-	107,675	-	107,675
2186	BC Command Vehicle	Operations	-	-	-	107,675	-	107,675
2187	BC Command Vehicle	Operations	-	-	-	107,675	-	107,675
2188	BC Command Vehicle	Operations	-	-	-	-	110,905	110,905
2189	BC Command Vehicle	Operations	-	-	-	-	110,905	110,905
2190	BC Command Vehicle	Operations	-	-	-	-	110,905	110,905
Compressed Air Foam System Patrol Vehicle								
3687	CAFS-Patrol Veh. (Type 6)	Operations	-	-	-	-	266,632	266,632
3689	CAFS-Patrol Veh. (Type 6)	Operations	-	-	-	-	266,632	266,632
3796	CAFS-Patrol Veh. (Type 6)	Operations	-	-	-	-	266,632	266,632
Crew Cab Dozer Tender								
3036	Crew Cab Dozer Tender	Operations	81,886	-	-	-	-	81,886
3037	Crew Cab Dozer Tender	Operations	81,886	-	-	-	-	81,886
Dozer Transport Trailer								
6146	Dozer Transport Trailer	Operations	-	-	-	69,538	-	69,538
Engine - Type I								
5210	Engine - Type I	Operations	629,608	-	-	-	-	629,608
5214	Engine - Type I	Operations	629,608	-	-	-	-	629,608
5213	Engine - Type I	Operations	629,608	-	-	-	-	629,608
5229	Engine - Type I	Operations	629,608	-	-	-	-	629,608
5220	Engine - Type I	Operations	629,608	-	-	-	-	629,608
5221	Engine - Type I	Operations	629,608	-	-	-	-	629,608
5240	Engine - Type I	Operations	-	648,496	-	-	-	648,496
5225	Engine - Type I	Operations	-	648,496	-	-	-	648,496
5211	Engine - Type I	Operations	-	648,496	-	-	-	648,496
5241	Engine - Type I	Operations	-	648,496	-	-	-	648,496
5228	Engine - Type I	Operations	-	648,496	-	-	-	648,496
5216	Engine - Type I	Operations	-	648,496	-	-	-	648,496
5200	Engine - Type I	Operations	-	-	667,950	-	-	667,950
5227	Engine - Type I	Operations	-	-	667,950	-	-	667,950
5219	Engine - Type I	Operations	-	-	667,950	-	-	667,950
5215	Engine - Type I	Operations	-	-	667,950	-	-	667,950
5222	Engine - Type I	Operations	-	-	667,950	-	-	667,950
5804	Engine - Type I	Operations	-	-	667,950	-	-	667,950
5226	Engine - Type I	Operations	-	-	-	687,998	-	687,998
5162	Engine - Type I	Operations	-	-	-	-	708,637	708,637
5163	Engine - Type I	Operations	-	-	-	-	708,637	708,637
5164	Engine - Type I	Operations	-	-	-	-	708,637	708,637
5165	Engine - Type I	Operations	-	-	-	-	708,637	708,637
5166	Engine - Type I	Operations	-	-	-	-	708,637	708,637
Full-Size 4-Door								
TBD	Full-Size 4-Door 4x4	Operations	58,714	-	-	-	-	58,714

FY 2018/19 - FY 2022/23 Capital Improvement Plan Budget

ORANGE COUNTY FIRE AUTHORITY
FUND 133 - FIRE APPARATUS
LIST OF VEHICLES TO BE REPLACED

Existing Vehicle Number	Current Vehicle Type	Dept/Section Assigned to:	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Year Total
Full-Size 4-Door Exec Mgmt								
2350	Full-Size 4-Door 4x4	Operations	-	-	-	66,864	-	66,864
2353	Full-Size 4-Door 4x4	Operations	-	-	-	66,864	-	66,864
2354	Full-Size 4-Door 4x4	Operations	-	-	-	66,864	-	66,864
2351	Full-Size 4-Door 4x4	Operations	-	-	-	-	68,869	68,869
2352	Full-Size 4-Door 4x4	Operations	-	-	-	-	68,869	68,869
2355	Full-Size 4-Door 4x4	Operations	-	-	-	-	68,869	68,869
Paramedic Squad								
3660	Paramedic Squad	Operations	-	-	-	-	208,667	208,667
3361	Paramedic Squad	Operations	-	-	-	-	208,667	208,667
Pick-Up Utility 3/4 Ton								
3035	Pick-Up Utility 3/4 Ton	Operations	47,050	-	-	-	-	47,050
TBD	Pick-Up Utility 3/4 Ton	Operations	47,050	-	-	-	-	47,050
3336	Pick-Up Utility 3/4 Ton	Operations	47,050	-	-	-	-	47,050
3337	Pick-Up Utility 3/4 Ton	Operations	47,050	-	-	-	-	47,050
3338	Pick-Up Utility 3/4 Ton	Operations	47,050	-	-	-	-	47,050
3340	Pick-Up Utility 3/4 Ton	Operations	47,050	-	-	-	-	47,050
3341	Pick-Up Utility 3/4 Ton	Operations	47,050	-	-	-	-	47,050
Crew Cab-Swift Water Vehicle								
3800	Swift Water Vehicle	Operations	-	-	-	84,000	-	84,000
3803	Swift Water Vehicle	Operations	-	-	-	84,000	-	84,000
3806	Swift Water Vehicle	Operations	-	-	-	84,000	-	84,000
TDA 100' Quint								
5231	TDA 100' Quint	Operations	-	-	-	1,548,622	-	1,548,622
Mobile 911 Emergency Command Center								
TBD	Mobile 911 ECC	Operations	-	2,000,000	-	-	-	2,000,000
Total Emergency Vehicles			5,009,574	5,890,976	4,007,700	3,609,653	5,299,737	23,817,640

DEVELOPER FUNDED VEHICLES

Engine - Type1								
Station 67	Engine - Type 1	Operations	751,496	-	-	-	-	751,496
Station 52	Engine - Type 1	Operations	-	-	797,261	-	-	797,261
Station 12	Engine - Type 1	Operations	-	-	-	821,178	-	821,178
Paramedic Squad								
Station 67	Paramedic Squad	Operations	265,081	-	-	-	-	265,081
TDA 100' Quint								
Station 67	TDA 100' Quint	Operations	-	1,774,683	-	-	-	1,774,683
Total Developer Funded Vehicles			1,016,577	1,774,683	797,261	821,178	-	4,409,699

Fund 133 - Fire Apparatus

ORANGE COUNTY FIRE AUTHORITY
FUND 133 - FIRE APPARATUS
LIST OF VEHICLES TO BE REPLACED

Existing Vehicle Number	Current Vehicle Type	Dept/Section Assigned to:	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Year Total
SUPPORT VEHICLES								
Fuel Tender								
5313	Fuel Tender	Fleet Services	171,000	-	-	-	-	171,000
Mid-Size 4-Door								
2174	Mid-Size 4-Door	Property Mgt.	38,800	-	-	-	-	38,800
2265	Mid-Size 4-Door	Risk Mgt.	38,800	-	-	-	-	38,800
2267	Mid-Size 4-Door	Risk Mgt.	38,800	-	-	-	-	38,800
Mid-Size Pickup - 1/2 Ton								
2304	Mid-Size Pickup - 1/2 Ton	CRR	34,033	-	-	-	-	34,033
2317	Mid-Size Pickup - 1/2 Ton	CRR	34,033	-	-	-	-	34,033
2318	Mid-Size Pickup - 1/2 Ton	Property Mgt.	34,033	-	-	-	-	34,033
2319	Mid-Size Pickup - 1/2 Ton	Property Mgt.	34,033	-	-	-	-	34,033
2230	Mid-Size Pickup - 1/2 Ton	EMS	34,033	-	-	-	-	34,033
3671	Mid-Size Pickup - 1/2 Ton	EMS	34,033	-	-	-	-	34,033
3101	Mid-Size Pickup - 1/2 Ton	EMS	34,033	-	-	-	-	34,033
3204	Mid-Size Pickup - 1/2 Ton	EMS	34,033	-	-	-	-	34,033
2341	Mid-Size Pickup - 1/2 Ton	Comm Educ.	-	35,053	-	-	-	35,053
3111	Mid-Size Pickup - 1/2 Ton	Comm Educ.	-	35,053	-	-	-	35,053
4102	Mid-Size Pickup - 1/2 Ton	Comm Educ.	-	35,053	-	-	-	35,053
2120	Mid-Size Pickup - 1/2 Ton	Property Mgt.	-	35,053	-	-	-	35,053
2171	Mid-Size Pickup - 1/2 Ton	CRR	-	-	36,104	-	-	36,104
2172	Mid-Size Pickup - 1/2 Ton	CRR	-	-	36,104	-	-	36,104
2173	Mid-Size Pickup - 1/2 Ton	CRR	-	-	36,104	-	-	36,104
2175	Mid-Size Pickup - 1/2 Ton	CRR	-	-	-	38,992	-	38,992
2176	Mid-Size Pickup - 1/2 Ton	CRR	-	-	-	38,992	-	38,992
Service Truck - Heavy								
5389	Service Truck - Heavy	Fleet Services	150,000	-	-	-	-	150,000
Service Truck - Light								
3046	Service Truck - Light	Fleet Services	94,274	-	-	-	-	94,274
3047	Service Truck - Light	Fleet Services	-	-	-	103,000	-	103,000
3048	Service Truck - Light	Fleet Services	-	-	-	103,000	-	103,000
Trailer - IT/IMT Trailer								
TBD	Trailer - IT/IMT	Fleet Services	50,000	-	-	-	-	50,000
Total Support Vehicles			853,938	140,212	108,312	283,984	-	1,386,446
TOTAL VEHICLES			\$6,880,089	\$7,805,871	\$4,913,273	\$4,714,815	\$5,299,737	\$29,613,785

AIR UTILITY VEHICLE

Project Priority: A
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The air utility vehicle brings to the fire scene a cache of self-contained breathing apparatus, air cylinders and provides on-scene lighting. This apparatus has a built-in compressor that can fill the self-contained breathing apparatus cylinders at the emergency scene. This project is for the replacement of two air utility vehicles with two new air utility vehicles, one in FY 2018/19 and one in FY 2021/22.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for air utility vehicles are 15 years and/or 120,000 miles. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in FY 2018/19 and FY 2021/22.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Emergency)	\$483,084	-	-	\$527,878	-	\$1,010,962
Total	\$483,084	-	-	\$527,878	-	\$1,010,962

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

BATTALION CHIEF (BC) COMMAND VEHICLES

Project Priority: A

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: Each of the nine battalions is assigned a command vehicle. Approximately forty percent of the vehicle cost is for equipment which includes cell phones, Mobile Data Computers (MDCs), and a slide-out working station to manage any large incident. This project is for the replacement of eight command vehicles; two in FY 2018/19, three in FY 2021/22 and three in FY 2022/23.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for BC command vehicles are five years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in FY 2018/19, FY 2021/22, and FY 2022/23.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Emergency)	\$197,006	-	-	\$323,025	\$332,715	\$852,746
Total	\$197,006	-	-	\$323,025	\$332,715	\$852,746

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

COMPRESSED AIR FOAM SYSTEM (CAFS)-PATROL UNIT

Project Priority: A

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: The CAFS units carry hose, water and a skid mounted pump. The system injects air into making a very rich foam allowing the crews to pretreat building and vegetation in the line of fire. This unit also has the ability to pump and roll. The CAFS unit is primarily for urban interface firefighting and rescue operations. These units are smaller by design to maneuver on truck trails and rural areas. This project is for the replacement of three CAFS units in FY 2022/23.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for CAFS units are 20 years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in FY 2022/23.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Vehicles (Emergency)	-	-	-	-	\$799,896	\$799,896
Total	-	-	-	-	\$799,896	\$799,896

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

CREW CAB DOZER TENDER

Project Priority: B

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: Crew cab dozer tenders have a multitude of uses for the Crews and Equipment section. The primary use is to support, fuel, oil, and carry repair materials needed for the department’s bull dozers, graders and other miscellaneous off-road equipment. These units are also sent out of the county to support the section on large campaign fires. Approximately thirty percent of the cost of this vehicle is for equipment. This project is for the replacement of two dozer tenders in FY 2018/19.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for service trucks are 10 years and/or 120,000 miles. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Vehicles (Emergency)	\$163,772	-	-	-	-	\$163,772
Total	\$163,772	-	-	-	-	\$163,772

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

DOZER TRANSPORT TRAILER

Project Priority: A

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: The dozer transport trailer is designed for hauling heavy equipment, specifically bull dozers. This project is for the replacement of one dozer transport trailer with one new dozer transport trailer in FY 2021/22.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for dozer transport tractors are 20 years. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in FY 2021/22.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Vehicles (Emergency)	-	-	-	\$69,538	-	\$69,538
Total	-	-	-	\$69,538	-	\$69,538

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

ENGINE – TYPE 1

Project Priority: A

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: The Type 1 engine carries hose, water, and a pump used primarily for structure fires. Most fire stations contain one or more of these units. This project is for the replacement of twenty-four Type 1 engines as follows: six in FY 2018/19, six in FY 2019/20, six in FY 2020/21, one in FY 2021/22, and five in FY 2022/23.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for Type 1 engines are 13 years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur annually.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
Project Cost						
Vehicles (Emergency)	\$3,777,648	\$3,890,976	\$4,007,700	\$687,998	\$3,543,185	\$15,907,507
Total	\$3,777,648	\$3,890,976	\$4,007,700	\$687,998	\$3,543,185	\$15,907,507

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

FULL-SIZE 4-DOOR VEHICLES

Project Priority: A

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: The full-size 4-door vehicle is used by all staff Battalion Chiefs and Division Chiefs. These vehicles are frequently used in Battalion Command situations similar to BC Command Vehicles. This project is for the addition of one full-size 4-door vehicle scheduled in FY 2018/19.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for full-size 4-door vehicles are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5- Yr. Total
<i>Project Cost</i> Vehicles (Emergency)	\$58,714	-	-	-	-	\$58,714
Total	\$58,714	-	-	-	-	\$58,714

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

FULL-SIZE 4-DOOR EXECUTIVE MANAGEMENT

Project Priority: A

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: The full-size 4-door vehicles are used by all Executive Management, Fire Chief and Assistant Chiefs. These vehicles are frequently used in Command situations on large scale events. This project is for the replacement of six full-size 4-door vehicles; three are scheduled in FY 2021/22, and three in FY 2022/23.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for full-size 4-door vehicles are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in FY 2021/22 and 2022/23.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Emergency)	-	-	-	\$200,592	\$206,607	\$407,199
Total	-	-	-	\$200,592	\$206,607	\$407,199

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

PARAMEDIC SQUAD

Project Priority: A

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: This unit carries a full complement of (ALS) paramedic equipment. This project is for the replacement of two paramedic squads in FY 2022/23.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for paramedic squads are five years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in FY 2022/23.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Vehicles (Emergency)	-	-	-	-	\$417,334	\$417,334
Total	-	-	-	-	\$417,334	\$417,334

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

PICKUP UTILITY – ¾ TON VEHICLES

Project Priority: A

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: The pickup utility – ¾ ton units are located at each one of the nine battalions in the department. These vehicles are used for a variety of miscellaneous transportation needs. The units are also used as BC Command vehicles on occasion. This project is for the replacement of seven pickup utility – ¾ ton vehicles in FY 2018/19.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for pickup utility – ¾ ton vehicles are eight years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Emergency)	\$329,350	-	-	-	-	\$329,350
Total	\$329,350	-	-	-	-	\$329,350

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

CREW CAB –SWIFT WATER VEHICLE

Project Priority: B

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: Crew cab swift water vehicles are used to support our US&R truck companies. This units are outfitted with all tools and equipment needed in swift water rescue event. They are also outfitted to tow the necessary boats and equipment needed for such rescues. These units are also sent out of the county to support large scale emergencies. Approximately twenty five percent of the cost of this vehicle is for outfitting the vehicle i.e., the service body and code III lighting. This project is for the replacement of three swift water vehicles in FY 2021/22.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for service trucks are 15 years and/or 120,000 miles. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in FY 2021/22.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Emergency)	-	-	-	\$252,000	-	\$252,000
Total	-	-	-	\$252,000	-	\$252,000

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

TRACTOR-DRAWN AERIAL (TDA) QUINT-100'

Project Priority: A

Project Type: New Vehicle

Project Management: Fleet Services Manager

Project Description: The TDA apparatus is used to provide search and rescue, roof ventilation, elevated water streams, salvage, overhaul operations and carry all the applicable tools needed for these tasks. This apparatus also has a 100' aerial ladder, 300-gallon water tank, and a fire pump similar to a fire engine. This project is for the replacement of one new 100' tractor drawn aerial quint in FY 2021/22.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for trucks – TDA 100' quints are 17 years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in FY 2021/22.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Emergency)	-	-	-	\$1,548,622	-	\$1,548,622
Total	-	-	-	\$1,548,622	-	\$1,548,622

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

MOBILE 911 EMERGENCY COMMAND CENTER

Project Priority: B

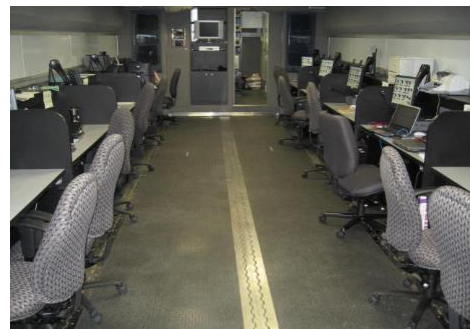
Project Type: Equipment Replacement

Project Management: Information Technology

Project Description: This project will fund a new Mobile Emergency Command Center (ECC) trailer and tractor to be used for 9-1-1 dispatching in emergency situations when the OCFA’s ECC is unavailable. The Current OCFA Logistics and Communications Trailer (LCT) can be used for manual 9-1-1 dispatching and was put in service in 2003. It requires a physical computer cable connection to the ECC ‘B’ building at the RFOTC campus to enable it to receive 9-1-1 phone calls. Emergency responses are dispatched via radio. The trailer must be in close proximity (< 50 feet) to the ECC ‘B’ building to connect to the 9-1-1 phone system. The LCT does not have true emergency dispatch capabilities as it requires a physical connection to the RFOTC Data Center, nor can dispatchers use the OCFA CAD system that is used in the OCFA ECC.



The new Mobile ECC trailer and tractor will have fully operational versions of the OCFA Computer Assisted Dispatch (CAD) and VESTA 9-1-1 Phone Systems for up to 8 – dispatcher console positions. It is planned to have diverse connection capabilities including hard lines, wireless, microwave, satellite, 800MHz and VHF radio communications. In a natural disaster event where the RFOTC facilities are unusable, the new Mobile ECC Trailer can be moved to a parking lot or other open area to continue emergency 9-1-1 dispatch services.



The budgetary amount is a preliminary estimate and may need revision as requirements are developed. The life of the new Mobile ECC trailer and tractor is expected to be about 15 years.

Project Status: This project has been pushed back one year to FY 2019/20 after reprioritizing project which required a re-budget of funds.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Equipment	-	\$2,000,000	-	-	-	\$2,000,000
Total	-	\$2,000,000	-	-	-	\$2,000,000

Impact on Operating Budget: Annual maintenance is likely to be minimal since the Mobile ECC trailer and tractor will be used only in emergency situations and semi-annual training drills.

ENGINE-TYPE 1/ DEVELOPER FUNDED

Project Priority: A

Project Type: New Vehicle

Project Management: Fleet Services Manager

Project Description: The Type 1 engine carries hose, water, and a pump used primarily for structure fires. Most fire stations contain one or more of these units. This apparatus is the same as our replacement Type I engines; however, this apparatus is funded by a local developer including hose and other equipment. This project is for the purchase of three Type 1 engines: one in FY 2018/19 for station 67 (Rancho Mission Viejo), one in FY 2020/21 for station 52 (Irvine Business District), one in FY 2021/22 for station 12 (Laguna Woods).



Project Status: Purchase to occur in FY 2018/19, FY 2020/21, and FY 2021/22.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Emergency)	\$751,496	-	\$797,261	\$821,178	-	\$2,369,935
Total	\$751,496	-	\$797,261	\$821,178	-	\$2,369,935

Impact on Operating Budget: The addition of each Type 1 engine to the vehicle fleet is considered a significant, non-recurring expenditure, which will increase annual service and maintenance costs in the operating budget by approximately \$3,500 per year during the five-year warranty period. After the warranty period, the annual service and maintenance costs are expected to increase to approximately \$7,000 per year. These costs are include in the Five-Year Financial Forecast.

PARAMEDIC SQUAD-DEVELOPER FUNDED

Project Priority: A

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: The paramedic van platform will be changing from a van to a pickup truck with a utility body. This platform change will increase storage capability while reducing vehicle cost. This unit carries a full complement of paramedic equipment. This project is for the addition of one paramedic squad that will be funded by a local developer including all the advanced life support equipment (ALS) needed for the unit to go into service. Purchase of this one paramedic squad will be made in FY 2018/19 for fire station 67 (Rancho Mission Viejo).



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for paramedic squads are five years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Emergency)	\$265,081	-	-	-	-	\$265,081
Total	\$265,081	-	-	-	-	\$265,081

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

TRACTOR-DRAWN AERIAL (TDA) QUINT-100' / DEVELOPER
FUNDED

Project Priority: A

Project Type: New Vehicle

Project Management: Fleet Services Manager

Project Description: The TDA apparatus is used to provide search and rescue, roof ventilation, elevated water streams, salvage, overhaul operations and carry all the applicable tools needed for these tasks. This apparatus also has a 100' aerial ladder, 300-gallon water tank, and a fire pump similar to a fire engine. This apparatus, including hose and other equipment is funded by local developers. This project is for the addition of one new 100' tractor drawn aerial quint for FY 2019/20 for station 67 (Rancho Mission Viejo).



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for trucks – TDA 100' quints are 17 years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in FY 2019/20.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Emergency)	-	\$1,774,683	-	-	-	\$1,774,683
Total	-	\$1,774,683	-	-	-	\$1,774,683

Impact on Operating Budget: The addition of a TDA Quint to the vehicle fleet is considered a significant, non-recurring expenditure, which will increase annual service and maintenance costs in the operating budget by approximately \$3,500 per year during the five-year warranty period. After the warranty period, the costs are expected to increase to approximately \$7,000 per year. These costs are included in the Five-Year Financial Forecast.

FUEL TENDER

Project Priority: B

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: The fuel tender carries five hundred gallons of gasoline and five hundred gallons of diesel fuel. This unit is used for emergence and remote fueling for both gasoline and diesel fuel vehicles and apparatus. This unit can fuel vehicles and apparatus on the fire ground and in backcountry events. This project is for the replacement of one fuel tender in FY 2018/19.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for service truck – heavy vehicles are 18 years and/or 120,000 miles. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
Project Cost Vehicles (Support)	\$171,000	-	-	-	-	\$171,000
Total	\$171,000	-	-	-	-	\$171,000

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

MID-SIZE 4-DOOR VEHICLES

Project Priority: A

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: The mid-size 4-door vehicles are used by management and supervisory staff in a variety of support staff positions that need the versatility of a 4-door vehicle to complete their specific assignments and support the operations of their specific sections. This project is for the replacement of three mid-size 4-door vehicles in FY 2018/19.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for mid-size 4-door vehicles are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Vehicles (Support)	\$116,400	-	-	-	-	\$116,400
Total	\$116,400	-	-	-	-	\$116,400

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

MID-SIZE PICKUP-1/2 TON VEHICLES

Project Priority: B

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: These vehicles are primarily used by the Community Risk Reduction, Property Management, Nurse Educators, and Community Education Departments to conduct off-site inspections and conduct education. This project is for the replacement of seventeen mid-size pickup-1/2 ton vehicles, with the addition of four mid-size pick-up 1/2 ton for our nurse educators: Eight in FY 2018/19, four in FY 2019/20, three in FY 2020/21, two in FY 2021/22.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for mid-size pickup–1/2 ton vehicles are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur every year in the next four fiscal years through FY 2021/22.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Support)	\$272,264	\$140,212	\$108,312	\$77,984	-	\$598,772
Total	\$272,264	\$140,212	\$108,312	\$77,984	-	\$598,772

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

SERVICE TRUCK – HEAVY VEHICLE

Project Priority: B

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: The service truck – heavy vehicles carries large quantities of oil and a welder, providing the ability to service vehicles at fire stations or on large fires. This project is for the replacement of one service truck – heavy vehicle in FY 2018/19.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for service truck – heavy vehicles are 18 years and/or 120,000 miles. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i>						
Vehicles (Support)	\$150,000	-	-	-	-	\$150,000
Total	\$150,000	-	-	-	-	\$150,000

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

SERVICE TRUCK - LIGHT VEHICLE

Project Priority: B

Project Type: Vehicle Replacement

Project Management: Fleet Services Manager

Project Description: Service trucks – light vehicles are used for field service throughout the department for both heavy and light apparatus in the fleet for fleet services and communication services. These units are also sent out of county if technicians are requested on large campaign fires. This project is for the replacement of three service trucks - light vehicles one in FY 2018/19 and two in FY 2021/22.



Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for service truck - light vehicles are 10 years and/or 120,000 miles. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in FY 2018/19 and FY 2021/22.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
<i>Project Cost</i> Vehicles (Support)	\$94,274	-	-	\$206,000	-	\$300,274
Total	\$94,274	-	-	\$206,000	-	\$300,274

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

INFORMATION TECHNOLOGY TRAILER/ INCIDENT MANAGEMENT SUPPORT

Project Priority: B

Project Type: New Vehicle

Project Management: Information Technology



Project Description: The Information Technology (IT) Trailer will be used to deliver Incident Management Team (IMT) “Cache” Computer Equipment to the Basecamp and Training events. Much of the “Cache” equipment is currently stored in the RFOTC Data Center taking up valuable floor space. This equipment will be stored in the IT/IMT trailer so that it is pre-staged and ready for rapid deployment in the event of a major incident. The trailer will also serve as a mobile office during the supported incidents for IT Administrators.

When the trailer is not actively in use during major incidents it will be used as a mobile office for support staff during major IT projects such as the Fire Station Alarm upgrades which require dedicated office space onsite for project management.

Purchasing a dedicated IT/IMT trailer will eliminate the requirement for Operational personnel to deliver IMT “Cache” computer equipment resulting in faster responses for major incidents and annual training events, as well as improve support for major OCFA IT projects.

Project Status: The IT/IMT trailer will be purchased in FY 2018/19.

Description	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr. Total
Project Cost Vehicles (Support)	\$50,000	-	-	-	-	\$50,000
Total	\$50,000	-	-	-	-	\$50,000

Impact on Operating Budget: No impact.



<p style="text-align: center;">FINANCIAL STABILITY BUDGET POLICY</p>

1. PURPOSE

- 1.1. To guide OCFA budget actions toward maintaining long-term financial stability and to establish contingency fund levels and annual funding targets for the Authority's General Fund and Capital Improvement Program (CIP) Funds.
- 1.2. To establish CIP fund balances that accumulate and deplete in harmony with the needs and timing of capital projects identified in the five-year CIP.
- 1.3. To facilitate accelerated payment of OCFA's unfunded liabilities for improved fiscal health.

2. ADOPTION AND REVIEW

- 2.1. This policy was originally adopted by the Board of Directors on May 23, 2002, and was implemented with the Fiscal Year 2002/03 Budget Update.
- 2.2. This policy shall be reviewed periodically for recommended revisions in order to maintain the policy in a manner that reflects the ongoing financial goals of the Authority.
- 2.3. Policy revisions shall be reviewed by the Budget and Finance Committee and approved by the Board of Directors.

3. POLICY

- 3.1. The Five-Year Financial Forecast shall be used as a budget tool that's updated annually in conjunction with the budget for projected revenues and expenditures. The Five-Year Forecast will include all OCFA budgetary funds to provide a picture of the Authority's overall fiscal health.
 - 3.1.1 The Five-Year Forecast will also be updated whenever a significant financial event occurs or is anticipated to occur mid-year in order to assess the severity of the impact.
 - 3.1.2 The Five-Year Forecast shall also be evaluated before undertaking any significant financial commitment to ensure the Authority's fiscal health is maintained.

- 3.1.3 It should be noted that data included in the first two years of the forecast is the most predictable and reliable.
- 3.1.4 Data contained in the outer years of the forecast is less reliable due to uncertainties regarding items such as future property tax growth, benefit costs, and capital needs. Although less reliable, the information is a useful indicator of trends and the potential need for early corrective intervention.
- 3.2. The proposed operating budget (General Fund) submitted by Authority staff shall be a balanced budget.
- 3.3. The Authority shall also strive to achieve a projected operating budget that's balanced for all years included in the Five-Year Financial Forecast.
- 3.4. The Authority shall maintain a contingency reserve in the General Fund set at 10% of operating expenditures for unplanned emergencies.
 - 3.4.1 Operating expenditures exclude grant-funded expenditures, accelerated payments toward unfunded liabilities, and operating transfers out to the CIP.
- 3.5. Funds available for transfer out of the General Fund after funding annual expenses (net general fund revenue, or "surplus") shall be allocated as follows:
 - 3.5.1 Net General Fund, or surplus general fund revenue, shall be calculated for transfer each year as part of the March mid-year budget adjustments, except in the following circumstance:
 - 3.5.1.1. If needed, operating transfers of surplus general fund revenue shall be made to the CIP fund(s) at the beginning of the fiscal year sufficient to prevent the CIP fund(s) from experiencing a negative fund balance during the fiscal year. -
 - 3.5.1.2. The operating transfers of surplus general fund revenue made at the onset of the fiscal year shall be reconciled with the calculation outlined in 3.5.2 at the Mid-year Budget Adjustment.
 - 3.5.2 In March of each year, after funding any incremental increase required to maintain the 10% General Fund contingency reserve, 50% of the remaining surplus shall be transferred to the CIP and 50% shall be allocated as accelerated payment of OCFA's unfunded liabilities (first toward pension liability until achieving an 85% funding level, and then toward Retiree Medical), except in the following circumstances:
 - 3.5.2.1. If the 50% allocation to the CIP, when combined with CIP fund balance and other CIP revenues, is insufficient to fund that year's

CIP expenses, then a sufficient percentage of the surplus (up to 100%) may be transferred to the CIP to fund that year's CIP expenses. Any remainder shall be allocated as an accelerated payment of OCFA's unfunded liabilities.

3.5.2.2.If the 50% allocation to the CIP, when combined with CIP fund balance and other CIP revenues, exceeds the cost of projects in OCFA's five-year CIP (including projects identified as deferred) then the amount transferred to the CIP shall be reduced below 50% to only fund the incremental increase needed for funding of the five-year CIP. Any remainder shall be allocated as an accelerated payment of OCFA's unfunded liabilities.

3.6. The Authority shall review reserve fund levels annually for the CIP funds and establish annual funding targets as follows:

3.6.1 CIP funds will include:

- Fund 12110 – General Fund CIP
- Fund 123 – Fire Stations and Facilities
- Fund 124 – Communications & Information Systems
- Fund 133 – Fire Apparatus

3.7.2 The amount of revenue available for transfer from the General Fund to the CIP shall be allocated based on the existing reserve balance in each CIP fund and based on the future needs identified in the five-year CIP, and conformed with Section 3.5.2 above.

Priority #1: Each CIP fund shall be allocated sufficient funds to meet planned expenditures included in the upcoming fiscal year. Sufficient funds can be a combination of existing fund balance plus new revenues and operating transfers in from the General Fund.

Priority #2: After meeting the needs for the upcoming fiscal year in each CIP fund, any additional funding shall be allocated based on planned expenditures included in the second fiscal year of the five-year CIP. This process shall be repeated for future years to the extent that funding is available.

Ultimate Funding Target: Although this status may or may not be achieved, a fully funded five-year CIP would be our ultimate goal and would allow OCFA to rest assured that all projects identified within our planning horizon have funds earmarked for those projects.

- 3.7. The Authority will analyze the feasibility of paying its annual retirement contributions to the Orange County Employees Retirement System (OCERS) early each year, to take advantage of the discount offered by OCERS.
 - 3.7.1 OCERS reviews and sets the early payment discount rate each year. The employer is given the full discount set by OCERS if payment is made in January, a full year in advance, and one-half the discount if payment is made six months in advance in July.



Orange County Fire Authority
AGENDA STAFF REPORT

Board of Directors Meeting
May 24, 2018

Agenda Item No. 5A
Discussion Calendar

**Response to Grand Jury Report Regarding “Orange County Fire
Authority – Financial Flames on the Horizon?”**

Contact(s) for Further Information

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Summary

This item is submitted for authorization to submit the proposed response to the Orange County Grand Jury report entitled, "Orange County Fire Authority – Financial Flames on the Horizon."

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Approve and authorize the Clerk of the Authority to submit the Orange County Fire Authority's response to the Orange County Grand Jury report entitled "Orange County Fire Authority – Financial Flames on the Horizon?" to the Presiding Judge of the Superior Court.

Impact to Cities/County

Not Applicable.

Fiscal Impact

None.

Background

On March 20, 2018, the Orange County Grand Jury issued a report on its perception of the impacts associated with the City of Irvine's potential withdrawal from the OCFA Joint Powers Agreement (Attachment 1). The Grand Jury's report requires the Orange County Fire Authority to respond to the report's findings and recommendations within ninety (90) days by June 18, 2018. OCFA's proposed response is attached for review and approval by the Board of Directors.

Attachment(s)

1. Orange County Grand Jury Report: " Orange County Fire Authority – Financial Flames on the Horizon"
2. Proposed Response to Grand Jury Report

ORANGE COUNTY FIRE AUTHORITY – FINANCIAL FLAMES ON THE HORIZON?



GRAND JURY 2017-2018

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SUMMARY

The Orange County Fire Authority (OCFA) is under threat. OCFA provides fire and emergency services for twenty-three cities and the unincorporated areas of the County. Payment for these services is through a mandated allocation from property taxes and negotiated contract fees. Rapidly accelerating property values and major growth in the City of Irvine have resulted in significant inequity between Irvine’s financial contributions to OCFA compared to the value of services received. Consequently, Irvine has threatened to withdraw from OCFA – a decision which must be made by June 30, 2018 – a rapidly approaching deadline.

Irvine’s withdrawal would insert a hole in the middle of OCFA’s service area. Further, the loss of Irvine’s financial contributions, as well as fire stations and equipment located in the City, would impact OCFA’s budget and organizational structure. For Irvine, this withdrawal would result in assuming responsibility for its own fire and emergency needs, immediately losing its seat on the OCFA Board of Directors through the effective withdrawal date of July 1, 2020, continuing mandated contributions until the effective withdrawal date, and potentially assuming a share of OCFA’s unfunded pension liabilities.

The Grand Jury recommends that the City of Irvine, OCFA and the County of Orange immediately commence joint discussions to reach an interim agreement addressing Irvine’s inequity issue. Without such an agreement by June 30, 2018, these unresolved issues would likely lead to uncertainty, disruption and litigation – significant costs to all concerned.

REASON FOR THE STUDY

Figure 1: Canyon Fire 2 Photo



Source: Used with permission from Mindy Schauer, photographer, Orange County Register October 9, 2017

The scope and intensity of the two recent Orange County fires, the Canyon Fire and the Canyon Fire 2, demonstrated the importance of a comprehensive regional firefighting capability for Orange County. OCFA, the County’s regional firefighting service, provides fire and emergency services to approximately 1.8 million County residents. Due to some member cities’ objections to the amount of fire funds they are obligated to pay, OCFA faces potential reduction in budget and services if one or more cities decide to withdraw. The City of Irvine, in particular, is dissatisfied with the level of inequity between increasing payments for fire and emergency services versus the estimated value of services received.

As a result of OCFA’s inability to alleviate its concerns, Irvine has threatened to withdraw. If a major funding source like Irvine withdraws from OCFA, the agency would face both financial and operational challenges which would affect services to a significant portion of Orange County

residents living within its service area. The rapidly approaching June 30, 2018 OCFA deadline for members to submit a notice of withdrawal further exacerbates this threat.

METHOD OF STUDY

Local news reports and on-line research led to the investigation of this complex subject through interviews with eleven top decision makers drawn from OCFA management, the OCFA Board of Directors, the Orange County Board of Supervisors, Orange County executive management, city managers and council members of certain OCFA member cities. Concurrently, the Grand Jury carefully examined pertinent budgetary and financial documents, as well as historical and current applicable legislation.

BACKGROUND AND FACTS

Orange County Fire Authority

Prior to May, 1980, fire services for nine cities and the unincorporated areas of the county were provided by the California Department of Forestry. Those nine cities were:

Cypress	Los Alamitos	Tustin
Irvine	Placentia	Villa Park
La Palma	San Juan Capistrano	Yorba Linda

In 1980, the Orange County Fire Department (OCFD) was formed as a County department reporting to the Board of Supervisors. Over the course of the next decade, five new cities were formed from the unincorporated areas and two additional cities contracted with OCFD for their fire services. However, the member cities wanted greater input into how their fire and emergency services were provided and after joint discussions a new governance structure was selected – a joint powers authority (JPA).

As a result, the Orange County Fire Authority (OCFA) was formed as a JPA in 1995. According to the JPA agreement (Amended Orange County Fire Authority Joint Powers Agreement, 1999), OCFA was formed to provide “fire suppression, protection, prevention and related and incidental

services, including but not limited to, emergency medical and transport services, and hazardous materials regulation . . .” to the County of Orange unincorporated areas and member cities.

OCFA is an independent organizational entity similar to a special district. It is the largest regional service organization in Orange County, and is one of the largest in California, serving approximately 1.8 million residents (OCFA 2016 Statistical Annual Report). The service area now includes twenty-three member cities and the unincorporated areas of Orange County. A twenty-five member Board of Directors governs and sets policy for OCFA. This Board includes one elected official appointed to represent each of the twenty-three member cities and two representatives from the Orange County Board of Supervisors. OCFA is led by a Fire Chief who is appointed by and reports to the Board of Directors.

OCFA’s regional approach provides many advantages for the members it protects. By pooling resources, OCFA can purchase additional fire engines and specialized equipment – significant expenses – which some cities could not afford on their own. The OCFA does not allocate equipment based on city boundaries. Instead, all member agencies have access to OCFA resources, including helicopters for brush fires and the use of sophisticated rescue equipment to save the lives of accident victims. In addition, administrative functions such as human resources and accounting are not required for each individual member, but are consolidated for all members.

The current twenty-year term of the JPA began July 1, 2010 and ends on June 30, 2030. The JPA will automatically renew in 2030 with the same terms and conditions, with certain exceptions. Member cities have the right to withdraw after the first ten years (in 2020) but to do so they must submit a written notice of withdrawal prior to July 1, 2018 (First Amendment to Amended Joint Powers Agreement, 2008.)

OCFA Member Payment Methods

OCFA’s members pay for fire services through two different payment methods. A basic understanding of these two payment methods is helpful to understand the issues discussed in this report. Sixteen of OCFA’s twenty-four members (fifteen cities and the County) pay for fire

services through the Structural Fire Fund (SFF) property tax allocation and eight members, referred to as “Cash Contract Cities,” pay for their fire services through negotiated contracts.

Structural Fire Fund

Prior to Proposition 13 (1978), Orange County paid for fire protection through a property tax levied on properties in the participating cities and unincorporated areas. The County adjusted the amount of these taxes to reflect the estimated cost of providing services to each jurisdiction. This fire protection portion of Orange County’s property tax is known as the Structural Fire Fund (SFF) and the cities that receive fire services this way are called “SFF cities.” SFF cities have never had their own municipal fire departments. Proposition 13 locked the portion of SFF property taxes, estimated to be approximately 11.6% of the 1% basic levy, into statute (FY2015/16 OCFA Adopted Budget, 78.) Per the JPA agreement, the County is obligated to allocate all SFF funds it receives to OCFA to meet expenses and fund reserves.

The fifteen Structural Fire Fund cities are:

Aliso Viejo	Irvine	Laguna Niguel	Los Alamitos	San Juan Capistrano
Cypress	La Palma	Laguna Woods	Mission Viejo	Villa Park
Dana Point	Laguna Hills	Lake Forest	Rancho Santa Margarita	Yorba Linda

Cash Contracts

Cash Contract Cities were not originally part of OCFA because they had their own municipal fire departments. They later negotiated contracts with OCFA and relinquished their municipal departments. Therefore these eight jurisdictions do not have a fire tax mandated as a portion of their 1% property tax levy. Instead, these eight cities pay for fire services by contract with OCFA through payments from their general funds. Cash contract charges are based on OCFA’s annual budget and include a cap provision that governs the maximum amount that the contract charges can increase each year (Amended Orange County Fire Authority Joint Powers Agreement, 1999.)

The current eight Cash Contract City members are:

Buena Park	San Clemente	Seal Beach	Tustin
Placentia	Santa Ana	Stanton	Westminster

Structural Fire Fund – Equity Concerns

For this report, OCFA “equity” refers to the extent to which OCFA revenue (i.e., SFF or Cash Contract payments) received from a member bears a reasonable relationship to the value of fire and emergency services that the member receives.

In 1996, just one year after it was formed, OCFA conducted an equity study on its revenues from participating jurisdictions after some SFF cities expressed concerns about their payments. The City of Irvine has long protested that, because its property values are disproportionately high, its contribution of SFF funds is also disproportionately large and exceeds the funds necessary to provide fire services to the City.

A 1999 amendment to the JPA agreement created a fund to benefit SFF cities. This fund, the Structural Fire Fund Entitlement Fund (SFFEF), created from the unencumbered fund balance each year, offered allocations to SFF cities to offset inequities when financial conditions allowed. The allocations could be used for Board-approved and OCFA-related services or resource enhancements to SFF members. In 2002, legislators enacted AB 2193 (Maddox) in response to the concerns of the Orange County Professional Fire Fighters Association, IAFF – Local 3631 (firefighters’ union) that funds were being used for non-fire protection services. This legislation prohibited the use of property taxes received by OCFA on expenditures not directly related to fire protection purposes. However, even while adhering to this restriction, OCFA has been able to distribute some SFFEF allocations in various years, depending upon available funds and mandated calculations.

In March 2012 the City of Irvine raised renewed concerns about inequity to the OCFA Board of Directors. Irvine representatives, due to OCFA taking no action to mitigate their concerns, stated

their intent to exercise their option to withdraw from OCFA in 2020. In response, the OCFA Board formed an Ad Hoc Equity Committee for the purposes of studying the equity issue. Their proposed solution for addressing the equity concerns resulted in the Second Amendment to the JPA agreement (2014, Second Amendment to Amended Orange County Fire Authority Joint Powers Agreement).

The key terms of the amendment stated that SFF agencies contributing more than the average SFF Rate to OCFA would be eligible for “Jurisdictional Equity Adjustment Payments.” The Amendment was approved by two-thirds of the OCFA members in 2014, but was later challenged by the County and invalidated by the Appellate Court. The Court held that only the County, not OCFA, can adjust the allocation of SFF property tax revenues, and that OCFA funds must be spent specifically for “fire protection purposes” as defined by Section 6503.1 of the California Government Code. In light of the invalidation of the Second Amendment, the Irvine City Council met in closed session in January 2017 and instructed staff to explore leaving OCFA in 2020 (Irvine City Council Regular Meeting Minutes, January 24, 2017).

In October 2017, the California State Legislature passed SB 302 (Mendoza) which amends Section 99.02 of the Revenue and Taxation Code, and applies very narrowly to Orange County, OCFA and SFF funds. The bill was sponsored by the Orange County Professional Fire Fighters Association, IAFF – Local 3631.

Prior to this legislation, existing regulations in the California Revenue and Taxation Code prohibited transfers of revenues between local agencies unless certain requirements were met. SB 302, specific to OCFA, adds a fifth condition on property tax transfers that applies only to the transfer of SFF revenues. It requires that the transfer of SFF property tax revenues be approved by the Orange County Board of Supervisors, the city councils of a majority of OCFA member cities, and two-thirds vote of the OCFA Board of Directors. Also, the transfer may not violate existing law that requires SFF revenues to be expended by OCFA exclusively for fire protection and related purposes. It is anticipated that the added requirement of the approval of a majority of member city councils will prevent any resolution of Irvine’s concerns, as a reduction of Irvine’s

and/or other SFF agencies’ contributions would likely result in increased charges to cash contract members.

These equity resolution attempts are summarized in Table 1.

Table 1: History of attempts to address OCFA equity concerns

Year	Measure
1997	Equity Formula was placed in the amended JPA to allow allocation of year-end funding (per Board discretion) for enhanced services to member cities/county deemed overfunded, per an agreed-upon formula. (SFEEF)
2010	First Amendment to the JPA made the equity allocations mandatory every 10 years, removing the Board's discretion at each 10th year.
2012	Irvine requested new discussion of equity. In response, OCFA formed an Equity Ad Hoc Committee to review options.
2012-13	A Second amendment was approved by OCFA members, providing for return of funds to eligible overfunded members per a new agreed-upon formula. In return, Irvine agreed to commit as a member of OCFA through 2030.
2013	County of Orange opposed the Second Amendment in a judicial validation process and prevailed. The ruling was jointly appealed to the Appellate Court by Irvine and OCFA.
March 2016	The Second Amendment was nullified by the Appellate Court.
January 2017	Irvine reported out of closed session that the City Council directed staff to explore leaving OCFA in 2020.
October 2017	SB 302 was signed by Governor Brown and enacted.

Irvine’s Unique Position

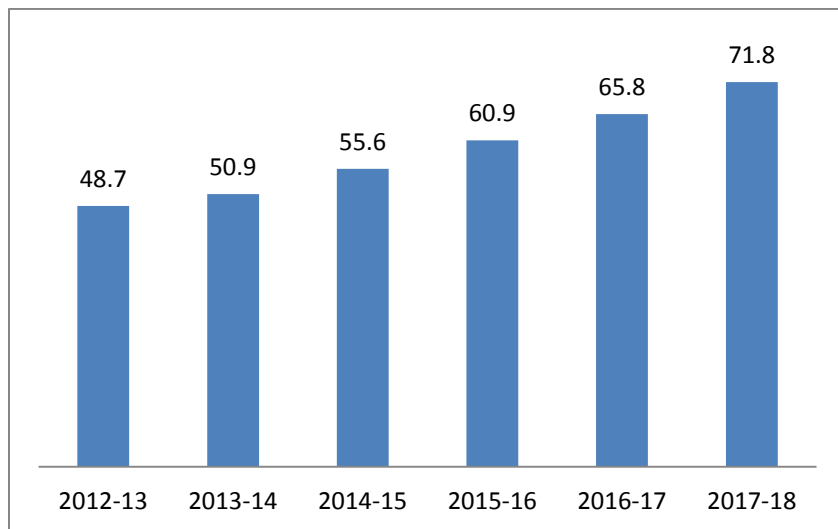
Irvine is one of sixteen SFF members in OCFA, with eleven of the seventy-two OCFA fire stations (15%) located within its boundaries. OCFA’s 2016-17 SFF revenue from properties within Irvine represents approximately \$79 million, or approximately 35% of the total OCFA SFF revenue (Appendix 1). Property tax (SFF) revenue as a whole represents approximately 42% of OCFA’s funding sources (OCFA 2016 Statistical Annual Report, Page 2). Therefore, Irvine’s SFF contribution represents approximately 15% of OCFA’s total revenues.

A Victim of Its Own Success

Irvine representatives have always maintained that the equity discussion is financially driven, and that they are otherwise satisfied with OCFA services. At the root of Irvine’s concern is the degree of inequity resulting from the SFF payment basis. If the revenue flowing to OCFA from an SFF city’s property taxes exceeds the estimated value of the fire services that city receives in return, the city is known as a “donor city.” Although there are fourteen other cities as well as the unincorporated County areas who are SFF contributors to OCFA, Irvine is in a unique position. Not only is it a donor city, it is a donor city by a much larger amount than any other due to its rising assessed property valuation, resulting in increased SFF payments (Tables 2 and 3).

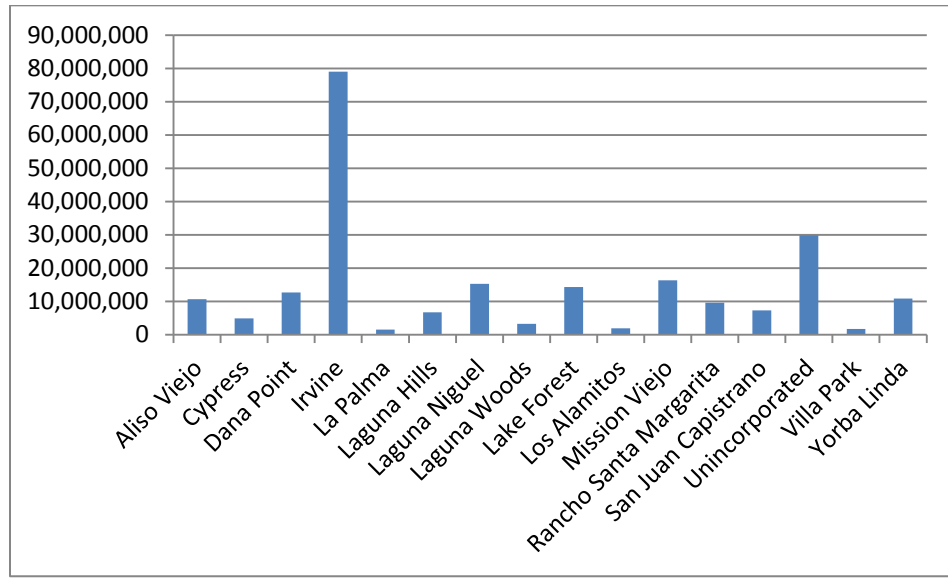
Irvine property owners have the same mandated percentage of their property tax allocated to OCFA as property owners in any other SFF jurisdiction. In actual dollars, however, the City of Irvine pays much more than any other SFF member and continues to face steadily escalating SFF payments that exceed the estimated value of the fire services the City can receive from OCFA. Growth in Irvine’s SFF portion of property taxes has resulted from substantial new development and escalating property values (Table 2), compared to older and fully built-out cities in the OCFA region.

Table 2: Irvine Assessed Property Valuation (Billion \$)



Source: Office of the Orange County Assessor

Table 3: Budgeted FY 2016-17 SFF payments (\$)



Source: OCFA

In 2016-17, with its assessed property valuation at more than \$65 billion, Irvine paid an estimated \$79 million in SFF dollars to the County, which was passed through to OCFA (OCFA Auditor-Controller Report AT68AD73). It is estimated by both OCFA and Irvine that Irvine’s 2016-17 equity share of OCFA services, based upon its population, assessed value, and consumption (number of fire-related/emergency calls), was approximately \$56 million. The difference, approximately \$23 million, is the basis of Irvine’s complaint.

Tax Equity Allocation

To further complicate this issue, there is a mitigating factor for Irvine’s property taxes which is not directly related to the SFF payments. According to the Office of the Orange County Auditor-Controller, there are other provisions of the state tax laws which apply to Irvine. Proposition 13 (1978), followed by AB 8 (1979), proportionally compressed the property taxes down to 1% of the assessed value of the property, establishing a “base rate” for each city. These base rates were established in 1978-79 when Irvine’s property values and development were significantly less than they are today.

As a result of the established low base rates, some cities were not receiving their fair share of taxes back from the state so AB 709 (1987) and AB 1197 (1988) were enacted. Together they comprise the Tax Equity Allocation (TEA) legislation. These statutes require that some counties shift some of their own tax revenue back to “qualifying” cities. The result was that qualifying cities would receive 7% of the property taxes collected within their boundaries. Counties must make up the difference between what a qualifying city would receive under the normal property tax revenue calculation process and the 7% required by TEA. Orange County has *only one* qualifying city – Irvine. According to the Office of the Orange County Auditor-Controller, under Revenue and Taxation Code 98, the County must make up the difference – the TEA adjustment amount. The following are TEA adjustment amounts apportioned to Irvine for the last three years (Table 4).

Table 4: Irvine – Apportioned tax equity allocation

Fiscal Year	TEA Adjustment Amount
2014-15	\$14,788,490
2015-16	\$16,379,292
2016-17	\$17,774,500

Source: Office of the Orange County Auditor-Controller

Adjusted Equity Calculations

As the basis for their objections, Irvine has estimated that in FY 2016-17 it overpaid OCFA by approximately \$23 million. However, the County considers the approximate \$18 million TEA apportionment to be an offset to Irvine’s SFF overpayment, thereby reducing the estimated overpayment to \$5 million. In addition, in 2016-17, Irvine received approximately \$530,000 from OCFA’s SFFEF - Structural Fire Fund Entitlement Fund (City of Irvine FY 2016-17 Adopted Budget, 72.) Combined with the TEA apportionment, the SFFEF payment reduces the estimated overpayment to \$4.5 million (Table 5).

Table 5: Irvine – Equity calculation for FY 2016-17

Calculated Items	\$ Million (rounded)
Irvine SFF funds paid to OCFA	79.0
Less: OCFA/Irvine estimated value of services received	(56.0)
Resulting Estimated SFF Overpayment (per Irvine)	23.0
Less: Tax Equity Allocation (TEA) from County	(18.0)
Less: SFF Entitlement Funds from OCFA	(0.5)
Resulting Estimated SFF Overpayment (per County)	4.5

Source: Based on financial data from OCFA, County of Orange, City of Irvine

Irvine, however, maintains that the TEA funds received from the County should not be applied to the SFF overpayment, but rather to their General Fund revenues. It should be noted that one of the causes of Irvine dropping below the 7% required minimum and qualifying for the TEA payment is due to the large SFF amount passed through to OCFA.

OCFA – Impact if Irvine Withdraws

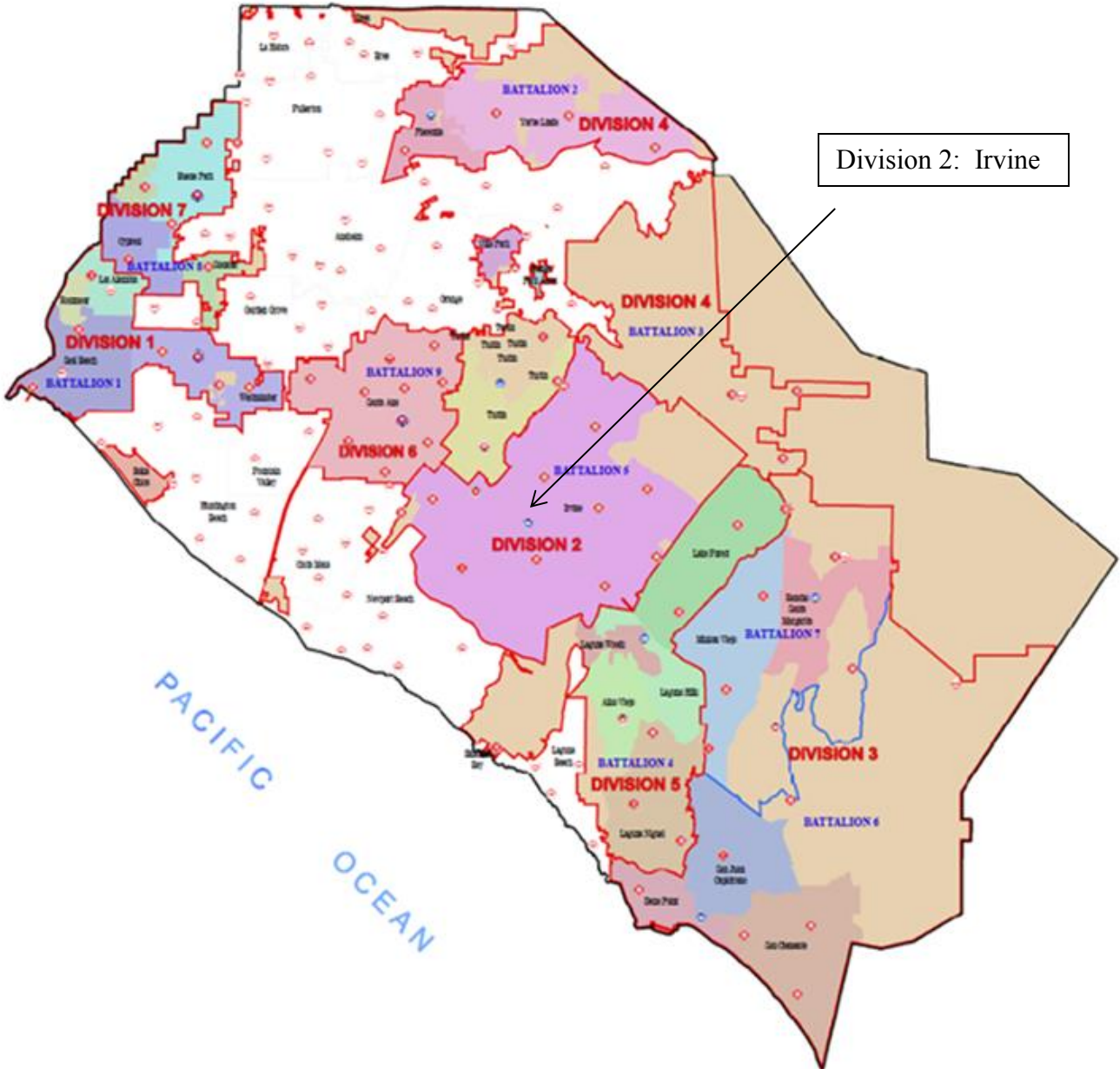
Irvine’s withdrawal from OCFA would pose various difficulties for the JPA. Not only does Irvine’s SFF contribution represent approximately 15% of OCFA’s total revenues, but Division 2 (Irvine) occupies a critical location – central in the total fire service area (Figure 2).

Strategic Location

Irvine’s withdrawal from OCFA would insert a hole in the middle of the OCFA’s service area, the current Division 2 (Figure 2). Not only is the City of Irvine included in this Division, but Emerald Bay, John Wayne Airport and UC Irvine are as well. Irvine’s withdrawal may force OCFA’s renegotiation of fire services for these important entities. Additionally, eleven of seventy-two OCFA fire stations (15%) are located in the City of Irvine and the potential loss of

these stations from the organization would force new mutual aid contracts with these three entities as well as with Irvine itself.

Figure 2: OCFA Service Area by Division (Division 2: Irvine)



Source: OCFA

Long Term Unfunded Liabilities

OCFA participates in the Orange County Employees Retirement System (OCERS), a cost sharing, multiple-employer, defined benefit pension plan. OCFA has indicated that much of the excess SFF funds from donor cities has been expended in recent years to pay down OCFA’s Unfunded Actuarially Accrued Liability (UAAL) – “unfunded liability.” This pay down represents a very large benefit not only to OCFA, but also to OCERS and the county taxpayers as well.

Table 6: OCFA long-term unfunded liabilities (June 30, 2017)*

	\$ Amount in Millions	% of Total
Defined Benefit Pension Plan	\$400.40	77.00%
Defined Benefit Retiree Medical Plan	98.6	19.00%
Helicopter Lease Purchase Agreement	3.7	0.71%
Accrued Compensated Absences	16.9	3.30%
Total	\$519.60	100.00%

Source: OCFA 2017 Liability Study

*Note: the valuation date for the pension plan is December 31, 2016, instead of June 30, 2017, consistent with OCERS’ calendar year basis for financial reporting.

As seen in Table 6 above, the two major elements of the four unfunded categories are the pension plan and the retiree medical plan. The concern over the unfunded liabilities is not new. In September 2013, the OCFA Board of Directors approved an Expedited Pension UAAL Payment Plan (2016 Liability Study – OCFA’s Long Term Liabilities, Page 6) which directed using available funds to accelerate the pay down of the liability. In FY 2015/16, the plan was modified to contribute even more funds, and in FY 2017/18 the plan was modified again, adding another source of additional funds.

OCFA has made additional payments towards its UAAL, as shown in Table 7.

Table 7: OCFA – Additional payments toward UAAL

	\$ Million
FY 13/14	\$5.5
FY 14/15	\$21.3
FY 15/16	\$15.4
FY 16/17	\$13.5
Total	\$55.7

Source: OCFA 2017 Liability Study

According to OCFA, during the past four years the OCFA Board of Directors’ support of the accelerated plan, referred to as the “snowball effect,” has enabled OCFA to make accelerated payments totaling \$55.7 million. This accelerated reduction of the deficit has resulted in interest savings of \$11.5 million as well. OCERS reported that OCFA will achieve 85% funding of the UAAL by December 31, 2020 and 100% funding by December 31, 2027, assuming all other actuarial inputs are held constant.

However, Irvine’s possible withdrawal and the resulting potential loss of their SFF portion of OCFA revenue would eliminate the acceleration of the pay down strategy, and the UAAL would continue to escalate with little mitigation.

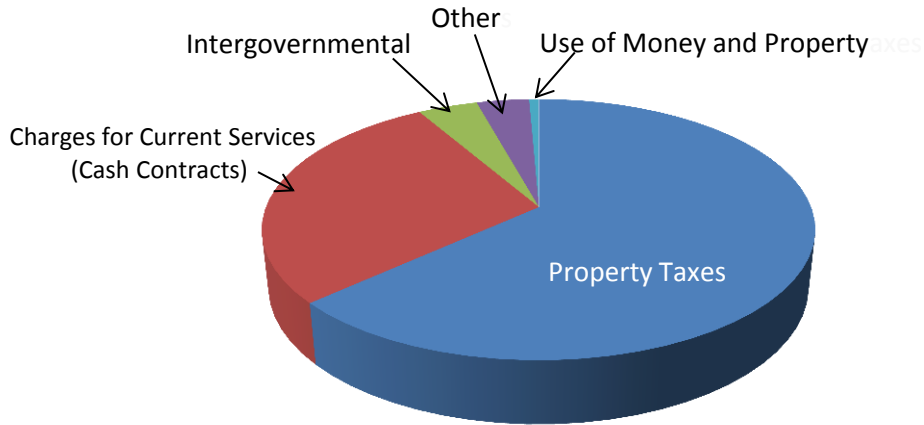
Budget Limitations

The OCFA Adopted Budget for 2017-18 highlights the following points:

1. The General Fund revenue is budgeted at \$367 million, and expenditures are budgeted at \$350 million.
2. A one-time adjustment of approximately \$5.9 million will be used to pay down the UAAL.

Property tax represents approximately 66% of the General Fund’s total revenue.

Figure 3: OCFA Budgeted Revenue by Category FY 2017-18



Source: FY 2017/18 OCFA Adopted Budget

It is apparent in Figure 3 that property taxes comprise a large majority of OCFA revenues. Because Irvine represents approximately 35% of those property taxes, the potential loss of that revenue would likely trigger a major reorganization of future OCFA budgets. This could include cutbacks in personnel and equipment throughout the service areas as well as the likely elimination of the UAAL pay down plan.

Irvine – Impact if Irvine Withdraws

Irvine’s withdrawal from OCFA would not be without issues and complications for the City. Although withdrawal may seem like the answer to Irvine’s inequity issues, nothing about this situation is simple.

SFF Funds

First, if Irvine withdraws from OCFA, its SFF funds do *not* automatically revert to the City as some City representatives have indicated. The JPA agreement specifies that “Withdrawal by a Structural Fire Fund city may be subject to property tax transfer negotiations and such additional notices as required by applicable law.” The passage of SB 302 in October 2017 makes the disposition of SFF funds even more complex, with the stipulation that any change to SFF

property tax allocations now requires the agreement of Orange County Board of Supervisors, the city councils of a majority of OCFA member cities, and two-thirds vote of the OCFA Board of Directors.

OCFA Representation

Secondly, if Irvine did submit notice of withdrawal by the June 30, 2018 deadline, the City would immediately lose its seat on the OCFA Board of Directors, per the JPA guidelines. This would mean the City would have no OCFA representation for their remaining two years of membership, while still subject to SFF contributions.

Fire Stations

According to OCFA, the eleven fire stations that are located in the City of Irvine belong to OCFA. Irvine, however, has stated that the fire stations belong to the City. The JPA agreement specifies that any withdrawing member may negotiate with OCFA for return or repurchase of any and all stations and equipment serving that member's jurisdiction. Possible litigation over this issue could be a very large expenditure for both parties.

Source of Fire and Emergency Services

Withdrawal from OCFA by 2020 would necessitate funding, staffing, and equipping a City of Irvine Fire Department within two years, or negotiating for an alternative joint venture (JPA) with surrounding cities that have their own fire departments. As OCFA Division 2 also encompasses John Wayne Airport and UC Irvine, the City may be put in a position to service these entities as well. A two-year window for finalizing such negotiations, organization, and funding would likely not provide adequate time to do so.

Unfunded Pension Liabilities

The question of allocation of OCFA's long-term, unfunded pension liabilities in the event of a member withdrawal is not addressed in the JPA agreement. Irvine representatives have stated that they believe that the City's withdrawal could be accomplished without incurring any of OCFA's pension liabilities. However, it seems unreasonable to assume that Irvine's share of

those liabilities, however they may be calculated, would not follow them if they withdraw. This open question is another possible litigation issue, costly to both parties.

Conclusions

The equity issue within OCFA has been a long-standing one, with multiple attempts made over the years by OCFA and its members to address it. As a result of the most recent legislation (SB 302), however, any proposed resolution will be even more difficult to reach with the addition of more parties needed for agreement.

Strategic and Financial Impacts

As previously noted, OCFA's Division 2, located in the City of Irvine, is situated in the geographic center of the OCFA service area (Figure 2). Irvine's withdrawal from OCFA would disrupt the strategic integrity of a uniform service area with regard to placement of fire stations as well as distribution of firefighting equipment and personnel. The withdrawal would also have a negative effect on OCFA's operating budget, financial stability, response times, and overall operations. These possible effects make it apparent that it would be in the best interest of OCFA, the City of Irvine, other member cities, and the County to negotiate a mutually agreeable solution.

Why Inequity is Inevitable

Inequities are a feature of any representative democratic government. Wealthier communities send more tax revenue to a central government than less wealthy communities, which is redistributed for the common good. These revenues are allocated to give all communities the same basic services as their needs require. A prime example of this is funding for public schools.

In a hypothetical scenario, two homes on the same block may pay significantly different amounts of property taxes, depending upon the date of sale (defined base year) and the assessed value of the home. For example, if a home was purchased in 1975 with a sale price of \$95,000 and has not changed hands for the past 43 years, the property taxes would be significantly lower than

those of a home next door which was purchased in the base year of 2017 with a sale price of \$975,000. Yet these next-door neighbors receive the same public school accessibility.

This is also true of OCFA, whose fire and emergency services are provided equally to the residents of all member agencies and are not based on the ability to pay. If they were, Irvine would take the majority of fire services and other smaller and less affluent member cities would have a lower level of services. The City of Irvine is not attempting to abrogate its civic responsibilities, but rather is seeking more equitable treatment.

Future Negotiations

Recently there have been informal discussions between the City of Irvine and OCFA regarding the equity issue. These discussions have not included the County of Orange, which might have provided an avenue for additional input or options. Instead, OCFA advised the County that any position they have regarding the equity issue must be presented to the OCFA Board of Directors. Now, with the recent passage of SB 302, all parties to the discussion, including the County, are required to approve any proposed solutions to the equity issue – which would necessitate that all parties participate in any discussions.

If a consensus is not achieved in the short term by June 30, 2018, and no further action is taken before the *next* withdrawal notice deadline of June 30, 2028, then the OCFA JPA will automatically renew on July 1, 2030 – resulting in the same terms and conditions with the same unresolved issues, possibly leading to the breakup of OCFA.

FINDINGS

In accordance with California Penal Code §933 and §933.05, the 2017-2018 Grand Jury requires responses from each agency affected by the findings presented in this section. The responses are to be submitted to the Presiding Judge of the Superior Court of California, County of Orange.

Based on its investigation titled “Orange County Fire Authority – Financial Flames on the Horizon?” the 2017-2018 Orange County Grand Jury has arrived at seven principal findings, as follows:

- F1. The 1995 OCFA JPA agreement, requiring that all SFF funds be allocated to OCFA, did not anticipate the disproportionate property values and growth in the City of Irvine, resulting in the current inequity issue.
- F2. The imminent deadline of June 30, 2018, for members to notify OCFA of intent to withdraw leaves insufficient time to finalize a mutually agreeable plan to resolve the inequity issue.
- F3. The bilateral discussions between Irvine and OCFA, without the County’s involvement, have not resolved the inequity concerns and cannot resolve them without joint discussions and mutual agreement among all principal parties.
- F4. The disagreement between Irvine and the County regarding the application of Tax Equity Allocation (TEA) funds complicates the resolution of the inequity issue.
- F5. In the event of a Structural Fire Fund (SFF) member’s withdrawal from OCFA, the JPA agreement does not clearly address the disposition of that member’s SFF contributions, which may result in litigation.
- F6. In the event of Irvine’s withdrawal from OCFA, the conflicting positions between the City and OCFA regarding ownership of fire stations and equipment located in Irvine may result in litigation.
- F7. In the event of a member’s withdrawal from OCFA, the JPA agreement does not define the disposition of that member’s share of OCFA’s unfunded liabilities, which may result in litigation.

RECOMMENDATIONS

In accordance with California Penal Code §933 and §933.05, the 2017-2018 Grand Jury requires (or, as noted, requests) responses from each agency affected by the recommendations presented in this section. The responses are to be submitted to the Presiding Judge of the Superior Court of California, County of Orange.

Based on its investigation titled “Orange County Fire Authority – Financial Flames on the Horizon?” the 2017-2018 Orange County Grand Jury makes the following six recommendations:

- R1. Starting immediately, all three parties (the City of Irvine, OCFA, and the County of Orange) should be included in all discussions addressing Irvine’s SFF inequity issue to reach a mutually satisfactory interim agreement to avoid Irvine’s withdrawal from OCFA. (F1, F2, F3, F4)
- R2. Prior to June 30, 2018, the City of Irvine should adopt a contingency plan to ensure uninterrupted fire and emergency services in the event of the City’s intended withdrawal from OCFA. (F2, F6)
- R3. By June 1, 2018, OCFA and the County of Orange should provisionally define the disposition of a member’s SFF contributions in the event of that member’s withdrawal. (F5)
- R4. By June 1, 2018, OCFA and the City of Irvine should resolve ownership of the Division 2 fire stations and associated equipment located in the City of Irvine. (F6)
- R5. By June 1, 2018, OCFA should provisionally define the disposition of a member’s share of OCFA unfunded liabilities in the event of that member’s withdrawal. (F7)
- R6. All parties should commit to revisiting the JPA agreement with the goal of resolving outstanding issues prior to the 2030 expiration of the JPA. (F1, F5, F6, F7)

RESPONSES

The following excerpts from the California Penal Code provide the requirements for public agencies to respond to the findings and recommendations of this Grand Jury report:

§933(c)

No later than 90 days after the grand jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the superior court on the findings and recommendations pertaining to matters under the control of the governing body and every elected county officer or agency head for which the grand jury has responsibility pursuant to Section 914.1 shall comment within 60 days to the presiding judge of the superior court, with an information copy sent to the board of supervisors, on the findings and recommendations pertaining to matters under the control of that county officer or agency head or any agency or agencies which that officer or agency head supervises or controls. In any city and county, the mayor shall also comment on the findings and recommendations. All of these comments and reports shall forthwith be submitted to the presiding judge of the superior court who impaneled the grand jury. A copy of all responses to grand jury reports shall be placed on file with the clerk of the public agency and the office of the county clerk, or the mayor when applicable, and shall remain on file in those offices. . . .

§933.05

(a) For purposes of subdivision (b) of Section 933, as to each grand jury finding, the responding person or entity shall indicate one of the following:

- (1) The respondent agrees with the finding.*
- (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.*

(b) For purposes of subdivision (b) of Section 933, as to each grand jury recommendation, the responding person or entity shall report one of the following actions:

- (1) The recommendation has been implemented, with a summary regarding the implemented action.*

(2) The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.

(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) However, if a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the board of supervisors shall respond if requested by the grand jury, but the response of the board of supervisors shall address only those budgetary or personnel matters over which it has some decision-making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with Penal Code §933(c) are required or requested from:

Responses Required:

Findings:

Orange County Board of Supervisors: Findings: F1, F2, F3, F4, F5, F7

City of Irvine, City Council: Findings: F1, F2, F3, F4, F5, F6, F7

Orange County Fire Authority Board of Directors: Findings: F1, F2, F3, F5, F6, F7

Recommendations:

Orange County Board of Supervisors: Recommendations: R1, R3, R6
City of Irvine, City Council: Recommendations: R1, R2, R4, R6
Orange County Fire Authority Board of Directors: Recommendations: R1, R3, R4, R5, R6

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APPENDIX

Appendix 1: OCFA budgeted Structural Fire Fund revenue by member agency

	FY 2015/16	FY 2016/17	FY 2017/18
Aliso Viejo	10,097,519	10,671,670	11,242,937
Cypress	4,701,843	4,895,673	5,066,753
Dana Point	11,912,343	12,719,236	13,821,426
Irvine	73,883,489	79,010,274	86,025,009
La Palma	\$1,483,090	\$1,541,453	\$1,598,276
Laguna Hills	6,452,428	6,710,687	6,949,145
Laguna Niguel	14,677,182	15,258,914	16,070,368
Laguna Woods	3,064,476	3,243,437	3,450,009
Lake Forest	13,270,443	14,366,062	15,434,382
Los Alamitos	1,820,245	1,889,483	1,990,701
Mission Viejo	15,688,165	16,316,300	16,997,261
Rancho Santa Margarita	9,306,628	9,594,218	10,133,553
San Juan Capistrano	6,969,386	7,341,421	7,749,858
Unincorporated	28,288,451	29,862,289	31,911,074
Villa Park	1,626,437	1,704,792	1,787,383
Yorba Linda	10,439,907	10,905,026	11,432,809
Total	\$213,682,033	\$226,030,935	\$241,660,944

Irvine's Percentage of Total SFF Revenue	34.58%	34.96%	35.60%
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Source: OCFA

May 27, 2018

The Honorable Charles Margines
Presiding Judge
Orange County Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

Your Honor,

The Orange County Fire Authority (OCFA) Board of Directors reviewed the Grand Jury report, “Orange County Fire Authority – Financial Flames on the Horizon” during its public meeting held on May 24, 2018. The Board has reviewed and authorized this formal response from our agency.

We appreciate the time and effort the Grand Jury has devoted to the citizens of Orange County and we share its dedication to fair and transparent governance.

If I may be of service in the clarification of this response, please feel free to contact me at brianfennessy@ocfa.org or (714) 573-6010.

Sincerely,

Brian Fennessy
Fire Chief

**MINUTES
ORANGE COUNTY FIRE AUTHORITY**

Board of Directors Regular Meeting

**May 24, 2018
6:00 P.M.**

5. DISCUSSION CALENDAR

A. Response to Grand Jury Report Entitled “Orange County Fire Authority – Financial Flames on the Horizon” (F: 20.04A10)

<Board action>

Grand Jury Response: “Orange County Fire Authority – Financial Flames on the Horizon”

Background & Summary

The City of Irvine and the County of Orange are two of the founding members of the OCFA Joint Powers Authority (JPA). Prior to the JPA’s formation, all fire suppression and emergency response services in Irvine were provided by the County of Orange Fire Department and paid for with the Structural Fire Fund (SFF) monies collected by the County.

The current JPA Agreement is a 20-year agreement that terminates in 2030. However, under the terms of the JPA Agreement, a member city may elect to withdraw from the JPA after the first 10 years of the contract (i.e. 2020). If a city intends to exercise this option, they must first give notice to the OCFA in 2018. The County of Orange is contractually obligated to convey all SFF monies collected within the county to the OCFA. With the approval of SB 302 last year, statutory restrictions also restrict transfers of SFF monies away from the OCFA.

Throughout OCFA’s history, and dating back before the OCFA was formed, various representatives from the City of Irvine have stated their belief that Irvine overpays for fire services and that they should be given some form of equitable relief or they would serve notice of intent to withdraw from the JPA. As summarized on page 11 of the Grand Jury report “*Orange County Fire Authority – Financial Flames on the Horizon?*” the OCFA has made many attempts to address these concerns on behalf of Irvine (Attachment 1). The most recent attempt was substantial, involving considerable discussion and negotiation, and producing an agreement that gained Irvine’s commitment to remain a part of the JPA through 2030 (Second Amendment to the Amended JPA); however, the County of Orange prevailed in a legal challenge that overturned the provisions of the Second Amendment.

Since the Second Amendment was nullified, much discussion has occurred amongst OCFA members and the Board of Directors regarding potential negotiation between the OCFA, the City of Irvine, and the County of Orange to develop a new approach to solving the financial inequity that Irvine still believes exists. One suggested approach by the County was to propose that Irvine withdraw from the JPA and subsequently contract for service from the OCFA as a cash contract member going forward. The County and Irvine would engage in a property tax exchange negotiation that would essentially result in both Irvine and the County keeping a significant portion of the Irvine SFF property taxes for their own use.

However, given the court rulings related to this matter and recent amendments in SB 302, it appears to be abundantly clear that SFF monies are designated for Fire Suppression and Emergency Services and cannot be reallocated for any other purpose. Therefore, rather than negotiating an equity solution that would involve changes in allocation of SFF monies, the OCFA Board of Directors authorized staff to talk with Irvine about enhanced services/value-added partnership ideas. The broad parameter for this Board direction was that any conceptual ideas were limited to those which OCFA could pursue within the framework of the existing JPA terms and OCFA budget process. The authorization did not include pursuit of a JPA Amendment or property tax transfer.

OCFA & Irvine Discussions – Enhanced Services & Value-Added Partnership Ideas

In October 2017, as authorized by the OCFA Board of Directors, OCFA staff met with Irvine staff and presented a list of enhanced services/value added partnership ideas. The discussion was positive and Irvine staff requested time to consider the concepts. In January 2018, a follow-up meeting was convened to seek feedback and determine if a path forward could be developed. Irvine staff expressed appreciation for the efforts, and the group discussed some service enhancements planned for funding request in the OCFA’s FY 2018/19 Proposed Budget. The list was updated in April 2018 to reflect progress (Attachment 2).

Response to Findings and Recommendations

Finding 1: The 1995 OCFA JPA agreement, requiring that all SFF funds be allocated to OCFA, did not anticipate the disproportionate property values and growth in the City of Irvine, resulting in the current inequity issue.

The OCFA disagrees. Discussion of equity (or inequity) in SFF property tax values pre-dates the formation of OCFA (Attachment 3 – *History of Actions Leading to the Resolution of the Equity Issue*). The parties fully understood this equity issue upon entering into the 1995 OCFA JPA Agreement, resulting in equity language being included in the initial 1995 JPA Agreement. Article IV Section 4 of the 1995 JPA states: “It is understood that the cost of service shall not be adjusted by reason of equity for any member agency for a period of three (3) fiscal years from the effective date of Authority formation” (Attachment 4).

Finding 2: The imminent deadline of June 30, 2018, for members to notify OCFA of intent to withdraw leaves insufficient time to finalize a mutually agreeable plan to resolve the inequity issue.

The OCFA disagrees. Rather than negotiating an equity solution that involves changes in allocation of SFF monies, the OCFA Board of Directors authorized staff to talk with Irvine about enhanced services/value-added partnership ideas that can be implemented within the framework of the existing JPA terms and OCFA budget process. The June 30, 2018 deadline does not apply since these solutions can be implemented at any time with approval of the OCFA Board of Directors and/or the Irvine City Council.

Finding 3: The bilateral discussions between Irvine and OCFA, without the County’s involvement, have not resolved the inequity concerns and cannot resolve them without joint discussions and mutual agreement among all principal parties.

The OCFA agrees in part and disagrees in part. The OCFA agrees that the current discussions between Irvine and OCFA have not yet resolved Irvine’s concerns. However, we disagree that these discussions “cannot resolve them”. It is feasible for Irvine and OCFA to tentatively agree on service enhancements for Irvine, which could then be approved by the OCFA Board of Directors serving as the governing body representing all OCFA member agencies.

Grand Jury Response: “Orange County Fire Authority – Financial Flames on the Horizon”

Finding 4: The disagreement between Irvine and the County regarding the application of Tax Equity Allocation (TEA) funds complicates the resolution of the inequity issue.

Finding 4 is not applicable to OCFA. No response is provided.

Finding 5: In the event of a Structural Fire Fund (SFF) member’s withdrawal from OCFA, the JPA agreement does not clearly address the disposition of that member’s SFF contributions, which may result in litigation.

The OCFA agrees. Article VII, Section 1.E of the Amended JPA (Attachment 5) states that “Withdrawal by a Structural Fire Fund city may be subject to property tax transfer negotiations and such additional notices as required by applicable law.” This language leaves the details of SFF disposition to be determined separate and apart from the terms of the JPA.

Finding 6: In the event of Irvine’s withdrawal from OCFA, the conflicting positions between the City and OCFA regarding ownership of fire stations and equipment located in Irvine may result in litigation.

The OCFA disagrees. OCFA does not agree that there are conflicting positions between the City and OCFA regarding ownership of fire stations and equipment. Station and equipment ownership is clearly understood and delineated, as required for reporting of asset ownership in each agencies’ respective financial statements. There has never been a dispute or disagreement in this regard. As to future disposition, Article VII, Section 4 of the Amended JPA (Attachment 5) states: “**Property of Withdrawing Members:** Any withdrawing member may negotiate with the Authority for return or repurchase of any and all stations and equipment serving that member’s jurisdiction.”

Finding 7: In the event of a member’s withdrawal from OCFA, the JPA agreement does not define the disposition of that member’s share of OCFA’s unfunded liabilities, which may result in litigation.

The OCFA disagrees. Article VI, Section 3 of the Amended JPA (Attachment 5) states that “Except as otherwise provided herein, the debts, liabilities and obligations of the Authority shall be the debts, liabilities or obligations of the Authority alone and not of the parties of this Agreement.” According to this JPA language, the OCFA’s unfunded liabilities would remain with the OCFA in the event of a member’s withdrawal. However, OCFA would have an opportunity to mitigate the cost of the unfunded liability through its negotiation of assets, negotiation of any Structural Fire Fund property tax allocations, or negotiation of other financial elements related to a withdrawing member agency.

Recommendation 1: Starting immediately, all three parties (the City of Irvine, OCFA, and the County of Orange) should be included in all discussions addressing Irvine’s SFF inequity issue to reach a mutually satisfactory interim agreement to avoid Irvine’s withdrawal from OCFA. (F1, F2, F3, F4)

The recommendation has not yet been implemented, but will be implemented in the future. Recent direction provided by the OCFA Board of Directors is for OCFA staff to work with Irvine staff to identify enhanced services and value-added partnership ideas that can be implemented within the framework of the JPA and OCFA budget process. As we progress in identifying specific

Grand Jury Response: “Orange County Fire Authority – Financial Flames on the Horizon”

ideas which both agencies wish to pursue, OCFA will expand the parties included in the discussions to include all member agencies. This will be done initially with the City Managers’ Technical Advisory Committee, followed by discussions with the OCFA Budget and Finance Committee, and ultimately with the full OCFA Board of Directors (as the formal representatives for all member agencies). The timeframe for completion of initial actions resulting from this effort is anticipated for FY 2018/19, with additional efforts and actions to continue well into future years.

Recommendation 2: Prior to June 30, 2018, the City of Irvine should adopt a contingency plan to ensure uninterrupted fire and emergency services in the event of the City’s intended withdrawal from OCFA. (F2, F6)

Recommendation 2 is not applicable to OCFA. No response is provided.

Recommendation 3: By June 1, 2018, OCFA and the County of Orange should provisionally define the disposition of a member’s SFF contributions in the event of that member’s withdrawal. (F5)

The recommendation will not be implemented because it is not warranted or is not reasonable. The OCFA does not have the authority to define the disposition of a withdrawing member’s SFF contributions. Furthermore, attempting to do so “provisionally” would conflict with the JPA and the collective best interests of OCFA’s member agencies. Article VII, Section 1.E of the Amended JPA (Attachment 5) states that “Withdrawal by a Structural Fire Fund city may be subject to property tax transfer negotiations and such additional notices as required by applicable law.” OCFA would be a party in negotiation of any Structural Fire Fund property tax allocations, negotiation of related asset transfers, and negotiation of other financial elements related to a withdrawing member agency.

Recommendation 4: By June 1, 2018, OCFA and the City of Irvine should resolve ownership of the Division 2 fire stations and associated equipment located in the City of Irvine. (F6)

The recommendation has been implemented. The OCFA does not agree that there are conflicting positions between the City and OCFA regarding ownership of fire stations and equipment; therefore, this recommendation has already been implemented. Station and equipment ownership is clearly understood and delineated, as required for reporting of asset ownership in each agencies’ respective financial statements.

Recommendation 5: By June 1, 2018, OCFA should provisionally define the disposition of a member’s share of OCFA unfunded liabilities in the event of that member’s withdrawal. (F7)

The recommendation will not be implemented because it is not warranted or is not reasonable. Article VI, Section 3 of the Amended JPA (Attachment 5) states that “Except as otherwise provided herein, the debts, liabilities and obligations of the Authority shall be the debts, liabilities or obligations of the Authority alone and not of the parties of this Agreement.” According to this JPA language, the OCFA’s unfunded liabilities would remain with the OCFA in the event of a member’s withdrawal. However, OCFA would have an opportunity to mitigate the cost of the unfunded liability through its negotiation of assets, negotiation of any Structural Fire Fund property tax allocations, or negotiation of other financial elements related to a withdrawing member agency.

Grand Jury Response: “Orange County Fire Authority – Financial Flames on the Horizon”

Recommendation 6: All parties should commit to revisiting the JPA agreement with the goal of resolving outstanding issues prior to the 2030 expiration of the JPA. (F1, F5, F6, F7)

The recommendation has not yet been implemented, but will be implemented in the future. Recent direction provided by the OCFA Board of Directors is for OCFA staff to work with Irvine staff to identify enhanced services and value-added partnership ideas that can be implemented within the framework of the JPA, which does not include pursuit of a JPA Amendment. However, this current Board direction does not preclude future review of the JPA prior to 2030.

Attachments:

1. 2017/18 Grand Jury Report entitled, “Orange County Fire Authority – Financial Flames on the Horizon?”
2. Planned Service Enhancements to the City of Irvine
3. Historic Actions on Equity Issue
4. Joint Powers Agreement Creating the Orange County Fire Authority
5. Amended Orange County Fire Authority Joint Powers Agreement

ORANGE COUNTY FIRE AUTHORITY – FINANCIAL FLAMES ON THE HORIZON?



GRAND JURY 2017-2018

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SUMMARY

The Orange County Fire Authority (OCFA) is under threat. OCFA provides fire and emergency services for twenty-three cities and the unincorporated areas of the County. Payment for these services is through a mandated allocation from property taxes and negotiated contract fees. Rapidly accelerating property values and major growth in the City of Irvine have resulted in significant inequity between Irvine’s financial contributions to OCFA compared to the value of services received. Consequently, Irvine has threatened to withdraw from OCFA – a decision which must be made by June 30, 2018 – a rapidly approaching deadline.

Irvine’s withdrawal would insert a hole in the middle of OCFA’s service area. Further, the loss of Irvine’s financial contributions, as well as fire stations and equipment located in the City, would impact OCFA’s budget and organizational structure. For Irvine, this withdrawal would result in assuming responsibility for its own fire and emergency needs, immediately losing its seat on the OCFA Board of Directors through the effective withdrawal date of July 1, 2020, continuing mandated contributions until the effective withdrawal date, and potentially assuming a share of OCFA’s unfunded pension liabilities.

The Grand Jury recommends that the City of Irvine, OCFA and the County of Orange immediately commence joint discussions to reach an interim agreement addressing Irvine’s inequity issue. Without such an agreement by June 30, 2018, these unresolved issues would likely lead to uncertainty, disruption and litigation – significant costs to all concerned.

REASON FOR THE STUDY

Figure 1: Canyon Fire 2 Photo



Source: Used with permission from Mindy Schauer, photographer, Orange County Register October 9, 2017

The scope and intensity of the two recent Orange County fires, the Canyon Fire and the Canyon Fire 2, demonstrated the importance of a comprehensive regional firefighting capability for Orange County. OCFA, the County's regional firefighting service, provides fire and emergency services to approximately 1.8 million County residents. Due to some member cities' objections to the amount of fire funds they are obligated to pay, OCFA faces potential reduction in budget and services if one or more cities decide to withdraw. The City of Irvine, in particular, is dissatisfied with the level of inequity between increasing payments for fire and emergency services versus the estimated value of services received.

As a result of OCFA's inability to alleviate its concerns, Irvine has threatened to withdraw. If a major funding source like Irvine withdraws from OCFA, the agency would face both financial and operational challenges which would affect services to a significant portion of Orange County

residents living within its service area. The rapidly approaching June 30, 2018 OCFA deadline for members to submit a notice of withdrawal further exacerbates this threat.

METHOD OF STUDY

Local news reports and on-line research led to the investigation of this complex subject through interviews with eleven top decision makers drawn from OCFA management, the OCFA Board of Directors, the Orange County Board of Supervisors, Orange County executive management, city managers and council members of certain OCFA member cities. Concurrently, the Grand Jury carefully examined pertinent budgetary and financial documents, as well as historical and current applicable legislation.

BACKGROUND AND FACTS

Orange County Fire Authority

Prior to May, 1980, fire services for nine cities and the unincorporated areas of the county were provided by the California Department of Forestry. Those nine cities were:

Cypress	Los Alamitos	Tustin
Irvine	Placentia	Villa Park
La Palma	San Juan Capistrano	Yorba Linda

In 1980, the Orange County Fire Department (OCFD) was formed as a County department reporting to the Board of Supervisors. Over the course of the next decade, five new cities were formed from the unincorporated areas and two additional cities contracted with OCFD for their fire services. However, the member cities wanted greater input into how their fire and emergency services were provided and after joint discussions a new governance structure was selected – a joint powers authority (JPA).

As a result, the Orange County Fire Authority (OCFA) was formed as a JPA in 1995. According to the JPA agreement (Amended Orange County Fire Authority Joint Powers Agreement, 1999), OCFA was formed to provide “fire suppression, protection, prevention and related and incidental

services, including but not limited to, emergency medical and transport services, and hazardous materials regulation . . .” to the County of Orange unincorporated areas and member cities.

OCFA is an independent organizational entity similar to a special district. It is the largest regional service organization in Orange County, and is one of the largest in California, serving approximately 1.8 million residents (OCFA 2016 Statistical Annual Report). The service area now includes twenty-three member cities and the unincorporated areas of Orange County. A twenty-five member Board of Directors governs and sets policy for OCFA. This Board includes one elected official appointed to represent each of the twenty-three member cities and two representatives from the Orange County Board of Supervisors. OCFA is led by a Fire Chief who is appointed by and reports to the Board of Directors.

OCFA’s regional approach provides many advantages for the members it protects. By pooling resources, OCFA can purchase additional fire engines and specialized equipment – significant expenses – which some cities could not afford on their own. The OCFA does not allocate equipment based on city boundaries. Instead, all member agencies have access to OCFA resources, including helicopters for brush fires and the use of sophisticated rescue equipment to save the lives of accident victims. In addition, administrative functions such as human resources and accounting are not required for each individual member, but are consolidated for all members.

The current twenty-year term of the JPA began July 1, 2010 and ends on June 30, 2030. The JPA will automatically renew in 2030 with the same terms and conditions, with certain exceptions. Member cities have the right to withdraw after the first ten years (in 2020) but to do so they must submit a written notice of withdrawal prior to July 1, 2018 (First Amendment to Amended Joint Powers Agreement, 2008.)

OCFA Member Payment Methods

OCFA’s members pay for fire services through two different payment methods. A basic understanding of these two payment methods is helpful to understand the issues discussed in this report. Sixteen of OCFA’s twenty-four members (fifteen cities and the County) pay for fire

services through the Structural Fire Fund (SFF) property tax allocation and eight members, referred to as “Cash Contract Cities,” pay for their fire services through negotiated contracts.

Structural Fire Fund

Prior to Proposition 13 (1978), Orange County paid for fire protection through a property tax levied on properties in the participating cities and unincorporated areas. The County adjusted the amount of these taxes to reflect the estimated cost of providing services to each jurisdiction. This fire protection portion of Orange County’s property tax is known as the Structural Fire Fund (SFF) and the cities that receive fire services this way are called “SFF cities.” SFF cities have never had their own municipal fire departments. Proposition 13 locked the portion of SFF property taxes, estimated to be approximately 11.6% of the 1% basic levy, into statute (FY2015/16 OCFA Adopted Budget, 78.) Per the JPA agreement, the County is obligated to allocate all SFF funds it receives to OCFA to meet expenses and fund reserves.

The fifteen Structural Fire Fund cities are:

Aliso Viejo	Irvine	Laguna Niguel	Los Alamitos	San Juan Capistrano
Cypress	La Palma	Laguna Woods	Mission Viejo	Villa Park
Dana Point	Laguna Hills	Lake Forest	Rancho Santa Margarita	Yorba Linda

Cash Contracts

Cash Contract Cities were not originally part of OCFA because they had their own municipal fire departments. They later negotiated contracts with OCFA and relinquished their municipal departments. Therefore these eight jurisdictions do not have a fire tax mandated as a portion of their 1% property tax levy. Instead, these eight cities pay for fire services by contract with OCFA through payments from their general funds. Cash contract charges are based on OCFA’s annual budget and include a cap provision that governs the maximum amount that the contract charges can increase each year (Amended Orange County Fire Authority Joint Powers Agreement, 1999.)

The current eight Cash Contract City members are:

Buena Park	San Clemente	Seal Beach	Tustin
Placentia	Santa Ana	Stanton	Westminster

Structural Fire Fund – Equity Concerns

For this report, OCFA “equity” refers to the extent to which OCFA revenue (i.e., SFF or Cash Contract payments) received from a member bears a reasonable relationship to the value of fire and emergency services that the member receives.

In 1996, just one year after it was formed, OCFA conducted an equity study on its revenues from participating jurisdictions after some SFF cities expressed concerns about their payments. The City of Irvine has long protested that, because its property values are disproportionately high, its contribution of SFF funds is also disproportionately large and exceeds the funds necessary to provide fire services to the City.

A 1999 amendment to the JPA agreement created a fund to benefit SFF cities. This fund, the Structural Fire Fund Entitlement Fund (SFFEF), created from the unencumbered fund balance each year, offered allocations to SFF cities to offset inequities when financial conditions allowed. The allocations could be used for Board-approved and OCFA-related services or resource enhancements to SFF members. In 2002, legislators enacted AB 2193 (Maddox) in response to the concerns of the Orange County Professional Fire Fighters Association, IAFF – Local 3631 (firefighters’ union) that funds were being used for non-fire protection services. This legislation prohibited the use of property taxes received by OCFA on expenditures not directly related to fire protection purposes. However, even while adhering to this restriction, OCFA has been able to distribute some SFFEF allocations in various years, depending upon available funds and mandated calculations.

In March 2012 the City of Irvine raised renewed concerns about inequity to the OCFA Board of Directors. Irvine representatives, due to OCFA taking no action to mitigate their concerns, stated

their intent to exercise their option to withdraw from OCFA in 2020. In response, the OCFA Board formed an Ad Hoc Equity Committee for the purposes of studying the equity issue. Their proposed solution for addressing the equity concerns resulted in the Second Amendment to the JPA agreement (2014, Second Amendment to Amended Orange County Fire Authority Joint Powers Agreement).

The key terms of the amendment stated that SFF agencies contributing more than the average SFF Rate to OCFA would be eligible for “Jurisdictional Equity Adjustment Payments.” The Amendment was approved by two-thirds of the OCFA members in 2014, but was later challenged by the County and invalidated by the Appellate Court. The Court held that only the County, not OCFA, can adjust the allocation of SFF property tax revenues, and that OCFA funds must be spent specifically for “fire protection purposes” as defined by Section 6503.1 of the California Government Code. In light of the invalidation of the Second Amendment, the Irvine City Council met in closed session in January 2017 and instructed staff to explore leaving OCFA in 2020 (Irvine City Council Regular Meeting Minutes, January 24, 2017).

In October 2017, the California State Legislature passed SB 302 (Mendoza) which amends Section 99.02 of the Revenue and Taxation Code, and applies very narrowly to Orange County, OCFA and SFF funds. The bill was sponsored by the Orange County Professional Fire Fighters Association, IAFF – Local 3631.

Prior to this legislation, existing regulations in the California Revenue and Taxation Code prohibited transfers of revenues between local agencies unless certain requirements were met. SB 302, specific to OCFA, adds a fifth condition on property tax transfers that applies only to the transfer of SFF revenues. It requires that the transfer of SFF property tax revenues be approved by the Orange County Board of Supervisors, the city councils of a majority of OCFA member cities, and two-thirds vote of the OCFA Board of Directors. Also, the transfer may not violate existing law that requires SFF revenues to be expended by OCFA exclusively for fire protection and related purposes. It is anticipated that the added requirement of the approval of a majority of member city councils will prevent any resolution of Irvine’s concerns, as a reduction of Irvine’s

and/or other SFF agencies’ contributions would likely result in increased charges to cash contract members.

These equity resolution attempts are summarized in Table 1.

Table 1: History of attempts to address OCFA equity concerns

Year	Measure
1997	Equity Formula was placed in the amended JPA to allow allocation of year-end funding (per Board discretion) for enhanced services to member cities/county deemed overfunded, per an agreed-upon formula. (SFEEF)
2010	First Amendment to the JPA made the equity allocations mandatory every 10 years, removing the Board's discretion at each 10th year.
2012	Irvine requested new discussion of equity. In response, OCFA formed an Equity Ad Hoc Committee to review options.
2012-13	A Second amendment was approved by OCFA members, providing for return of funds to eligible overfunded members per a new agreed-upon formula. In return, Irvine agreed to commit as a member of OCFA through 2030.
2013	County of Orange opposed the Second Amendment in a judicial validation process and prevailed. The ruling was jointly appealed to the Appellate Court by Irvine and OCFA.
March 2016	The Second Amendment was nullified by the Appellate Court.
January 2017	Irvine reported out of closed session that the City Council directed staff to explore leaving OCFA in 2020.
October 2017	SB 302 was signed by Governor Brown and enacted.

Irvine’s Unique Position

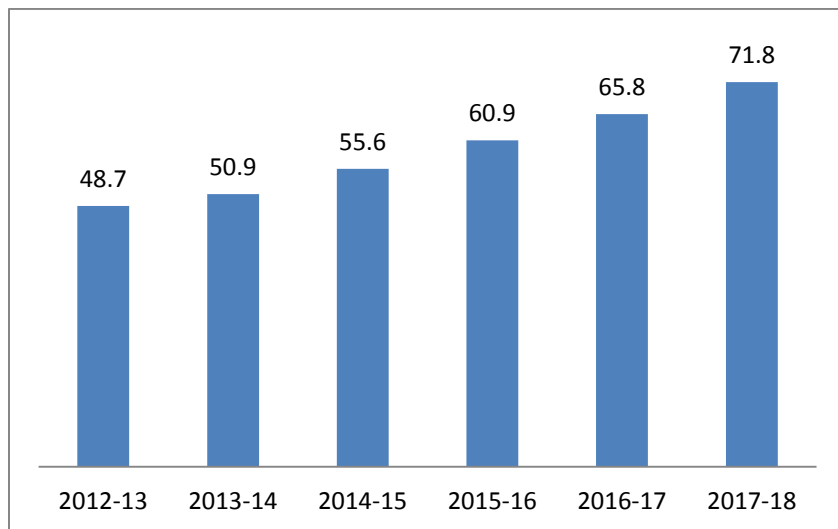
Irvine is one of sixteen SFF members in OCFA, with eleven of the seventy-two OCFA fire stations (15%) located within its boundaries. OCFA’s 2016-17 SFF revenue from properties within Irvine represents approximately \$79 million, or approximately 35% of the total OCFA SFF revenue (Appendix 1). Property tax (SFF) revenue as a whole represents approximately 42% of OCFA’s funding sources (OCFA 2016 Statistical Annual Report, Page 2). Therefore, Irvine’s SFF contribution represents approximately 15% of OCFA’s total revenues.

A Victim of Its Own Success

Irvine representatives have always maintained that the equity discussion is financially driven, and that they are otherwise satisfied with OCFA services. At the root of Irvine’s concern is the degree of inequity resulting from the SFF payment basis. If the revenue flowing to OCFA from an SFF city’s property taxes exceeds the estimated value of the fire services that city receives in return, the city is known as a “donor city.” Although there are fourteen other cities as well as the unincorporated County areas who are SFF contributors to OCFA, Irvine is in a unique position. Not only is it a donor city, it is a donor city by a much larger amount than any other due to its rising assessed property valuation, resulting in increased SFF payments (Tables 2 and 3).

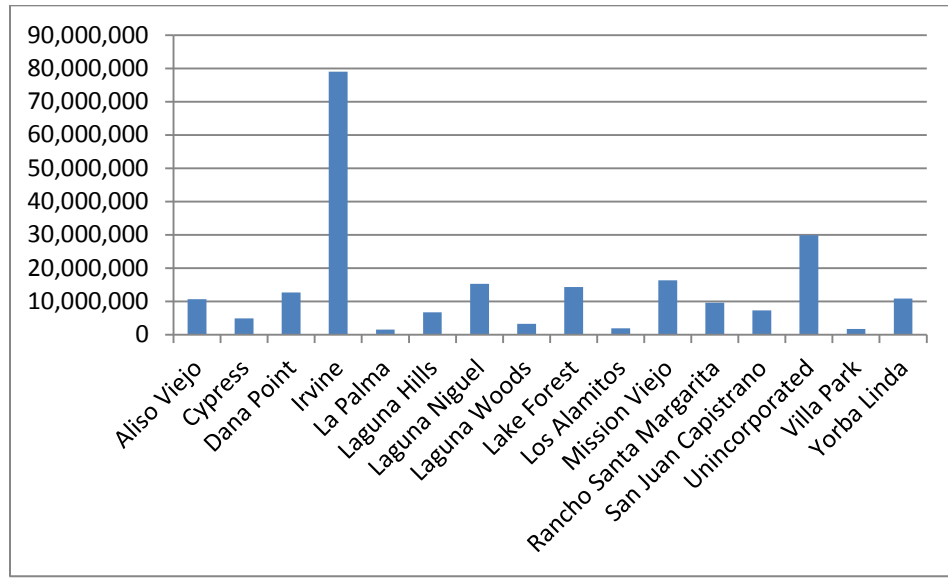
Irvine property owners have the same mandated percentage of their property tax allocated to OCFA as property owners in any other SFF jurisdiction. In actual dollars, however, the City of Irvine pays much more than any other SFF member and continues to face steadily escalating SFF payments that exceed the estimated value of the fire services the City can receive from OCFA. Growth in Irvine’s SFF portion of property taxes has resulted from substantial new development and escalating property values (Table 2), compared to older and fully built-out cities in the OCFA region.

Table 2: Irvine Assessed Property Valuation (Billion \$)



Source: Office of the Orange County Assessor

Table 3: Budgeted FY 2016-17 SFF payments (\$)



Source: OCFA

In 2016-17, with its assessed property valuation at more than \$65 billion, Irvine paid an estimated \$79 million in SFF dollars to the County, which was passed through to OCFA (OCFA Auditor-Controller Report AT68AD73). It is estimated by both OCFA and Irvine that Irvine’s 2016-17 equity share of OCFA services, based upon its population, assessed value, and consumption (number of fire-related/emergency calls), was approximately \$56 million. The difference, approximately \$23 million, is the basis of Irvine’s complaint.

Tax Equity Allocation

To further complicate this issue, there is a mitigating factor for Irvine’s property taxes which is not directly related to the SFF payments. According to the Office of the Orange County Auditor-Controller, there are other provisions of the state tax laws which apply to Irvine. Proposition 13 (1978), followed by AB 8 (1979), proportionally compressed the property taxes down to 1% of the assessed value of the property, establishing a “base rate” for each city. These base rates were established in 1978-79 when Irvine’s property values and development were significantly less than they are today.

As a result of the established low base rates, some cities were not receiving their fair share of taxes back from the state so AB 709 (1987) and AB 1197 (1988) were enacted. Together they comprise the Tax Equity Allocation (TEA) legislation. These statutes require that some counties shift some of their own tax revenue back to “qualifying” cities. The result was that qualifying cities would receive 7% of the property taxes collected within their boundaries. Counties must make up the difference between what a qualifying city would receive under the normal property tax revenue calculation process and the 7% required by TEA. Orange County has *only one* qualifying city – Irvine. According to the Office of the Orange County Auditor-Controller, under Revenue and Taxation Code 98, the County must make up the difference – the TEA adjustment amount. The following are TEA adjustment amounts apportioned to Irvine for the last three years (Table 4).

Table 4: Irvine – Apportioned tax equity allocation

Fiscal Year	TEA Adjustment Amount
2014-15	\$14,788,490
2015-16	\$16,379,292
2016-17	\$17,774,500

Source: Office of the Orange County Auditor-Controller

Adjusted Equity Calculations

As the basis for their objections, Irvine has estimated that in FY 2016-17 it overpaid OCFA by approximately \$23 million. However, the County considers the approximate \$18 million TEA apportionment to be an offset to Irvine’s SFF overpayment, thereby reducing the estimated overpayment to \$5 million. In addition, in 2016-17, Irvine received approximately \$530,000 from OCFA’s SFFEF - Structural Fire Fund Entitlement Fund (City of Irvine FY 2016-17 Adopted Budget, 72.) Combined with the TEA apportionment, the SFFEF payment reduces the estimated overpayment to \$4.5 million (Table 5).

Table 5: Irvine – Equity calculation for FY 2016-17

Calculated Items	\$ Million (rounded)
Irvine SFF funds paid to OCFA	79.0
Less: OCFA/Irvine estimated value of services received	(56.0)
Resulting Estimated SFF Overpayment (per Irvine)	23.0
Less: Tax Equity Allocation (TEA) from County	(18.0)
Less: SFF Entitlement Funds from OCFA	(0.5)
Resulting Estimated SFF Overpayment (per County)	4.5

Source: Based on financial data from OCFA, County of Orange, City of Irvine

Irvine, however, maintains that the TEA funds received from the County should not be applied to the SFF overpayment, but rather to their General Fund revenues. It should be noted that one of the causes of Irvine dropping below the 7% required minimum and qualifying for the TEA payment is due to the large SFF amount passed through to OCFA.

OCFA – Impact if Irvine Withdraws

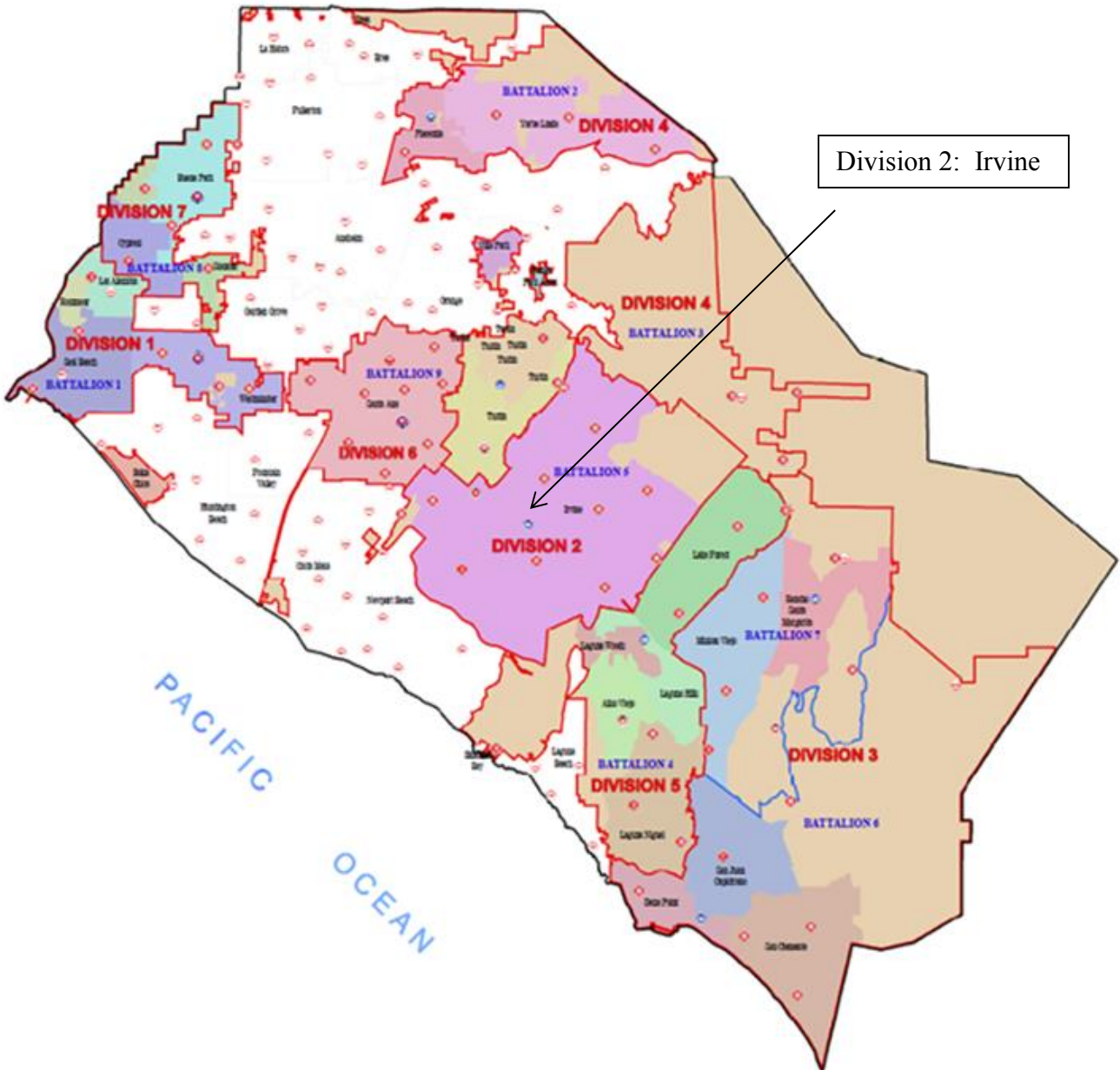
Irvine’s withdrawal from OCFA would pose various difficulties for the JPA. Not only does Irvine’s SFF contribution represent approximately 15% of OCFA’s total revenues, but Division 2 (Irvine) occupies a critical location – central in the total fire service area (Figure 2).

Strategic Location

Irvine’s withdrawal from OCFA would insert a hole in the middle of the OCFA’s service area, the current Division 2 (Figure 2). Not only is the City of Irvine included in this Division, but Emerald Bay, John Wayne Airport and UC Irvine are as well. Irvine’s withdrawal may force OCFA’s renegotiation of fire services for these important entities. Additionally, eleven of seventy-two OCFA fire stations (15%) are located in the City of Irvine and the potential loss of

these stations from the organization would force new mutual aid contracts with these three entities as well as with Irvine itself.

Figure 2: OCFA Service Area by Division (Division 2: Irvine)



Source: OCFA

Long Term Unfunded Liabilities

OCFA participates in the Orange County Employees Retirement System (OCERS), a cost sharing, multiple-employer, defined benefit pension plan. OCFA has indicated that much of the excess SFF funds from donor cities has been expended in recent years to pay down OCFA’s Unfunded Actuarially Accrued Liability (UAAL) – “unfunded liability.” This pay down represents a very large benefit not only to OCFA, but also to OCERS and the county taxpayers as well.

Table 6: OCFA long-term unfunded liabilities (June 30, 2017)*

	\$ Amount in Millions	% of Total
Defined Benefit Pension Plan	\$400.40	77.00%
Defined Benefit Retiree Medical Plan	98.6	19.00%
Helicopter Lease Purchase Agreement	3.7	0.71%
Accrued Compensated Absences	16.9	3.30%
Total	\$519.60	100.00%

Source: OCFA 2017 Liability Study

*Note: the valuation date for the pension plan is December 31, 2016, instead of June 30, 2017, consistent with OCERS’ calendar year basis for financial reporting.

As seen in Table 6 above, the two major elements of the four unfunded categories are the pension plan and the retiree medical plan. The concern over the unfunded liabilities is not new. In September 2013, the OCFA Board of Directors approved an Expedited Pension UAAL Payment Plan (2016 Liability Study – OCFA’s Long Term Liabilities, Page 6) which directed using available funds to accelerate the pay down of the liability. In FY 2015/16, the plan was modified to contribute even more funds, and in FY 2017/18 the plan was modified again, adding another source of additional funds.

OCFA has made additional payments towards its UAAL, as shown in Table 7.

Table 7: OCFA – Additional payments toward UAAL

	\$ Million
FY 13/14	\$5.5
FY 14/15	\$21.3
FY 15/16	\$15.4
FY 16/17	\$13.5
Total	\$55.7

Source: OCFA 2017 Liability Study

According to OCFA, during the past four years the OCFA Board of Directors’ support of the accelerated plan, referred to as the “snowball effect,” has enabled OCFA to make accelerated payments totaling \$55.7 million. This accelerated reduction of the deficit has resulted in interest savings of \$11.5 million as well. OCERS reported that OCFA will achieve 85% funding of the UAAL by December 31, 2020 and 100% funding by December 31, 2027, assuming all other actuarial inputs are held constant.

However, Irvine’s possible withdrawal and the resulting potential loss of their SFF portion of OCFA revenue would eliminate the acceleration of the pay down strategy, and the UAAL would continue to escalate with little mitigation.

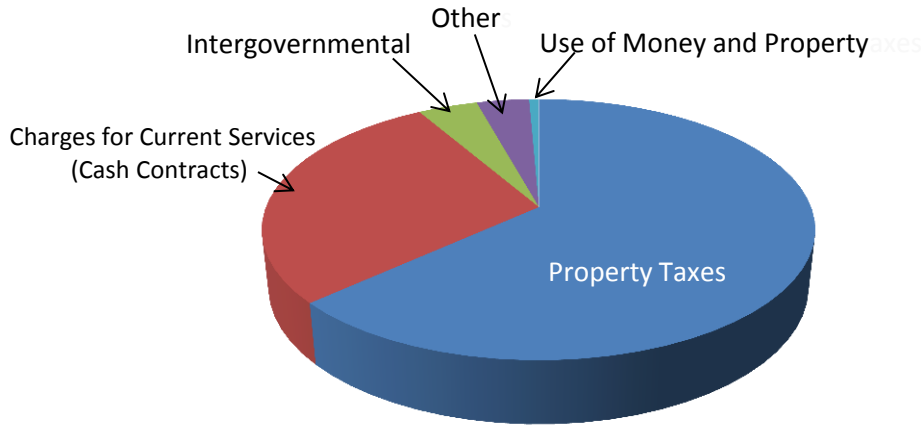
Budget Limitations

The OCFA Adopted Budget for 2017-18 highlights the following points:

1. The General Fund revenue is budgeted at \$367 million, and expenditures are budgeted at \$350 million.
2. A one-time adjustment of approximately \$5.9 million will be used to pay down the UAAL.

Property tax represents approximately 66% of the General Fund’s total revenue.

Figure 3: OCFA Budgeted Revenue by Category FY 2017-18



Source: FY 2017/18 OCFA Adopted Budget

It is apparent in Figure 3 that property taxes comprise a large majority of OCFA revenues. Because Irvine represents approximately 35% of those property taxes, the potential loss of that revenue would likely trigger a major reorganization of future OCFA budgets. This could include cutbacks in personnel and equipment throughout the service areas as well as the likely elimination of the UAAL pay down plan.

Irvine – Impact if Irvine Withdraws

Irvine’s withdrawal from OCFA would not be without issues and complications for the City. Although withdrawal may seem like the answer to Irvine’s inequity issues, nothing about this situation is simple.

SFF Funds

First, if Irvine withdraws from OCFA, its SFF funds do *not* automatically revert to the City as some City representatives have indicated. The JPA agreement specifies that “Withdrawal by a Structural Fire Fund city may be subject to property tax transfer negotiations and such additional notices as required by applicable law.” The passage of SB 302 in October 2017 makes the disposition of SFF funds even more complex, with the stipulation that any change to SFF

property tax allocations now requires the agreement of Orange County Board of Supervisors, the city councils of a majority of OCFA member cities, and two-thirds vote of the OCFA Board of Directors.

OCFA Representation

Secondly, if Irvine did submit notice of withdrawal by the June 30, 2018 deadline, the City would immediately lose its seat on the OCFA Board of Directors, per the JPA guidelines. This would mean the City would have no OCFA representation for their remaining two years of membership, while still subject to SFF contributions.

Fire Stations

According to OCFA, the eleven fire stations that are located in the City of Irvine belong to OCFA. Irvine, however, has stated that the fire stations belong to the City. The JPA agreement specifies that any withdrawing member may negotiate with OCFA for return or repurchase of any and all stations and equipment serving that member's jurisdiction. Possible litigation over this issue could be a very large expenditure for both parties.

Source of Fire and Emergency Services

Withdrawal from OCFA by 2020 would necessitate funding, staffing, and equipping a City of Irvine Fire Department within two years, or negotiating for an alternative joint venture (JPA) with surrounding cities that have their own fire departments. As OCFA Division 2 also encompasses John Wayne Airport and UC Irvine, the City may be put in a position to service these entities as well. A two-year window for finalizing such negotiations, organization, and funding would likely not provide adequate time to do so.

Unfunded Pension Liabilities

The question of allocation of OCFA's long-term, unfunded pension liabilities in the event of a member withdrawal is not addressed in the JPA agreement. Irvine representatives have stated that they believe that the City's withdrawal could be accomplished without incurring any of OCFA's pension liabilities. However, it seems unreasonable to assume that Irvine's share of

those liabilities, however they may be calculated, would not follow them if they withdraw. This open question is another possible litigation issue, costly to both parties.

Conclusions

The equity issue within OCFA has been a long-standing one, with multiple attempts made over the years by OCFA and its members to address it. As a result of the most recent legislation (SB 302), however, any proposed resolution will be even more difficult to reach with the addition of more parties needed for agreement.

Strategic and Financial Impacts

As previously noted, OCFA's Division 2, located in the City of Irvine, is situated in the geographic center of the OCFA service area (Figure 2). Irvine's withdrawal from OCFA would disrupt the strategic integrity of a uniform service area with regard to placement of fire stations as well as distribution of firefighting equipment and personnel. The withdrawal would also have a negative effect on OCFA's operating budget, financial stability, response times, and overall operations. These possible effects make it apparent that it would be in the best interest of OCFA, the City of Irvine, other member cities, and the County to negotiate a mutually agreeable solution.

Why Inequity is Inevitable

Inequities are a feature of any representative democratic government. Wealthier communities send more tax revenue to a central government than less wealthy communities, which is redistributed for the common good. These revenues are allocated to give all communities the same basic services as their needs require. A prime example of this is funding for public schools.

In a hypothetical scenario, two homes on the same block may pay significantly different amounts of property taxes, depending upon the date of sale (defined base year) and the assessed value of the home. For example, if a home was purchased in 1975 with a sale price of \$95,000 and has not changed hands for the past 43 years, the property taxes would be significantly lower than

those of a home next door which was purchased in the base year of 2017 with a sale price of \$975,000. Yet these next-door neighbors receive the same public school accessibility.

This is also true of OCFA, whose fire and emergency services are provided equally to the residents of all member agencies and are not based on the ability to pay. If they were, Irvine would take the majority of fire services and other smaller and less affluent member cities would have a lower level of services. The City of Irvine is not attempting to abrogate its civic responsibilities, but rather is seeking more equitable treatment.

Future Negotiations

Recently there have been informal discussions between the City of Irvine and OCFA regarding the equity issue. These discussions have not included the County of Orange, which might have provided an avenue for additional input or options. Instead, OCFA advised the County that any position they have regarding the equity issue must be presented to the OCFA Board of Directors. Now, with the recent passage of SB 302, all parties to the discussion, including the County, are required to approve any proposed solutions to the equity issue – which would necessitate that all parties participate in any discussions.

If a consensus is not achieved in the short term by June 30, 2018, and no further action is taken before the *next* withdrawal notice deadline of June 30, 2028, then the OCFA JPA will automatically renew on July 1, 2030 – resulting in the same terms and conditions with the same unresolved issues, possibly leading to the breakup of OCFA.

FINDINGS

In accordance with California Penal Code §933 and §933.05, the 2017-2018 Grand Jury requires responses from each agency affected by the findings presented in this section. The responses are to be submitted to the Presiding Judge of the Superior Court of California, County of Orange.

Based on its investigation titled “Orange County Fire Authority – Financial Flames on the Horizon?” the 2017-2018 Orange County Grand Jury has arrived at seven principal findings, as follows:

- F1. The 1995 OCFA JPA agreement, requiring that all SFF funds be allocated to OCFA, did not anticipate the disproportionate property values and growth in the City of Irvine, resulting in the current inequity issue.
- F2. The imminent deadline of June 30, 2018, for members to notify OCFA of intent to withdraw leaves insufficient time to finalize a mutually agreeable plan to resolve the inequity issue.
- F3. The bilateral discussions between Irvine and OCFA, without the County’s involvement, have not resolved the inequity concerns and cannot resolve them without joint discussions and mutual agreement among all principal parties.
- F4. The disagreement between Irvine and the County regarding the application of Tax Equity Allocation (TEA) funds complicates the resolution of the inequity issue.
- F5. In the event of a Structural Fire Fund (SFF) member’s withdrawal from OCFA, the JPA agreement does not clearly address the disposition of that member’s SFF contributions, which may result in litigation.
- F6. In the event of Irvine’s withdrawal from OCFA, the conflicting positions between the City and OCFA regarding ownership of fire stations and equipment located in Irvine may result in litigation.
- F7. In the event of a member’s withdrawal from OCFA, the JPA agreement does not define the disposition of that member’s share of OCFA’s unfunded liabilities, which may result in litigation.

RECOMMENDATIONS

In accordance with California Penal Code §933 and §933.05, the 2017-2018 Grand Jury requires (or, as noted, requests) responses from each agency affected by the recommendations presented in this section. The responses are to be submitted to the Presiding Judge of the Superior Court of California, County of Orange.

Based on its investigation titled “Orange County Fire Authority – Financial Flames on the Horizon?” the 2017-2018 Orange County Grand Jury makes the following six recommendations:

- R1. Starting immediately, all three parties (the City of Irvine, OCFA, and the County of Orange) should be included in all discussions addressing Irvine’s SFF inequity issue to reach a mutually satisfactory interim agreement to avoid Irvine’s withdrawal from OCFA. (F1, F2, F3, F4)
- R2. Prior to June 30, 2018, the City of Irvine should adopt a contingency plan to ensure uninterrupted fire and emergency services in the event of the City’s intended withdrawal from OCFA. (F2, F6)
- R3. By June 1, 2018, OCFA and the County of Orange should provisionally define the disposition of a member’s SFF contributions in the event of that member’s withdrawal. (F5)
- R4. By June 1, 2018, OCFA and the City of Irvine should resolve ownership of the Division 2 fire stations and associated equipment located in the City of Irvine. (F6)
- R5. By June 1, 2018, OCFA should provisionally define the disposition of a member’s share of OCFA unfunded liabilities in the event of that member’s withdrawal. (F7)
- R6. All parties should commit to revisiting the JPA agreement with the goal of resolving outstanding issues prior to the 2030 expiration of the JPA. (F1, F5, F6, F7)

RESPONSES

The following excerpts from the California Penal Code provide the requirements for public agencies to respond to the findings and recommendations of this Grand Jury report:

§933(c)

No later than 90 days after the grand jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the superior court on the findings and recommendations pertaining to matters under the control of the governing body and every elected county officer or agency head for which the grand jury has responsibility pursuant to Section 914.1 shall comment within 60 days to the presiding judge of the superior court, with an information copy sent to the board of supervisors, on the findings and recommendations pertaining to matters under the control of that county officer or agency head or any agency or agencies which that officer or agency head supervises or controls. In any city and county, the mayor shall also comment on the findings and recommendations. All of these comments and reports shall forthwith be submitted to the presiding judge of the superior court who impaneled the grand jury. A copy of all responses to grand jury reports shall be placed on file with the clerk of the public agency and the office of the county clerk, or the mayor when applicable, and shall remain on file in those offices. . . .

§933.05

(a) For purposes of subdivision (b) of Section 933, as to each grand jury finding, the responding person or entity shall indicate one of the following:

- (1) The respondent agrees with the finding.*
- (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.*

(b) For purposes of subdivision (b) of Section 933, as to each grand jury recommendation, the responding person or entity shall report one of the following actions:

- (1) The recommendation has been implemented, with a summary regarding the implemented action.*

(2) The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.

(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) However, if a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the board of supervisors shall respond if requested by the grand jury, but the response of the board of supervisors shall address only those budgetary or personnel matters over which it has some decision-making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with Penal Code §933(c) are required or requested from:

Responses Required:

Findings:

Orange County Board of Supervisors: Findings: F1, F2, F3, F4, F5, F7

City of Irvine, City Council: Findings: F1, F2, F3, F4, F5, F6, F7

Orange County Fire Authority Board of Directors: Findings: F1, F2, F3, F5, F6, F7

Recommendations:

Orange County Board of Supervisors: Recommendations: R1, R3, R6
City of Irvine, City Council: Recommendations: R1, R2, R4, R6
Orange County Fire Authority Board of Directors: Recommendations: R1, R3, R4, R5, R6

REFERENCES

Documents

1. *Amended Orange County Fire Authority Joint Powers Authority Agreement*, September 23, 1999
2. *First Amendment to Amended Joint Powers Authority Agreement Orange County Fire Authority*, July 1, 2010
3. *Second Amendment to Amended Orange County Fire Authority Joint Powers Agreement*, December 9, 2013
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APPENDIX

Appendix 1: OCFA budgeted Structural Fire Fund revenue by member agency

	FY 2015/16	FY 2016/17	FY 2017/18
Aliso Viejo	10,097,519	10,671,670	11,242,937
Cypress	4,701,843	4,895,673	5,066,753
Dana Point	11,912,343	12,719,236	13,821,426
Irvine	73,883,489	79,010,274	86,025,009
La Palma	\$1,483,090	\$1,541,453	\$1,598,276
Laguna Hills	6,452,428	6,710,687	6,949,145
Laguna Niguel	14,677,182	15,258,914	16,070,368
Laguna Woods	3,064,476	3,243,437	3,450,009
Lake Forest	13,270,443	14,366,062	15,434,382
Los Alamitos	1,820,245	1,889,483	1,990,701
Mission Viejo	15,688,165	16,316,300	16,997,261
Rancho Santa Margarita	9,306,628	9,594,218	10,133,553
San Juan Capistrano	6,969,386	7,341,421	7,749,858
Unincorporated	28,288,451	29,862,289	31,911,074
Villa Park	1,626,437	1,704,792	1,787,383
Yorba Linda	10,439,907	10,905,026	11,432,809
Total	\$213,682,033	\$226,030,935	\$241,660,944

Irvine's Percentage of Total SFF Revenue	34.58%	34.96%	35.60%
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Source: OCFA

Orange County Fire Authority
Providing Additional Value to the City of Irvine
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Planned Service Enhancements (traditional services, maintaining standards for core service delivery)

Expanded Fire Station 20 Staffing

Twelve frontline Operations personnel are planned for implementation to staff Truck 20 when the newly constructed, permanent Fire Station 20 opens later this fiscal year. The addition of this personnel (6 Firefighters, 3 Fire Apparatus Engineers, and 3 Captains) is funded for the last few months of the current FY, and carries a full annual cost of approximately \$3 million per year.

- Station 20 is anticipated to open in July 2018, and implementation of Truck 20 (with added staffing of twelve new firefighters) is scheduled to occur on July 6th.

New Battalion 10

OCFA plans to create a new Battalion in the City of Irvine, splitting the supervisory workload of the many Irvine Fire Stations among two battalions instead of the one that currently exists. The addition of Battalion 10 will require funding for three Battalion Chiefs in OCFA's budget at approximately \$1 million per year. The staffing and support equipment for this Battalion will be requested as part of the FY 2018/19 budget for implementation July 1, 2018, which approximates the timing for the expanded station staffing that is also planned for implementation at permanent Fire Station 20.

- Funding for new Battalion 10 is included in the FY 2018/19 Proposed Budget, which will be submitted to the OCFA Board of Directors for adoption on May 24, 2018. Upon Board approval, the implementation of the three new Battalion Chief positions is scheduled to occur on July 6th.

Added Fire Station, IBC

The OCFA recognizes the imminent need for additional response capabilities to the IBC and adjacent areas. Increasing congestion, demand due to municipal growth, elevated patient contact times after arrival on scene, and the high-risk response areas of the airport, university, and high-rise office and residential buildings of the IBC are evidence that additional OCFA coverage will be needed. OCFA would like to move forward with identification of a location for a new fire station in the IBC. Additionally, OCFA would like to discuss partnering with the City of Irvine for a joint-use property (ex: city park and fire station).

- Significant effort and outreach has been performed in search of a suitable location for this new proposed station (Fire Station 52) to serve the IBC area.
- An IRWD property initially looked promising, but IRWD has formally declined our request to potentially purchase the land, citing their desire to retain the land.
- Allergan has indicated willingness to potentially offer land it owns to OCFA for purchase, prior to placing the land for sale open-market.

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- OCFA has engaged its real estate consultant to assist in searching for alternative sites and potentially to assist in determining appropriate value of the Allergan site in order to make recommendations to the OCFA Board for entering into land-purchase negotiations.
- Discussions continue with UCI regarding a potential site at their North Campus near Jamboree and Campus.

Non-Traditional and/or Value-Added Services for Discussion & Consideration

Financial Value

1. Accelerated Pension Paydown Plan

Explore methods to alter OCFA's Accelerated Pension Paydown Plan to specifically allocate the value of the accelerated payments to the pro-rata share of pension liability for specific Structural Fire Fund (SFF) members. The allocation would apply to those SFF members deemed over-funded per the equity formula specified in the OCFA's Joint Powers Agreement.

- OCFA developed a potential method for prorating OCFA's total unfunded pension liability to all member agencies first, and then secondarily allocating the value of accelerated pension payments **only to SFF members deemed over-funded** (per the equity formula defined in the JPA).
- Using this method, Irvine's prorated share of OCFA's unfunded pension liability at the beginning of FY 2017/18 would have equated to \$80.7 million. The \$80.7 million value would have been reduced during FY 2017/18 by \$9.7 million from application of OCFA's accelerated payments.

Services to Jointly Benefit Irvine Police Department & Fire Services

2. Joint Police-Fire Training Facility

Explore construction of a joint IPD-OCFA Training Facility in the City of Irvine. OCFA would seek legal guidance, budget options, and Board approval to fund the facility construction through the OCFA Capital Improvement Program budget. Approximately \$19.5 million remains set-aside in OCFA reserves from the prior JEAP payments that were overturned by the Appellate Court.

- Preliminary consideration has been given to the feasibility of using land behind the new Fire Station 20 for a potential joint police-fire training facility. Dialogue with the governing bodies of OCFA and the City of Irvine is key to enable further development of this concept.

3. Mapping Firm to Create Response Maps for High Rise Occupancies

Irvine is experiencing tremendous growth in large multifamily residential, commercial, high rise and major entertainment/recreational properties. These occupancies present unique challenges for first responders to access and navigate. OCFA could explore an OCFA-funded project to hire a contracted mapping firm to create response maps for high rise occupancies in Irvine, for joint use by both Police and Fire personnel.

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- OCFA has assembled a multi-disciplinary project team (to include an IPD Representative) to further develop the scope of this project in order to issue an RFP and determine the cost.
- After the RFP process is complete, OCFA staff will submit the project and funding request to its Board of Directors for consideration.

4. Connect OCFA and IPD CAD Systems

OCFA could seek funding for a project to connect the OCFA's Computer-Aided-Dispatch (CAD) System with the IPD's CAD System. The intent would be to provide for seamless and expedited call-transfer capabilities, and to improve situational awareness for both Police and Fire personnel.

- No updates at this time.

5. Data Center Partnership for Disaster Preparedness

OCFA could partner with the City to provide the City with additional rack space in the OCFA's Data Center, for use by the City for additional disaster preparedness options.

- This concept was initially identified to be of lesser priority/value compared to the other initiatives. Pending further definition of vision and value.

Dedicated Service Options

6. Dedicated Field Inspectors (2)

Volume of construction activity in the City of Irvine is significant, and as construction continues, the annual inspection workload is also increasing. Year-to-date, Irvine has issued 155 commercial and 1,245 residential permits. In addition, there are currently 81 high rise structures with 6 additional in the planning phases and numerous community entertainment and recreational venues underway. OCFA could explore enhanced Inspection Services to the City with 2 additional Field Inspectors assigned specifically to Irvine. These 2 positions would be in addition to current resources already serving the City.

- No updates at this time.

7. Seasonal Handcrew (8)

Our pre-fire management team works very closely with the Irvine Ranch Conservancy and are aware of the city's fuel mitigation and road maintenance needs. OCFA can help by assisting with fuel mitigation, maintenance of open interior space (like Bommer Canyon and Turtle Rock areas), and road way maintenance in the interface. OCFA could explore the provision of a seasonal team of 8 handcrew firefighters and one supervisor for 5 to 6 months per year, dedicated to services in Irvine.

- OCFA's Pre-Fire Management staff engaged in preliminary discussion with the City Forester, indicating interest.

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- With further support from both agencies' governing bodies, OCFA staff will prepare a detailed project plan and funding request for review by its Board of Directors.

Alternative Service Options

8. Alternative Service

Over the last 5-10 years, America's Fire based EMS service providers have seen a significant increase in 911 calls. The cause of these increases has not been widely studied but anecdotally has been attributed to changes in health care coverage and an increasing comfort and familiarity with the 911 system. A sizeable portion of these calls are not emergencies in the traditional sense such as a heart attack, stroke or car accident. Many 911 calls are for citizens who are suffering from non-life threatening illnesses or injuries such as twisted ankles, small lacerations, sub-acute mental illness issues, or even the common cold/flu.

EMS providers are creatively modifying the way in which they respond to these calls. The methods are known as "alternative service delivery" options and are utilized on calls for service that are sub-acute in nature. The following are two possible service delivery models that could be trialed in Irvine:

- Pre-position a nurse practitioner and OCFA paramedic on a quick response vehicle to handle the sub-acute calls. The team performs treatment modalities in the home, referring the sick and injured to their own doctors or urgent care centers for follow up.
- Patients are transported to urgent care and specialty clinics, as well as doctor's offices rather than just emergency rooms.

Options such as these can maintain the availability of rescuers for truly emergent 911 calls, lessen emergency responses in the community, and help keep the emergency room doors open by routing sub-acute patients to other treatment providers.

- OCFA has held initial discussions with its Emergency Medical Services Section to discuss these, and other possible opportunities.
- An alternate response unit is operational in Anaheim and research will be needed to further understand their scope and services offered. OCFA's EMS Section is researching data to identify associated needs.
- Trial studies of the alternate destination option has been completed in the cities of Newport Beach, Huntington Beach, and Fountain Valley. The program was successful and there is pending legislation (SB944) to enable this to become an approved method of patient care. Without the legislation, the current paramedic scope of practice does not allow this option.
- Other options include:
 - Possible CPR and/or bleeding control outreach and education to high school age kids
 - Medical and medication information for first responders in Irvine. We are currently researching options.

HISTORY OF ACTIONS LEADING TO RESOLUTION OF THE EQUITY ISSUE

- 5/1/80 The Orange County Fire Department was formed, transitioning service from the California Department of Forestry (CDF).
- 1981 A Cost Allocation Plan (CAP) was established in 1981 as a method to allocate costs on a fair and equitable basis. The plan was used to determine costs to the cash contract cities. Though never used for this purpose, the CAP was intended secondarily to identify appropriate charges to Structural Fire Fund (SFF) cities should there be funding deficits.
- 8/89 The Orange County Fire Department Master Plan was completed, publicly acknowledging the "equity issue" for the first time.
- 8/22/90 The Board of Supervisors directed the County Administrative Office (CAO) to work in conjunction with the Fire Department and the Contract Cities to address financial equity issues. This action formally initiated the first "Equity Study."
- 10/90-4/91 A Steering Committee, convened by the CAO, with representatives from the County, each of the Contract Cities, and the Orange County Fire Department (OCFD) met to study and recommend the direction of regional fire services in Orange County.
- 5/91 – 6/91 The Contract Cities and the County took formal actions to approve the recommendations of the Fire Financial Equity Study, redirecting the Equity Study to a study of organizational alternatives and funding strategies for the future. A City-County study team was appointed to spearhead this effort.
- 7/91 Sacramento based Shannon and Associates was hired by the cities to evaluate the feasibility of forming an Orange County Fire Protection District.
- 12/91 Shannon and Associates completed its Final Report Phase I – An Evaluation of Financial Feasibility for an Orange County Fire Protection District. The consultants found that it was fiscally feasible and practical to form a fire district.
- 3/3/92 The Cities and the County accepted Shannon and Associates recommendations and appointed a City-County transition team to negotiate and develop a proposal for the transition of the OCFD to a Fire Protection District, with the following objectives:
- a. Retain regional approach to fire services.

- b. Provide equal agency representation on a governing board.
 - c. Provide a mechanism for future additions/deletions of agencies to the proposed fire district.
 - d. Provide continued use of mechanisms for developing funding of fire stations and equipment needs.
- 3/93 – 5/93 The Cities and the County agreed to support special legislation to create the Orange County Fire Protection District effective 1/1/94.
- 6/93 Special legislation to create the Orange County Fire Protection District died in the Assembly Local Government Committee.
- 7/93 – 2/95 City-County efforts shifted to focus on actions to create a joint powers authority - The Orange County Fire Authority (OCFA).
- 3/1/95 The OCFA was formed with 19 original members, including 18 cities and the County. Due to the complexity of the equity issue, the difficulty of arriving at practical solutions, and a concern by some members that a JPA might be used to achieve radical equity solutions, restrictions related to equity were placed in the agreement that formed OCFA:
- ◆ A three-year waiting period (after OCFA formation) before any changes could be made in the cost of services to member agencies based on “equity.”
 - ◆ A 2% limit on any equity adjustment subsequent to expiration of the three-year waiting period.
- 9/97 The Davis Company was hired by OCFA to complete a comprehensive study of the equity issue. The Davis Company study was known as “The Equity Study.”
- 1/99 The OCFA Board of Directors received the Davis Company’s Final Report of Equity and implemented an Equity Working Group to review all issues raised regarding the Equity Study and to review findings and conclusions with the Board of Directors.
- 7/99 The Board of Directors approved the Equity Working Group’s recommendations to resolve the Equity Issue, including the creation of the Structural Fire Fund Entitlement Fund (SFFEF) to account for funds allocated for service enhancements to over-funded (donor) members.
- 9/99 The Board of Directors approved the Amendments to the Agreement Creating the Orange County Fire Authority. The Amended JPA agreement was subsequently approved by all members of OCFA. Key provisions included:
- ◆ Ten-year membership commitments.
 - ◆ Caps on annual adjustments for cash contract charges.

- ◆ Provisions to recover vehicle and equipment replacement and station maintenance costs.
- ◆ A process for the annual consideration of allocating funds to over-funded (donor) members to pay for Structural Fire Fund service enhancements.

7/23/00

The Board of Directors approved new service agreements effective July 1, 2000 with each of the member cities, incorporating the 10-year membership commitment and other terms of the Amended Joint Powers Agreement.

5/29/02

AGENDA ITEM # 1V(D)

TO: Boardmembers, Orange County Fire Authority
FROM: Elizabeth Dixon
RE: Ratification of March 1 Formation and Effective Date

As you know, the JPA Agreement provided for a February 3 formation and effective date. The County Counsel stated the County was not willing to go forward on that date. For that and other reasons, and continuing bankruptcy issues, two cities did not approve the agreement before February 3. At the February 3 meeting, you set a new formation and effective date of March 1, 1995. The two cities now have approved the agreement effective February 3, 1995.

On February 17, 1995, various Authority representatives met with Supervisors Bergeson and Vasquez to request County cooperation. As a result of that meeting, on February 21, 1995, the Board approved the March 1 Effective Date. However, the outstanding Fire Department contracts and real property and equipment will not transfer until approved by the bankruptcy court. Mr. Bogdonoff has talked with Rutan & Tucker's bankruptcy attorney and they agree only these transfers require court approval and that approval is routine and should occur within 45 days.

The City Board representatives now need to ratify the March 1 date as they are able to do.

JOINT POWERS AGREEMENT
CREATING THE
ORANGE COUNTY FIRE AUTHORITY

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JOINT POWERS AGREEMENT
CREATING THE
ORANGE COUNTY FIRE AUTHORITY

This Agreement is made this 1ST day of MARCH, 199~~4~~⁵ by and between the following public entities (collectively, the "members"), BUENA PARK, CYPRESS, DANA POINT, IRVINE, LAGUNA HILLS, LAGUNA NIGUEL, LAKE FOREST, LA PALMA, LOS ALAMITOS, MISSION VIEJO, PLACENTIA, SAN CLEMENTE, SAN JUAN CAPISTRANO, SEAL BEACH, STANTON, TUSTIN, VILLA PARK AND YORBA LINDA (collectively, the "Cities") and the COUNTY OF ORANGE (the "County").

RECITALS

A. County operates the Orange County Fire Department (the "Fire Department"), which presently provides fire protection, prevention and suppression services and related and incidental services to Cities, as well as to the unincorporated area of the County and State areas of responsibility ("SRA").

B. Cities and County agree that the level and quality of services are excellent and agree that the Fire Department's operational control should be continued with the current Director of Fire Services.

C. County agrees that Cities require additional policy input into and direction over the costs of such services and use of structural fire fund taxes levied therefor.

D. Cities and County have studied and discussed policy input and cost control for over three years and have determined that creation of a joint power entity to administer fire service operations and delivery serves their needs for policy input and cost control.

E. Each member is a public agency as defined by Government Code Section 6500 et seq. and is authorized and empowered to contract for the joint exercise of powers common to each member.

F. The members now wish to jointly exercise their powers to provide for mutual fire protection, prevention and suppression services and related and incidental services, including but not limited to, creation, development, ownership and operation of programs, facilities, and funds therefor through the establishment of the "Orange County Fire Authority" (the "Authority").

NOW, THEREFORE, in consideration of the mutual promises set out, the parties agree as follows:

AGREEMENT

ARTICLE I.

POWERS AND PURPOSES

1. Authority Created. The Authority is formed by this Agreement pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code of the State of California. The Authority shall be a public entity separate from the parties hereto and its debts, liabilities and obligations shall not be the debts, liabilities and obligations of its members.

2. Purpose of the Agreement; Common Powers to be Exercised. Each member individually has the statutory ability to provide fire suppression, protection, prevention and related and incidental services including but not limited to emergency medical and transport services, as well as providing facilities and personnel for such services. The purpose of this Agreement is to jointly exercise the foregoing common powers in the manner set forth herein.

3. Effective Date of Formation. The Authority shall be formed as of February 3, 1995, or such later date as agreed to in writing by all the members (the "Effective Date"), provided that the Authority has met the insurance requirements set forth in

Article VI, Section 4(d) below and has become enrolled as a member in the Orange County Employees Retirement System (OCERS).

4. Powers. Pursuant to and to the extent required by Government Code Section 6509, the Authority shall be restricted in the exercises of its powers in the same manner as is a general law city. The Authority shall have the power to do any of the following in its own name:

- (a) To exercise the common powers of its members in providing fire suppression, protection, prevention and related and incidental services.
- (b) To make and enter into contracts, including contracts with its members; notwithstanding, the Authority may not enter into real property development agreements.
- (c) To assume Fire Department contracts relating to fire suppression, protection, prevention and related and incidental services.
- (d) To negotiate contracts with represented and unrepresented employees.
- (e) To employ such agents, employees and other persons as it deems necessary to accomplish its purpose.
- (f) To lease, acquire, hold and dispose of property.
- (g) To invest surplus funds.

- (h) To incur debts, liabilities, or obligations. provided that all bonded indebtedness, certificates of participation or other long-term debt financing require the prior consent of the members as set out in Article IV hereof.
- (i) To sue and be sued in its own name.
- (j) To apply for grants, loans, or other assistance from persons, firms, corporations, or governmental entities.
- (k) To use any and all financing mechanisms available to the Authority, subject to the provisions of Article IV hereof.
- (l) To prepare and support legislation related to the purposes of the Agreement.
- (m) To lease, acquire, construct, operate, maintain, repair and manage new or existing facilities as well as to close or discontinue the use of such facilities.
- (n) To levy and collect payments and fees for services, provided that paramedic or ambulance user fees shall be approved by the member(s) affected.
- (o) To impose new special taxes or assessments as authorized by law to the extent allowed by law, and in coordination with the underlying jurisdiction.
- (p) To provide related services as authorized by law.

- (q) To contract for the services of attorneys, consultants and other services as needed.
- (r) To purchase insurance or to self-insure and to contract for risk management services.
- (s) To adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

ARTICLE II.

ORGANIZATION

1. Membership. The members of the Authority shall be the original parties hereto which have not withdrawn from the Authority, and such other cities as may join the Authority after execution of this Agreement. New members may join on the terms and conditions set out in Article VII hereof.

2. Designation of Directors. Before the Effective Date, each member by resolution of its governing body shall designate and appoint one representative to act as its director on the Authority Board of Directors (the "Board"), except the County whose Board of Supervisors shall appoint two representatives to act as its directors. Each representative shall be a current elected member of the governing body. Each director shall hold office from the first meeting of the Board after appointment by the member's governing body for a term of four (4) years or for a lesser term as

determined under 4(a) of Article II, or until the selection of a successor by the appointing body. Each member shall also appoint an alternate to act in each director's absence. Each alternate shall be a current elected representative of the governing board of the member. Each director and alternate shall serve at the pleasure of his or her appointing body and may be removed at any time, with or without cause, at the sole discretion of that appointing body. Any vacancy shall be filled in the same manner as the original appointment of a director and/or alternate. No director or alternate will receive compensation from the Authority for his or her services. With approval of the Board, a director or alternate may be reimbursed for reasonable expenses incurred in the conduct of the business of the Authority.

3. Principal Office. The principal office of the Authority shall be the Fire Department's Water Street headquarters or as may be otherwise designated by the Authority from time to time.

4. Meetings.

(a) The first and organizational meeting of the Authority shall be held at its principal office on the Effective Date. At that meeting, the Board may determine whether to adopt a rotation system of two (2) and four (4) year terms to provide for increased continuity on the Board and shall classify themselves into any groups selected.

(b) The Board shall meet at the principal office of the Authority or at such other place as may be designated by the Board. The time and place of the regular meetings of the Board shall be determined by resolution adopted by the Board, and a copy of such resolution shall be furnished to each party hereto. All Board meetings, including regular, adjourned and special meetings, shall be called, noticed and held in accordance with the Ralph M. Brown Act, Section 54950, et seq. of the Government Code (the "Brown Act") as it may be amended from time to time.

5. Quorum; Voting. A majority of the directors shall constitute a quorum for the purpose of the transaction of business relating to the Authority. Each director, or alternate in the absence of any voting director, shall be entitled to one vote. Unless otherwise provided herein, a vote of the majority of those present and qualified to vote shall be sufficient for the adoption of any motion, resolution or order and to take any other action deemed appropriate to carry forward the objectives of the Authority.

6. Executive Committee. At its first meeting, the Board shall elect from among its members an Executive Committee of five (5) or seven (7) members, one of which shall be a County Supervisor, and shall designate the functions to be performed by the Executive Committee, as allowed by law.

7. Officers. At its first meeting, the Board shall elect from among its members a chair and vice-chair and thereafter at the first meeting in each succeeding fiscal year the Board shall elect or re-elect a chair and vice-chair. In the event that the chair or vice-chair ceases to be a director, the resulting vacancy shall be filled in the same manner at the next regular meeting of the Board held after such vacancy occurs. In the absence or inability of the chair to act, the vice-chair shall act as chair. The chair, or in his or her absence the vice-chair, shall preside at and conduct all meetings of the Board. The Board shall appoint a secretary to the Authority who may be a member of the Board or an employee of a member. The chair, vice-chair and secretary each shall hold office for a period of one (1) year.

8. Minutes. The secretary of the Authority shall provide notice of, prepare and post agendas for and keep minutes of regular, adjourned regular, and special meetings of the Board, and shall cause a copy of the minutes to be forwarded to each director. The secretary will otherwise perform the duties necessary to ensure compliance with the Brown Act and other applicable rules or regulations.

9. Rules. The Board may adopt from time to time such bylaws, rules and regulations for the conduct of its affairs that are not in conflict with this Agreement, as it may deem necessary.

10. Fiscal Year. The Authority's fiscal year shall be July 1 of each year, or in the year of its formation, the Effective Date, to and including the following June 30.

11. Assent of Members. The assent or approval of a member in any matter requiring the approval of the governing body of the member shall be evidenced by a copy of the resolution of the governing body filed with the Authority.

12. Committees. The Board may establish standing or ad hoc committees or subcommittees composed of Board members, staff and/or the public to make recommendations on specific matters.

13. Additional Officers and Employees; Contract Services.

(a) Pursuant to Government Code Sections 6505.5 and 6505.6, the Board shall appoint an officer or employee of the Board, an officer or employee of a member public agency or a certified public accountant to hold the offices of treasurer and auditor for the Authority. Such person or persons shall possess the powers of and shall perform the treasurer and auditor functions for the Authority required by Government Code Sections 6505, 6505.5, and 6505.6, including any subsequent amendments thereto. Pursuant to Government Code Section 6505.1, the secretary and the auditor and treasurer shall have charge of certain property of the Authority. The treasurer and auditor shall assure that there shall be strict accountability of all funds and reporting of all receipts

and disbursements of the Authority. The treasurer, auditor and secretary shall be required to file an official bond with the Board in an amount which shall be established by the Board. Should the existing bond or bonds of any such officer be extended to cover the obligations provided herein, said bond shall be the official bond required herein. The premiums on any such bonds attributable to the coverage required herein shall be appropriate expenses of the Authority.

(b) The Board shall appoint general counsel and special counsel to the Authority to serve as necessary.

(c) The Board may contract with a member to provide necessary administrative services to the Authority as appropriate. Any administrative duties also may rotate from year to year.

ARTICLE III.

TRANSFER OF FIRE OPERATIONS

1. List of Assets and Liabilities. An up-to-date list of all Fire Department personnel, employment agreements, pension agreements, assets (including but not limited to real property, equipment, Fire Department reserves, contracts and deposits) and all known liabilities (including but not limited to tort and workers compensation cases and claims) shall be prepared by the

transition team during the transition referred to in Article VIII below.

2. Transfer of County Assets and Liabilities. Effective as of the date of Authority formation, County shall transfer to the Authority all assets and liabilities of the Fire Department, exclusive of the Weed Abatement and Hazardous Materials Program Office and their personnel (the Asset Transfer), as further set out in this Article.

(a) Personnel. The parties agree that the Authority is the successor employer to the County by operation of law, including for retirement and pension purposes. On the Effective Date, each and every employee of the Fire Department shall become an employee of the Authority on exactly the same terms and conditions as set forth in the County's existing Memoranda of Understanding ("MOU's"), employment agreements and all other applicable employment rules, regulations, ordinances and resolutions. The Board shall forthwith adopt and ratify such MOU's, employment agreements, and employment rules, regulations, ordinances and resolutions for each of the Authority employees and shall take such other and further actions as authorized and necessary to implement this subparagraph (a). The Board also shall take all necessary steps to confirm continuation of membership in the County's 1937 Act Retirement system on the same terms and conditions.

(b) Assets. All Fire Department assets, including and not limited to real property, including the Fire Headquarters complex located at 180 South Water Street in Orange (but excepting the four deactivated fire stations located at 1502 South Greenville Street, Santa Ana; 12962 Dale Street, Garden Grove; 521 North Figueroa Street, Santa Ana; and 31411 La Matanza Street, San Juan Capistrano) and personal property and equipment and apparatus, whether or not located at fire stations, the Fire Headquarters complex, on equipment or otherwise shall transfer to the Authority in their "as is" condition as of the Effective Date. As part of the consideration for the County's Asset Transfer and contribution to the Authority of its SFF from the unincorporated area, the Authority shall assume the Fire Department's obligation for payment of \$14.5 million to the County for purchase of Fire Department assets. The parties acknowledge that \$8.2 million remains owing, and that the Authority shall make a \$4.1 million payment by June 30, 1995 and a \$4.1 million payment by June 30, 1996.

(c) Reserves. All Fire Department reserves, including the Fire Department's Fund 130 contingency, as shown in the County's 1994-95 Final Budget, shall transfer, unencumbered, to the Authority as of the Effective Date.

(d) Contracts. Except for the SRA agreement with the California Department of Forestry and Fire Protection ("CDF"), all existing County agreements and contracts involving the Fire

Department or its personnel, including but not limited to contracts with Structural Fire Fund and cash contract Cities, mutual aid agreements, automatic aid agreements, County island agreements, and entry, access and roadwork agreements, shall be assigned to the Authority as of the Effective Date, with any service or obligation to be provided or performed thereafter by the Authority. A list of all such contracts shall be developed during the transition period. The Authority agrees to assume all of County's obligations, duties and liabilities under said agreements and contracts. With respect to contracts between County and the Structural Fire Fund Cities and cash contract Cities, each City member hereby agrees to the assignment to the Authority and agrees to release County as of the Effective Date from any further obligations to any City member under said contracts upon assignment. As part of the consideration for the County's Asset Transfer and contribution to the Authority of its SFF from the unincorporated area, the Authority agrees to subcontract with County for the provision of services to all areas within the County which have been designated as SRAs or enter into another arrangement on such terms as are acceptable to the CDF and the County. As additional consideration for the County's Asset Transfer and contribution of its SFF from the unincorporated area, the Authority further agrees to contract with the County for the Authority's provision of services to the County's unincorporated areas and for the Authority's provision of aircraft rescue fire fighting service to John Wayne Airport.

(e) Records. Any and all business records and files, whether computer records, hard copy, microfilm or fiche, historical data, rosters, personnel records, organizational charts, job descriptions, deeds, easements, equipment logs, warranties, manuals and so forth, necessary or helpful to provide services shall be transferred by the County to the Authority during the transition period.

3. Authority Assumption of Liability. In further consideration for the County's Asset Transfer and contribution of its SFF from the unincorporated area, the Authority shall assume responsibility for any and all loss, litigation, liability, injury, damage, claim, demand, and tort or workers compensation incidents that occur on or after the Effective Date. The County shall retain responsibility and liability for any and all such incidents that occur prior to the Effective Date and shall retain all risk management reserves that have been set aside for such prior incidents. The Authority may contract with the County to receive risk management services on such terms as agreed to by the Authority and the County. Notwithstanding, the Authority acknowledges that it shall not be entitled to become a member of the County's self-insurance pool without the County's written consent.

ARTICLE IV.

FUNDING OF FIRE OPERATIONS

1. General Budget. Within sixty (60) days after the first meeting of the Board, a general budget for the first fiscal year shall be adopted by the vote of a majority of all of the directors. The initial budget and each succeeding budget shall include, but not be limited to, the following: (a) the general administrative expenses, operating expenses and necessary reserves of the Authority to be incurred during the period covered by the budget; and (b) the allocation of costs among the members of the Authority in the amounts necessary to cover the budget items set out in 1(a) above. Thereafter, at or prior to the last meeting of the Board for each fiscal year, a general budget shall be adopted for the ensuing fiscal year or years by a vote of at least a majority of all of the directors of the Board. A written budget performance report shall be presented to the Board.

2. Expenditures for the Approved Budget. All expenditures within the designations and limitations of the approved general budget shall be made on the authorization of the Board for general budget expenditures without further action. No expenditures in excess of those budgeted shall be made without the approval of a majority of all of the directors of the Board.

3. Contributions for Budgeted Amounts.

(a) Structural Fire Fund. County receives Structural

Fire Fund ("SFF") from the unincorporated area and all member Cities except Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach. On behalf of the Cities receiving SFF, and the unincorporated area, County shall pay all SFF it receives to the Authority to meet budget expenses and fund reserves in accordance with the County's normal tax apportionment procedures pursuant to the California Revenue and Taxation Code and the County's tax apportionment schedules.

(b) Cash Contract Cities and John Wayne Airport. As part of its annual budget process, the Authority shall determine amounts owing from Buena Park, Placentia, San Clemente, Seal Beach, Stanton, Tustin, other member cash contract Cities, and from the County for service to the John Wayne Airport. Such amounts are due and payable within sixty (60) days of receipt of a billing therefor. For the first three (3) fiscal years of the Authority's existence, the Authority shall limit any increase in annual costs for its service to cash contract Cities to no more than the annual percentage change in the cost of fire system operations consistent with the cost calculation methodology in place on the Effective Date, and for service to the County for the John Wayne Airport to amounts consistent with the cost calculation methodology in place immediately prior to the Effective Date.

(c) Termination. Failure by any member to make payments when due constitutes grounds for expulsion from the Authority. Prior to expulsion, the Authority shall provide written notice of its intention to and expel such member if payment is not received

within sixty (60) days of the date of such notice. Any member shall remain liable for payment of its proportional share of any bonded indebtedness of the Authority incurred prior to the date of its expulsion.

4. Equity. The County and each member City shall be member agencies in equal standing in the Authority. It is understood that the cost of service shall not be adjusted by reason of equity for any member agency for a period of three (3) fiscal years from the effective date of Authority formation. After the Authority's first three fiscal years, any new annual adjustment to the cost for fire services to each member for reasons of equity must be fair and equitable to all members and may not exceed two (2) percent of the member's immediately prior annual contribution. Upon approval of two-thirds of all of the directors of the Board, another method may be utilized in lieu of the foregoing formula as long as such method is fair and equitable to all members.

5. Approval of Bonded Indebtedness. Prior to any Authority resolution authorizing the issuance of any bonded indebtedness, each member shall approve any bonded indebtedness to be incurred by the Authority. Any withdrawing member shall remain responsible for payment of its proportional share of any bonded indebtedness it has approved. As used herein, "bonded indebtedness" does not include short-term tax anticipation notes with a one-year (or shorter) term which the Authority may authorize by a majority vote of all of the directors of the Board.

6. Authority Cooperation. The Authority agrees to fully cooperate with each of the members in pursuing federal and state claims for emergency response reimbursements.

ARTICLE V.

ACCOUNTING AND AUDITS

1. Accounting Procedures. Full books and accounts shall be maintained for the Authority in accordance with practices established by, or consistent with, those utilized by the Controller of the State of California for like public entities. In particular, the Authority's auditor and treasurer shall comply strictly with requirements governing joint powers agencies, Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6500).

2. Audit. The records and accounts of the Authority shall be audited annually by an independent certified public accountant and copies of the audited financial reports, with the opinion of the independent certified public accountant, shall be filed with the county Auditor, the State Controller and each member within six (6) months of the end of the fiscal year under examination.

ARTICLE VI.

PROPERTY RIGHTS

1. Project Facilities and Property. On and after the Effective Date of the Authority, all real and personal property,

including but not limited to, facilities constructed, installed, acquired or leased by the Authority, apparatus and equipment, personnel and other records and any and all reserve funds shall be held in the name of the Authority for the benefit of the members of the Authority in accordance with the terms of this Agreement.

2. Disposition of Assets Upon Termination. The Authority may vote to terminate this Agreement, or termination will occur if only one member is left in the Authority. If termination occurs, all surplus money and property of the Authority shall be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership, whether SFF or cash contract amounts. Each member shall execute any instruments of conveyance necessary to effectuate such distribution or transfer. In any such distribution, the amount of SFF derived from each incorporated or unincorporated city areas shall be considered as received from that member in the same manner as cash contract payments have contributed to surplus assets.

3. Liabilities. Except as otherwise provided herein, the debts, liabilities and obligations of the Authority shall be the debts, liabilities or obligations of the Authority alone and not of the parties of this Agreement.

4. Indemnification and Insurance.

(a) Except as provided in Article VI, Section 4(e) below, from and after the Effective Date, the Authority shall

defend, indemnify and hold harmless the County and each of the Cities and their officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys' fees) arising out of or in any way related to the performance of services pursuant to this Agreement.

(b) Except as provided in Article VI, Section 4(e) below, from and after the Effective Date, the Authority shall defend, indemnify and hold harmless the County and each of the County's officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys' fees) arising out of or in any way related to any Fire Department contract or agreement assumed by or otherwise transferred to the Authority.

(c) Except as provided in Article VI, Section 4(e) below, from and after the Effective Date, the Authority shall defend, indemnify and hold harmless the County and each of the County's officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys' fees) arising out of or in any way related to any Fire Department asset to be transferred to the Authority, including but not limited to real property, personal property, equipment and apparatus.

(d) From and after the Effective Date, the Authority shall maintain during the term of this Agreement, workers compensation insurance as required by law and, in addition, general comprehensive liability insurance in the minimum limit of \$5,000,000 combined single limit per occurrence and annual aggregate. Each of the Authority members shall be named as an additional insured on the general comprehensive liability policy. Alternatively, the Authority may self-insure. Prior to the Effective Date, the Authority shall provide the County with certificates of insurance or proof of self insurance evidencing the coverage referred to in this Section 4(d). Such insurance is a condition precedent to performance under this Agreement, and until the Authority obtains insurance as provided for in this Section 4(d), performance under this Agreement is excused and no member shall have any right against any other member in equity or law.

(e) From and after the Effective Date, the County shall defend, indemnify and hold harmless the Authority and each City member and their officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys' fees) arising out of the Fire Department's actions or omissions prior to the Effective Date hereof which are related to the provision of fire services or to the administration of Fire Department contracts, facilities, sites or assets, and which may include past, present or ongoing, or any future release of any hazardous material, hazardous substance or hazardous waste as defined under state and federal law or regulation. The Authority

and the Cities agree that the County's obligations under this Section 4(e) shall only apply to costs, losses, damage, injuries, claims, demands, litigation or liabilities for which a written claim has been received by the County prior to February 3, 2000.

(f) Notwithstanding Article VI, Section 4, the members agree that no immunity available to the County or the Cities under state or federal law or regulation shall be waived with respect to any third party claim.

ARTICLE VII.

WITHDRAWAL AND ADDITION OF MEMBERS

1. City Member Withdrawal. No City member may withdraw its participation in the Authority for three (3) years from the Effective Date, or three (3) years from the date on which it initially becomes a member. After that three (3) year period, any withdrawing City member may give written notice to the Assessor and State Board of Equalization by November 30 of any year pursuant to Government Code Section 54902 and by Resolution to the County by the succeeding March 1 pursuant to Government Code Section 25643 and such other notices as are required by laws then in effect, of its intent to withdraw as of the end of that fiscal year. That withdrawal may be subject to property tax transfer negotiation as required by applicable law. Any withdrawing City member shall remain liable for payment of its proportional share of any bonded indebtedness of the Authority incurred prior to the date of its withdrawal.

2. Addition of New City Members. Any non-member City may join the Authority upon consent of a majority of all of the directors of the Board and agreement to terms and conditions determined by the Board. A new City member may be required to transfer to the Authority its fire facilities and assets or to reimburse the Authority for a proportionate share of facilities which the new City will utilize. As a condition of membership, a city may also be required to accept responsibility for a proportion of the debts, obligations, and liabilities of the Authority from its transferred facilities, to the extent agreed upon by the Authority and the new member at the time of membership. The Authority Board may determine to waive all or part of such contribution requirements in return for an offsetting transfer of the new member's fire facilities and assets to the Authority.

3. Withdrawal of County. County may not withdraw from the Authority for three (3) years from the Effective Date, and thereafter may withdraw from the Authority only upon notice to Authority by November 30 of any year to permit negotiation of the property tax transfer pursuant to Revenue and Taxation Code Sections 95 and 99 before December 31, and thereby to enable Cities to give notice of withdrawal under Government Code Section 25643. In the event of withdrawal, the County shall remain liable for payment of its proportional share of any bonded indebtedness of the Authority incurred prior to the date of its withdrawal.

4. Property of Withdrawing Members. Any withdrawing member may negotiate with the Authority for return or repurchase of any

and all stations and equipment serving that member's jurisdiction.

ARTICLE VIII.

TRANSITION TO AUTHORITY

The cities and County shall designate a transition team to implement the transfer of assets and liabilities hereunder, to prepare for the Authority's organizational meeting, and to direct the transition of administrative services from the County to the Authority.

ARTICLE IX.

NOTICE OF AGREEMENT

1. Initial Notice. Upon the Effective Date of this Agreement, the Authority shall timely file with the Orange County Clerk and the Office of the Secretary of State the information required by Government Code Sections 6503.5 and 53051.

2. Additional Notices. Upon any amendments to this Agreement, the Authority shall prepare and timely file with the Orange County Clerk and the Office of the Secretary of State the information required by Government Code Sections 6503.5 and 53051.

3. Notice to Members. Notice to members shall be deemed given when mailed to them, first class, postage prepaid, or faxed to the address/or fax no. set out by their signatures.

4. Amendment. This Agreement may not be amended or modified except by a written agreement signed by all of the members. This Agreement represents the sole and entire agreement between the parties and supersedes all prior agreements, negotiations and discussions between the parties hereto and/or their respective counsel with respect to the subject matter of this Agreement.

5. Headings. The headings in this Agreement are for convenience only and are not to be construed as modifying or explaining the language in the section referred to.

6. Severability. Should any part, term, or provision of this Agreement be determined by a court to be illegal or unenforceable, the remaining portions or provisions of this Agreement shall nevertheless be carried into effect.

7. No Continuing Waiver. No waiver of any term or condition of this Agreement shall be considered a continuing waiver thereof.

8. Successors. This Agreement shall inure to the benefit of and be binding upon any successors or assigns of the members. No member may assign any right or obligation hereunder without the written consent of a majority of all of the directors of the Board.

9. No Third Party Beneficiary. The members agree that except as provided in Article IX, Section 8 above, the provisions of this Agreement are not intended to directly benefit, and shall

not be enforceable by, any person or entity not a party to this Agreement.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed and attested by their duty authorized officers as of the date first above written.

Dated: DEC 1 1994

COUNTY OF ORANGE, a political
subdivision of the State
of California

By Thomas Helery
Chairman of its Board of
Supervisors

SIGNED AND CERTIFIED THAT A
COPY OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIRMAN OF
THE BOARD

Nancy K Swanson
Clerk of the Board of Supervisors
County of Orange, California

NOTICE TO COUNTY OF ORANGE TO BE
GIVEN TO:

ERNIE SCHNEIDER
COUNTY ADMINISTRATIVE OFFICER
P.O. BOX 22014
SANTA ANA, CA 92702-2014

FAX: (714) 834-3018

APPROVED AS TO FORM:
TERRY C. ANDRUS, COUNTY COUNSEL

By Ann E. Fletcher
Ann E. Fletcher, Deputy

Dated: 1/4/95

Dated: 2-14-95

CITY OF BUENA PARK

By 
Don R. Griffin, Mayor

ATTEST:

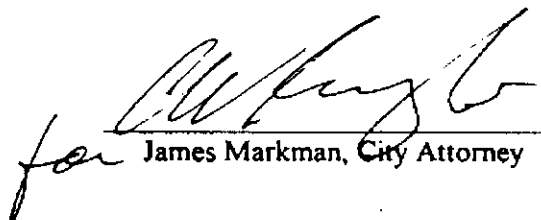

Alcene Cain, City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Buena Park
6650 Beach Boulevard
Buena Park, CA 90620

Phone: (714) 562-3500
Fax: (714) 562-3599

APPROVED AS TO FORM:


for James Markman, City Attorney

Dated: 1/24/95

CITY OF CYPRESS

By: *Lucinda L. Lee*

ATTEST:

Darrell Gray
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Cypress
5275 Orange Avenue
Cypress, CA 90630

Phone: (714) 229-6688

Fax: (714) 229-0154

APPROVED AS TO FORM:

John E. Caravaggio
City Attorney

Dated: 1/31/95

CITY OF DANA POINT

By: Judy Carver
MAYOR

ATTEST:

Sharon A. Wails
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Dana Point
33282 Golden Lantern
Dana Point, CA 92629

Phone: (714) 248-9890
Fax: (714) 248-9920

APPROVED AS TO FORM:

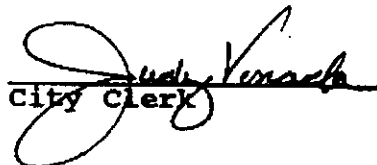
Jerry M. Patterson
City Attorney

Dated: _____

CITY OF IRVINE

By: 

ATTEST:



City Clerk

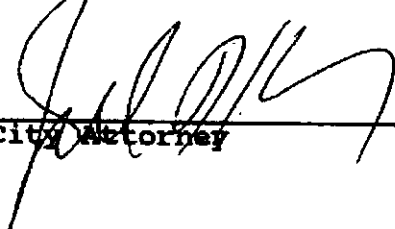
NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Irvine
One Civic Center Plaza
Irvine, CA 92714

Phone: (714) 724-6249

Fax: (714) 724-6045

APPROVED AS TO FORM:



City Attorney

Dated: January 24, 1995

CITY OF LAGUNA HILLS


By: JOEL LAUTENSCHLEGER, MAYOR

ATTEST:


City Clerk
MARY A. CARLSON

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Laguna Hills
25210 Paseo de Alicia #150
Laguna Hills,, CA 92653

Phone: (714) 707-2600

Fax: (714) 707-2614

APPROVED AS TO FORM:


City Attorney
LOIS E. JEFFREY

Signature Page for the Joint Powers Agreement Creating the
Orange County Fire Authority

Dated: February 22, 1995

CITY OF LAGUNA NIGUEL

By: *Mark G. Foster*

ATTEST:

Kari S. Hender, Deputy
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Laguna Niguel
27781 La Paz Rd.
Laguna Niguel, CA 92656

Phone: (714) 362-4380
Fax: (714) 362-4340

APPROVED AS TO FORM:

[Signature]
City Attorney 2/22/95

Dated: 2/22/95

CITY OF LAKE FOREST

Richard W. ...
By: Mayor

ATTEST:

Jeri ...
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Lake Forest
25422 Trabuco Rd.
Lake Forest, CA 92630


Phone: (714) 707-5583
Fax: (714) 707-5723

APPROVED AS TO FORM:

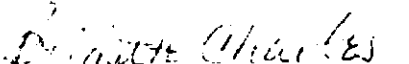
Jerry M. ...
City Attorney

Dated: February 15, 1995

CITY OF LA PALMA


By: Mayor

ATTEST:

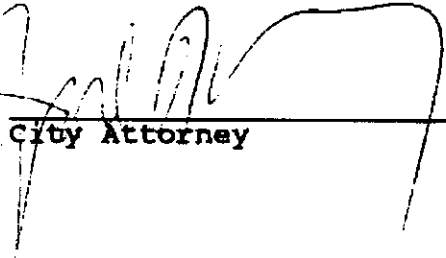

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of La Palma
7822 Walker Street
La Palma, CA 90620

Phone: (714) 523-7700
Fax: (714) 523-7351

APPROVED AS TO FORM:


City Attorney

Dated: 1-23-95

CITY OF LOS ALAMITOS

Charles E. Agler
By: Mayor

ATTEST:

Anna J. Heleni
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Los Alamitos
3193 Katella Avenue
Los Alamitos, CA 90720

Phone: (714) 827-8670
Fax: (310) 493-1255

APPROVED AS TO FORM:

M Allen
City Attorney

Dated: Feb. 23, 1995

CITY OF MISSION VIEJO


By: Mayor Pro Tem
Sherri Butterfield

ATTEST:


City Clerk
Ivy J. Joseph

NOTICE TO CITY TO BE GIVEN TO:

City of Mission Viejo
25909 Pala Suite 150
Mission Viejo, CA 92691

Phone: (714) 470-3000
Fax: (714) 470-9140

APPROVED AS TO FORM:


City Attorney
Peter Thorson

Dated: _____

CITY OF PLACENTIA

Michael L. Martwick
By: MAYOR

ATTEST:

Edmund M. Price
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Administrator
City of Placentia
401 E. Chapman
Placentia, CA 92670

Phone: (714) 993-8117
Fax: (714) 961-0283

APPROVED AS TO FORM:

Carol B. Tarentum
City Attorney

Dated: February 1, 1995

CITY OF SAN CLEMENTE

Caridace Haggard
By: Mayor

ATTEST:

Mariana Erway
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of San Clemente
100 Avenida Presidio
San Clemente, CA 92672

Phone: (714) 361-8322
Fax: (714) 361-8285

APPROVED AS TO FORM:

Jeffrey M. Olson
City Attorney

Dated: February 1, 1995

CITY OF SAN JUAN CAPISTRANO

Carolyn Nash
By: Carolyn Nash, Mayor

ATTEST:

Cheryl Johnson
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of San Juan Capistrano
32400 Paseo Adelanto
San Juan Capistrano, CA 92675

Phone: (714) 443-6315
Fax: (714) 493-1053

APPROVED AS TO FORM:

Richard K. DeLuca
City Attorney
4/31/95*

3. Notice to Members. Notice to members shall be deemed given when mailed to them, first class, postage prepaid, or faxed to the address/or fax no. set out by their signatures.

4. Amendment. This Agreement may not be amended or modified except by a written agreement signed by all of the members.

5. Headings. The headings in this Agreement are for convenience only and are not to be construed as modifying or explaining the language in the section referred to.

6. Severability. Should any part, term, or provision of this Agreement be determined by a court to be illegal or unenforceable, the remaining portions or provisions of this Agreement shall nevertheless be carried into effect.

7. No Continuing Waiver. No waiver of any term of condition of this Agreement shall be considered a continuing waiver thereof.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed and attested by their duty authorized officers as of the date first above written.

MAYOR, City of Seal Beach




ATTEST:



CITY CLERK

APPROVED AS TO FORM:



CITY ATTORNEY

Dated: SEC 8 1994

COUNTY OF ORANGE, a political
subdivision of the State
of California

By Thomas Kelly
Chairman of its Board of
Supervisors

SIGNED AND CERTIFIED THAT A
COPY OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIRMAN OF
THE BOARD

 Nancy K. Swanson
ASST. Clerk of the Board of Supervisors
County of Orange, California

NOTICE TO COUNTY OF ORANGE TO BE
GIVEN TO:

ERNIE SCHNEIDER
COUNTY ADMINISTRATIVE OFFICER
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SANTA ANA, CA 92702-2014
FAX: (714) 834-3018

CITY OF TUSTIN

 Thomas R. Saltarelli
THOMAS R. SALTARELLI, MAYOR

APPROVED AS TO FORM:
TERRY C. ANDRUS, COUNTY COUNSEL

ATTEST:

By Ann E. Fletcher
Ann E. Fletcher, Deputy

 Jocelyn Orshel
Jocelyn Orshel
CLERK

Dated: 1/4/95

Dated: January 24, 1995

CITY OF STANTON



By: Harry M. Doyson, Mayor

ATTEST:


City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Stanton
10660 Western Avenue
Stanton, CA 90680

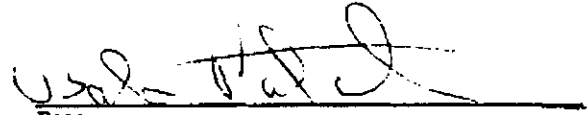
Phone: (714) 379-9222
Fax: (714) 890-1443

APPROVED AS TO FORM:


City Attorney

Dated: January 24, 1995

CITY OF VILLA PARK


By: _____

ATTEST:


City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Villa Park
17855 Santiago Blvd.
Villa Park, CA 92667


Phone: (714) 998-1500
Fax: (714) 998-1508

APPROVED AS TO FORM:

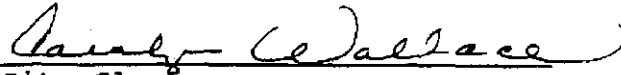
Assistant 
City Attorney

DATED: February 21, 1995

CITY OF YORBA LINDA

By: 
Daniel T. Welch, Mayor
City of Yorba Linda

ATTEST:


City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Yorba Linda
4845 Casa Loma Avenue
Yorba Linda, CA 92686

Phone: (714) 961-7100
Fax: (714) 961-7101

APPROVED AS TO FORM:


City Attorney

**AMENDED ORANGE COUNTY FIRE AUTHORITY
JOINT POWERS AGREEMENT**

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**AMENDED ORANGE COUNTY FIRE AUTHORITY
JOINT POWERS AGREEMENT**

This amended Agreement is made this 23rd day of September, 1999 by and between the following public entities (collectively, the "members"), BUENA PARK, CYPRESS, DANA POINT, IRVINE, LAGUNA HILLS, LAGUNA NIGUEL, LAKE FOREST, LA PALMA, LOS ALAMITOS, MISSION VIEJO, PLACENTIA, SAN CLEMENTE, SAN JUAN CAPISTRANO, SEAL BEACH, STANTON, TUSTIN, VILLA PARK, WESTMINSTER AND YORBA LINDA (collectively, the "Cities") and the COUNTY OF ORANGE (the "County").

RECITALS

A. County operates the Orange County Fire Department (the "Fire Department"), which presently provides fire protection, prevention and suppression services and related and incidental services to Cities, as well as to the unincorporated area of the County and State areas of responsibility ("SRA").

B. County agrees that Cities require additional policy input into and direction over the costs of such services and use of structural fire fund taxes levied therefor.

C. Cities and County have studied and discussed policy input and cost control for over three years and have determined that creation of a joint power entity to administer fire service operations and delivery serves their needs for policy input and cost control.

D. Each member is a public agency as defined by Government Code Section 6500 et seq. and is authorized and empowered to contract for the joint exercise of powers common to each member.

E. The members now wish to jointly exercise their powers to provide for mutual fire protection, prevention and suppression services and related and incidental services, including but not limited to, creation, development, ownership and operation of programs, facilities, and funds therefor through the establishment of the "Orange County Fire Authority" (the "Authority").

NOW, THEREFORE, in consideration of the mutual promises set out, the parties agree as follows:

AGREEMENT

ARTICLE I.

POWERS AND PURPOSES

1. **Authority Created.** The Authority is formed by this Agreement pursuant to the provisions of Article 1, Chapter 5, Division 7, Title I (commencing with Section 6500) of the Government Code of the State of California. The Authority shall be a public entity separate from the parties hereto and its debts, liabilities and obligations shall not be the debts, liabilities and obligations of its members.

2. **Purpose of the Agreement; Common Powers to be Exercised.** Each member individually has the statutory ability to provide fire suppression, protection, prevention and related and incidental services including but not limited to emergency medical and transport services, and hazardous materials regulation, as well as providing facilities and personnel for such services. The purpose of this Agreement is to jointly exercise the foregoing common powers in the manner set forth herein.

3. **Effective Date of Formation.** The Authority shall be formed as of February 3, 1995, or such later date as agreed to in writing by all the members (the "Effective Date"), provided that the Authority has met the insurance requirements set forth in Article VI., Section 4. D. below and has become enrolled as a member in the Orange County Employees Retirement System (OCERS).

4. **Powers.** Pursuant to and to the extent required by Government Code Section 6509, the Authority shall be restricted in the exercises of its powers in the same manner as is a general law city. The Authority shall have the power to do any of the following in its own name:

- A. To exercise the common powers of its members in providing fire suppression, protection, prevention and related and incidental services.
- B. To make and enter into contracts, including contracts with its members; notwithstanding, the Authority may not enter into real property development agreements.
- C. To assume Fire Department contracts relating to fire suppression, protection, prevention and related and incidental services.
- D. To determine compensation and working conditions and negotiate contracts with employees and employee organizations.
- E. To employ such agents, employees and other persons as it deems necessary to accomplish its purpose.

- F. To lease, acquire, hold and dispose of property.
- G. To invest surplus funds.
- H. To incur debts, liabilities, or obligations, provided that all long term bonded indebtedness, certificates of participation or other long-term debt financing require the prior consent of the members as set out in Article IV. hereof.
- I. To sue and be sued in its own name.
- J. To apply for grants, loans, or other assistance from persons, firms, corporations, or governmental entities.
- K. To use any and all financing mechanisms available to the Authority, subject to the provisions of Article IV. hereof.
- L. To prepare and support legislation related to the purposes of the Agreement.

- M. To lease, acquire, construct, operate, maintain, repair and manage new or existing facilities as well as to close or discontinue the use of such facilities.
- N. To levy and collect payments and fees for services, provided that paramedic or ambulance user fees shall be approved by the member(s) affected.
- O. To impose new special taxes or assessments as authorized by law to the extent allowed by law, and in coordination with the underlying jurisdiction.
- P. To provide related services as authorized by law.
- Q. To contract for the services of attorneys, consultants and other services as needed.
- R. To purchase insurance or to self-insure and to contract for risk management services.

- S. To adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority.
- T. To determine the compensation of Directors.

ARTICLE II.

ORGANIZATION

1. **Membership.** The members of the Authority shall be the original parties hereto which have not withdrawn from the Authority, and such other cities as may join the Authority after execution of this Agreement. New members may join on the terms and conditions set out in Article VII. hereof.

2. **Designation of Directors.** Each member by resolution of its governing body shall designate and appoint one representative to act as its Director on the Authority Board of Directors (the "Board"), except the County whose Board of Supervisors shall appoint two representatives to act as its Directors. Each representative shall be a current elected member of the governing body. Each Director shall hold office until the selection of a successor by the appointing body. Each member shall also appoint an alternate to act in each Director's absence. Each alternate shall be a current elected representative of the governing board of the member. Each Director and alternate shall serve at the pleasure of his or her appointing body and may be removed at any time, with or without cause, at the sole

discretion of that appointing body. Any vacancy shall be filled in the same manner as the original appointment of a Director and/or alternate. With approval of the Board, a Director or alternate may be reimbursed for reasonable expenses incurred in the conduct of the business of the Authority.

3. **Principal Office.** The principal office of the Authority shall be the Fire Department's Water Street headquarters or as may be otherwise designated by the Authority from time to time.

4. **Meetings.**

A. The first and organizational meeting of the Authority shall be held at its principal office on the Effective Date. At that meeting, the Board may determine whether to adopt a rotation system of two (2) and four (4) year terms to provide for increased continuity on the Board and shall classify themselves into any groups selected.

B. The Board shall meet at the principal office of the Authority or at such other place as may be designated by the Board. The time and place of the regular meetings of the Board shall be determined by resolution adopted by the Board, and a copy of such resolution shall be furnished to each party hereto. All Board meetings, including regular, adjourned and special meetings, shall be called, noticed and held in

accordance with the Ralph M. Brown Act, Section 54950, et seq. of the Government Code (the "Brown Act") as it may be amended from time to time.

5. **Quorum; Voting.** A majority of the Directors shall constitute a quorum for the purpose of the transaction of business relating to the Authority. Each Director, or alternate in the absence of any voting Director, shall be entitled to one vote. Unless otherwise provided herein, a vote of the majority of those present and qualified to vote shall be sufficient for the adoption of any motion, resolution or order and to take any other action deemed appropriate to carry forward the objectives of the Authority.

6. **Executive Committee.** The Board shall select from among its members an Executive Committee, one member of which shall be a County Supervisor, and shall designate the functions to be performed by the Executive Committee, as allowed by law.

7. **Officers.** The Board shall elect from among its members a chair and vice-chair and thereafter at the first meeting in each fiscal year the Board shall elect or re-elect a chair and vice-chair. In the event that the chair or vice-chair ceases to be a Director, the resulting vacancy shall be filled in the same manner at the next regular meeting of the Board held after such vacancy occurs. In the absence or inability of the chair to act, the vice-chair shall act as chair. The chair, or in his or her absence the vice-chair, shall preside at and conduct all meetings of the Board. In the absence of the

chair and vice-chair, the Board shall elect a chair *pro tempore* to preside at and conduct the meeting. The Board shall also appoint a clerk of the Authority.

8. **Minutes.** The clerk of the Authority shall provide notice of, prepare and post agendas for and keep minutes of regular, adjourned regular, and special meetings of the Board, and shall cause a copy of the minutes to be forwarded to each Director. The clerk will otherwise perform the duties necessary to ensure compliance with the Brown Act and other applicable rules or regulations.

9. **Rules.** The Board may adopt from time to time such bylaws, rules and regulations for the conduct of its affairs that are not in conflict with this Agreement, as it may deem necessary. ✓

10. **Fiscal Year.** The Authority's fiscal year shall be July 1 of each year, or in the year of its formation, the Effective Date, to and including the following June 30.

11. **Assent of Members.** The assent or approval of a member in any matter requiring the approval of the governing body of the member shall be evidenced by a copy of the resolution of the governing body filed with the Authority.

12. **Committees.** The Board may establish standing or ad hoc committees or subcommittees composed of Board members, staff and/or the public to make recommendations on specific matters.

13. **Additional Officers and Employees; Contract Services.**

A. Pursuant to Government Code Sections 6505.5 and 6505.6, the Board shall appoint an officer or employee of the Authority, an officer or employee of a member public agency or a certified public accountant to hold the offices of treasurer and auditor for the Authority. Such person or persons shall possess the powers of and shall perform the treasurer and auditor functions for the Authority required by Government Code Sections 6505, 6505.5, and 6505.6, including any subsequent amendments thereto. Pursuant to Government Code Section 6505.1, the clerk of the Authority and the auditor and treasurer shall have charge of certain property of the Authority. The treasurer and auditor shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority. The treasurer, auditor and clerk of the Authority shall be required to file an official bond with the Board in an amount which shall be established by the Board. Should the existing bond or bonds of any such officer be extended to cover the obligations provided herein, said bond shall be the official bond required herein. The premiums on any such bonds attributable to the coverage required herein shall be appropriate expenses of the Authority.

B. The Board shall appoint general counsel and special counsel to the Authority to serve as necessary.

C. The Board may contract with a member to provide necessary administrative services to the Authority as appropriate. Any administrative duties also may rotate from year to year.

ARTICLE III.

TRANSFER OF FIRE OPERATIONS

1. **List of Assets and Liabilities.** An up-to-date list of all Fire Department personnel, employment agreements, pension agreements, assets (including but not limited to real property, equipment, Fire Department reserves, contracts and deposits) and all known liabilities (including but not limited to tort and workers' compensation cases and claims) shall be prepared by the transition team during the transition referred to in Article VIII. below.

2. **Transfer of County Assets and Liabilities.** Effective as of the date of Authority formation, County shall transfer to the Authority all assets and liabilities of the Fire Department, exclusive of the Weed Abatement and Hazardous Materials Program Office and their personnel (the Asset Transfer), as further set out in this Article.

A. Personnel. The parties agree that the Authority is the successor employer to the County by operation of law, including for retirement and pension purposes. On the Effective Date, each and every employee of the Fire Department shall become an employee of the Authority on exactly the same terms and conditions as set forth in the County's existing Memoranda of Understanding ("MOU's"), employment agreements and all other applicable employment rules, regulations, ordinances and resolutions. The Board shall forthwith adopt and ratify such MOU's, employment agreements, and employment rules, regulations, ordinances and resolutions for each of the Authority employees and shall take such other and further actions as authorized and necessary to implement this subparagraph A. The Board also shall take all necessary steps to confirm continuation of membership in the County's 1937 Act Retirement system on the same terms and conditions.

B. Assets. All Fire Department assets, including and not limited to real property, including the Fire Headquarters complex located at 180 South Water Street in Orange (but excepting the four deactivated fire stations located at 1502 South Greenville Street, Santa Ana; 12962 Dale Street, Garden Grove; 521 North Figueroa Street, Santa Ana; and 31411 La Matanza Street, San Juan Capistrano) and personal property and equipment and apparatus, whether or not located at fire stations, the Fire Headquarters complex, on equipment or otherwise shall transfer to the Authority in their "as is" condition as of the Effective Date. As part of the consideration for the County's Asset Transfer and contribution to the Authority of its SFF from the unincorporated area,

the Authority shall assume the Fire Department's obligation for payment of \$14.5 million to the County for purchase of Fire Department assets. The parties acknowledge that \$8.2 million remains owing, and that the Authority shall make a \$4.1 million payment by June 30, 1995 and a \$4.1 million payment by June 30, 1996.

C. Reserves. All Fire Department reserves, including the Fire Department's Fund 130 contingency, as shown in the County's 1994-95 Final Budget, shall transfer, unencumbered, to the Authority as of the Effective Date.

D. Contracts. Except for the SRA agreement with the California Department of Forestry and Fire Protection ("CDF"), all existing County agreements and contracts involving the Fire Department or its personnel, including but not limited to contracts with Structural Fire Fund and cash contract Cities, mutual aid agreements, automatic aid agreements, County island agreements, and entry, access and roadwork agreements, shall be assigned to the Authority as of the Effective Date, with any service or obligation to be provided or performed thereafter by the Authority. A list of all such contracts shall be developed during the transition period. The Authority agrees to assume all of County's obligations, duties and liabilities under said agreements and contracts. With respect to contracts between County and the Structural Fire Fund Cities and cash contract Cities, each City member hereby agrees to the assignment to the Authority and agrees to release County as of the Effective Date from any further obligations to any City member under said contracts upon assignment. As part of the

consideration for the County's Asset Transfer and contribution to the Authority of its SFF from the unincorporated area, the Authority agrees to subcontract with County for the provision of services to all areas within the County which have been designated as SRAs or enter into another arrangement on such terms as are acceptable to the CDF and the County. As additional consideration for the County's Asset Transfer and contribution of its SFF from the unincorporated area, the Authority further agrees to contract with the County for the Authority's provision of services to the County's unincorporated areas and for the Authority's provision of aircraft rescue fire fighting service to John Wayne Airport.

E. Records. Any and all business records and files, whether computer records, hard copy, microfilm or fiche, historical data, rosters, personnel records, organizational charts, job descriptions, deeds, easements, equipment logs, warranties, manuals and so forth, necessary or helpful to provide services shall be transferred by the County to the Authority during the transition period.

3. Authority Assumption of Liability. In further consideration for the County's Asset Transfer and contribution of its SFF from the unincorporated area, the Authority shall assume responsibility for any and all loss, litigation, liability, injury, damage, claim, demand, and tort or workers' compensation incidents that occur on or after the Effective Date. The County shall retain responsibility and liability for any and all such incidents that occur prior to the Effective Date and shall retain all risk management

reserves that have been set aside for such prior incidents. The Authority may contract with the County to receive risk management services on such terms as agreed to by the Authority and the County. Notwithstanding, the Authority acknowledges that it shall not be entitled to become a member of the County's self-insurance pool without the County's written consent.

ARTICLE IV.

FUNDING OF FIRE OPERATIONS

1. **General Budget.** Within sixty (60) days after the first meeting of the Board, a general budget for the first fiscal year shall be adopted by the vote of a majority of all of the Directors. The initial budget and each succeeding budget shall include, but not be limited to, the following: (a) the general administrative expenses, operating expenses and necessary reserves of the Authority to be incurred during the period covered by the budget; and (b) the allocation of costs among the members of the Authority in the amounts necessary to cover the budget items set out in 1. (a) above. Thereafter, at or prior to the last meeting of the Board for each fiscal year, a general budget shall be adopted for the ensuing fiscal year or years by a vote of at least a majority of all of the Directors of the Board. A written budget performance report shall be presented to the Board.

2. **Expenditures for the Approved Budget.** All expenditures within the designations and limitations of the approved general budget shall be made on the authorization of the Board for general budget expenditures without further action. No expenditures in excess of those budgeted shall be made without the approval of a majority of all of the Directors of the Board.

3. **Contributions for Budgeted Amounts.**

A. **Structural Fire Fund.** County receives Structural Fire Fund ("SFF") from the unincorporated area and all member Cities except Stanton, Tustin, San Clemente, Buena Park, Placentia, Westminster and Seal Beach. On behalf of the cities receiving SFF, and the unincorporated area, County shall pay all SFF it receives to the Authority to meet budget expenses and fund reserves in accordance with the County's normal tax apportionment procedures pursuant to the California Revenue and Taxation Code and the County's tax apportionment schedules.

B. **Cash Contract Cities.** As part of its annual budget process, the Authority shall determine amounts owing from cash contract Cities. Such amounts are due and payable within thirty (30) days of receipt of a billing therefor. Subject to the cap set forth in 3. E. below, the Authority shall make an adjustment in annual costs for its service to cash contract Cities to reflect the annual percentage change in the cost of fire system operations consistent with the cost calculation methodology in place on the Effective Date of the Authority, or the date they became members. Notwithstanding the

foregoing, the cost calculation methodology shall include the cost of any proportional share of any long term debt repayment obligations.

C. Participation In Maintenance and Replacement Programs. In addition to the cost calculation methodology set forth in B. above, and subject to the cap set forth in E. below, cash contract Cities shall pay (i) the cost of participation in the Authority's facilities maintenance program as set forth in Article VI., Section 1. C., (ii) the cost of participation in the Authority's vehicle replacement/depreciation program as set forth in Article VI., Section 1. D., and (iii) the cost of participation in the Authority's equipment replacement/depreciation program as set forth in Article VI., Section 1. D.

D. Responsibility For Capital Improvements. In addition to the cost calculated in B. and C. above, and irrespective of the cap in E. below, cash contract Cities shall be responsible for making Authority-required capital improvements to City-owned stations or facilities, as set forth in Article VI., Section 1. B. A capital improvement shall be any improvement or repair in excess of \$15,000.

E. Cap on Annual Adjustments. Except for the costs set forth in H. below and in Article VI., Section 1. B., no annual cost adjustment shall exceed three and a half percent (3.5%) in fiscal years 2000-2001 through 2004-2005, and four percent (4%) for the next five fiscal years, of the total charges for the preceding year. The determination of each city's annual adjustments shall be made as follows:

(1) For Placentia, Seal Beach, Stanton and Tustin:

(a.) The prior year's charge shall be adjusted by an amount which represents the percentage change in the cost of fire system operations as set forth in 3. B. above.

(b.) Any difference between that amount and the amount of increase allowable under the applicable cap shall then be applied to the City's financial obligation under the Authority's facilities maintenance program.

(c.) Any difference between the sum of those two amounts and the amount allowable under the applicable cap shall next be applied to the City's financial obligation under the Authority's equipment replacement/depreciation program.

(d.) Any difference between the sum of those three amounts and the amount of increase allowable under the applicable cap shall then be applied to the City's financial obligation under the Authority's vehicle replacement/depreciation program.

(2) For Buena Park, San Clemente and Westminster:

(a.) The prior year's charge, exclusive of vehicle replacement/depreciation costs, shall be adjusted by an amount which represents the percentage change in the cost of fire system operations as set forth in 3. B. above.

(b.) Any difference between that amount and the amount of increase allowable under the applicable cap shall then be applied to the City's financial obligation under the Authority's facilities maintenance program.

(c.) Any difference between the sum of those two amounts and the amount allowable under the applicable cap shall next be applied to the City's financial obligation under the Authority's equipment replacement/depreciation program.

(d.) Effective July 1, 2000, said cities shall continue to participate in the Authority's vehicle replacement/depreciation program on the terms and conditions in effect June 30, 2000; provided however, that the amount of any subsequent adjustment to an immediately preceding year's vehicle replacement/depreciation charge, when added to the adjustments set forth in a., b. and c. above, shall not exceed the applicable cap on the total charges for the preceding year.

F. Cost Basis For Next Year's Adjustment. The total annual adjustment, with the applicable cap set forth herein, shall constitute the basis for next year's annual adjustment.

G. Expiration of Cap. Notwithstanding any other provision of this Agreement, the Board of Directors, by two-thirds vote of all Directors, may adopt a new cost calculation methodology and/or a new cap for cash contract Cities, and/or a different membership term for all members, pursuant to Article VII., Section 1. B., to be operative July 1, of the first year of the next succeeding term. Any such changes must be adopted by board action no later than July 1, of the last year of the then current term.

H. New Resources To Cash Contract Cities. Notwithstanding the foregoing provisions, whenever new resources are committed to a cash contract City, the member shall pay the incremental company cost for such resources. The additional resources and increased cost shall not be implemented without consent of the member.

I. John Wayne Airport. Service levels and charges therefore for aircraft rescue firefighting services to John Wayne Airport shall be agreed upon by the Authority and the member having fire service jurisdiction.

J. Termination. Failure by any member to make payments when due constitutes grounds for expulsion from the Authority. Prior to expulsion, the Authority

shall provide written notice of its intention to expel such member if payment is not received within thirty (30) days of the date of such notice. Repeated failure to make payments when due shall constitute grounds for expulsion and/or imposition of an Authority-determined late fee. Alternatively, or in addition to the remedies set forth herein, the Authority may bring legal action to collect unpaid amounts.

4. **Equity**. Annually after the conclusion of each fiscal year and consideration of the audited financial statements for that year, and after consideration of the Authority's financial needs, the Board of Directors in its sole discretion shall determine whether sufficient unencumbered funds from that fiscal year are available for additional services or resources to Structural Fire Fund members. In the event the Board determines that (1) such funds are available, (2) a distribution is warranted, and (3) that it is appropriate to do so, it shall allocate those funds, or any portion thereof, to a restricted Structural Fire Fund Entitlement fund, as follows:

A. The Authority shall use the general methodology employed in Model 2A of the 1999 Final Report by the Davis Group regarding "Equity Issues Related to the Financing of OCFA Services" to determine the relative status of Structural Fire Fund members as follows: A base period comparison for each member of cost to serve, on the one hand, and Structural Fire Fund contributions and cash contract charges, on the other, will be established, taking into account, the three-year average of consumption, population and

assessed valuation for the immediately preceding three fiscal years. Upon a two-thirds vote of all Directors representing Structural Fire Fund members, a different methodology may be used to determine the relative status of Structural Fire Fund members.

- B. The above-mentioned base period status of Structural Fire Fund members shall be compared to all members, without regard to the 10% variance factor in the Davis study.

- C. Those Structural Fire Fund members whose Structural Fire Fund revenues were greater than the cost to serve, based on the base period comparison in A. above, shall receive a pro rata allocation from the Entitlement fund, based on the relative amounts by which, respectively, those Structural Fire Fund revenues exceeded said cost to serve. In no event shall a Structural Fire Fund member receive allocations that exceed the average amount by which such revenues exceeded said cost to serve during the applicable base period.

Allocations from the Entitlement fund may thereafter be used for Board-approved and Authority-related service or resource enhancements to such Structural Fire Fund members.

No Structural Fire Fund member will be required to make additional payments for service on account of equity. No Structural Fire Fund member will be entitled to receive cash payments or reimbursements on account of equity.

5. **Approval of Bonded Indebtedness.** By a two-thirds vote of all members, the Authority may authorize the issuance of any long term bonded indebtedness. Any cash contract City that withdraws pursuant to Article VII. shall, after ceasing to be a member of the Authority, not be responsible for payment of its proportional share of any bonded indebtedness approved by the Authority. Short-term tax anticipation notes with a one-year (or shorter) term may be authorized by a majority vote of all of the directors of the Board.

6. **Authority Cooperation.** The Authority agrees to fully cooperate with each of the members in pursuing federal and state claims for emergency response reimbursements.

ARTICLE V.

ACCOUNTING AND AUDITS

1. **Accounting Procedures.** Full books and accounts shall be maintained for the Authority in accordance with practices established by, or consistent with, those utilized by the Controller of the State of California for like public entities. In particular, the Authority's auditor and treasurer shall comply strictly with requirements governing joint powers agencies, Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6500).

2. **Audit.** The records and accounts of the Authority shall be audited annually by an independent certified public accountant and copies of the audited financial reports, with the opinion of the independent certified public accountant, shall be filed with the County Auditor, the State Controller and each member within six (6) months of the end of the fiscal year under examination.

ARTICLE VI.

PROPERTY RIGHTS

1. **Vehicles, Equipment, Facilities and Property.**

A. **Ownership.** Except as provided herein, all real and personal property, including but not limited to, facilities constructed, installed, acquired or leased by the Authority, apparatus and equipment, personnel and other records and any and all

reserve funds shall be held in the name of the Authority for the benefit of the members of the Authority in accordance with the terms of this Agreement. Fire stations that are owned by Cities shall be leased to the Authority for one dollar (\$1.00) per annum.

B. Capital Improvements. Capital improvements to cash contract city-owned stations or facilities, within their jurisdictions, shall be the responsibility of each member. Such capital improvements may be required by the Authority upon a determination by the Authority, after good faith consultation with a member agency, that such improvements are needed to protect the health, safety or welfare of Authority employees or to maintain the station in a state of operational readiness. Capital improvements to stations owned by the Authority shall be the responsibility of the Authority. For cash contract Cities, the construction of new stations or facilities, within and primarily benefiting their jurisdictions, shall be the responsibility of each city. Such construction shall meet reasonable standards and specifications prescribed by the Fire Chief.

C. Maintenance and Repairs. Each cash contract City shall make an initial payment to the Authority of \$15,000 for each fire station within its jurisdiction for maintenance and repairs not included in the original cost calculation methodology. The Authority shall carry forward unspent amounts to the next fiscal year. At the beginning of each fiscal year, said cities shall pay the Authority an amount sufficient to bring its balance back to \$15,000 for each such station.

D. Equipment and Vehicle Replacement/Depreciation Programs. Cash contract Cities shall participate in funding the Authority's equipment and vehicle replacement/depreciation programs. Such programs shall be administered fairly and equitably by the Authority and in accordance with Generally Accepted Accounting Principles.

2. **Disposition of Assets Upon Termination.** The Authority may vote to terminate this Agreement, or termination will occur if only one member is left in the Authority. If termination occurs, all surplus money and property of the Authority shall be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership, whether Structural Fire Fund or cash contract amounts. Each member shall execute any instruments of conveyance necessary to effectuate such distribution or transfer. In any such distribution, the amount of Structural Fire Fund derived from each incorporated or unincorporated city areas shall be considered as received from that member in the same manner as cash contract payments have contributed to surplus assets.

3. **Liabilities.** Except as otherwise provided herein, the debts, liabilities and obligations of the Authority shall be the debts, liabilities or obligations of the Authority alone and not of the parties of this Agreement.

4. **Indemnification and Insurance.**

A. Except as provided in Article VI., Section 4. E. below, from and after the Effective Date, the Authority shall defend, indemnify and hold harmless the County and each of the Cities and their officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all

expenses and costs relating thereto (including attorneys' fees) arising out of or in any way related to the performance of services pursuant to this Agreement.

B. Except as provided in Article VI., Section 4. E. below, from and after the Effective Date, the Authority shall defend, indemnify and hold harmless the County and each of the County's officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys' fees) arising out of or in any way related to any Fire Department contract or agreement assumed by or otherwise transferred to the Authority.

C. Except as provided in Article VI., Section 4. E. below, from and after the Effective Date, the Authority shall defend, indemnify and hold harmless the County and each of the County's officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys' fees) arising out of or in any way related to any Fire Department asset to be transferred to the Authority, including but not limited to real property, personal property, equipment and apparatus.

D. From and after the Effective Date, the Authority shall maintain during the term of this Agreement, workers' compensation insurance as required by law and, in addition, general comprehensive liability insurance in the minimum limit of

\$5,000,000 combined single limit per occurrence and annual aggregate. Each of the Authority members shall be named as an additional insured on the general comprehensive liability policy. Alternatively, the Authority may self-insure. Prior to the Effective Date, the Authority shall provide the County with certificates of insurance or proof of self-insurance evidencing the coverage referred to in this Section 4. D. Such insurance is a condition precedent to performance under this Agreement, and until the Authority obtains insurance as provided for in this Section 4. D., performance under this Agreement is excused and no member shall have any right against any other member in equity or law.

E. From and after the Effective Date, the County shall defend, indemnify and hold harmless the Authority and each City member and their officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys' fees) arising out of the Fire Department's actions or omissions prior to the Effective Date hereof which are related to the provision of fire services or to the administration of Fire Department contracts, facilities, sites or assets, and which may include past, present or ongoing, or any future release of any hazardous material, hazardous substance or hazardous waste as defined under state and federal law or regulation. The Authority and the Cities agree that the County's obligations under this Section 4. E. shall only apply to costs, losses, damage, injuries, claims, demands,

litigation or liabilities for which a written claim has been received by the County prior to February 3, 2000.

F. Notwithstanding Article VI., Section 4, the members agree that no immunity available to the County or the Cities under state or federal law or regulation shall be waived with respect to any third party claim.

ARTICLE VII.

WITHDRAWAL AND ADDITION OF MEMBERS

1. City Member Withdrawal.

A. Initial Term. Cities shall be members of the Authority for an initial 10-year term. For Structural Fire Fund cities, the initial 10-year term shall begin on July 1, 2000 and end on June 30, 2010. For a cash contract City, the first 10-year term shall begin on July 1, 2000, only upon the consent of such city. Cash contract Cities that do not give such approval by July 1, 2000 shall give notice of withdrawal to the Clerk of the Authority by July 1, 2000, to be effective July 1, 2001. Failure to provide such notice shall be deemed that city's consent to a 10-year term, beginning July 1, 2000.

Provided however, that the Cities of Stanton, Westminster and Buena Park may withdraw from the Authority by giving notice of withdrawal to the Clerk of the Authority by December 31, 2000, to be effective December 31, 2001. Failure to provide

such notice shall be deemed that city's consent to a 10-year term beginning July 1, 2000.

Notwithstanding the foregoing paragraph, those three cities shall give notice of their respective intentions within thirty (30) days of completion of any study undertaken to consider creation of any alternative fire service organization.

Notwithstanding Article IX., Section 4., this Agreement shall not be amended prior to December 31, 2000.

No Authority time or funds shall be spent negotiating service levels with those three cities prior to such city's decision to remain members of the Authority.

B. Subsequent Terms. Membership terms shall automatically renew, on the same terms and conditions as the prior term, and with the same cap in effect in the last year of the prior term, except under the following circumstances:

(1) Any city may give notice of withdrawal by transmitting written notice of such withdrawal to the clerk of the Authority prior to July 1 of the second to last year of any term.

(2) If the Board, by two-thirds vote of all Directors, adopts a new cost calculation methodology and/or a new cap for cash contract Cities, pursuant to Article IV., Section 3. G., then those cities shall have until June 30 of the last year of the

then current term to give written notice to the clerk of the Authority of their intent to renew.

(3) If the Board, by two-thirds vote of all Directors, adopts a different minimum membership term pursuant to Article IV., Section 3. G., then cities shall have until June 30 of the last year of the then current term to give written notice to the clerk of the Authority of their intent to renew.

Cities that do not give the notice required by B. (2) and (3) above shall be deemed to have elected to withdraw, effective June 30 of the first year of the next succeeding term. Until the effective date of withdrawal, such cities shall be governed by the changes adopted by the Board.

C. Removal From Board After Notice of Withdrawal. In the event a notice of withdrawal is given by a city, or deemed to have been given, that city's representative shall be removed from the Board of Directors.

D. Rescission of Notice. Any notices required hereunder may be rescinded by the member with approval of the Board of Directors.

E. Property Tax Transfer Negotiations. Withdrawal by a Structural Fire Fund city may be subject to property tax transfer negotiations and such additional notices as required by applicable law.

2. Addition of New City Members. Notwithstanding any other provisions herein, a non-member City may join the Authority upon consent of a majority of all of the Directors of the Board and agreement to terms and conditions determined by the Board, which terms and conditions may vary from those set forth in this Agreement. A new City member may be required to transfer to the Authority its fire facilities and assets or to reimburse the Authority for a proportionate share of facilities which the new City will utilize. As a condition of membership, a city may also be required to accept responsibility for a proportion of the debts, obligations, and liabilities of the Authority from its transferred facilities, to the extent agreed upon by the Authority and the new member at the time of membership. The Authority Board may determine to waive all or part of such contribution requirements in return for an offsetting transfer of the new member's fire facilities and assets to the Authority.

3. Withdrawal of County. County shall be a member of the Authority for an initial 10-year term beginning on July 1, 2000 and ending June 30, 2010. Said term shall automatically renew for successive terms in accordance with and subject to the same provisions and exceptions applicable to cities in Section 1. B. and C. In the event of withdrawal, the County shall remain liable for payment of the Structural Fire Fund's

proportional share of any bonded indebtedness of the Authority incurred prior to the date of its withdrawal.

4. **Property of Withdrawing Members.** Any withdrawing member may negotiate with the Authority for return or repurchase of any and all stations and equipment serving that member's jurisdiction.

ARTICLE VIII.

TRANSITION TO AUTHORITY

The cities and County shall designate a transition team to implement the transfer of assets and liabilities hereunder, to prepare for the Authority's organizational meeting, and to direct the transition of administrative services from the County to the Authority.

ARTICLE IX.

NOTICE OF AGREEMENT

1. **Initial Notice.** Upon the Effective Date of this Agreement, the Authority shall timely file with the Orange County Clerk and the Office of the Secretary of State the information required by Government Code Sections 6503.5 and 53051.

2. **Additional Notices.** Upon any amendments to this Agreement, the Authority shall prepare and timely file with the Orange County Clerk and the Office of the Secretary of State the information required by Government Code Sections 6503.5 and 53051.

3. **Notice to Members.** Notice to members shall be deemed given when mailed to them, first class, postage prepaid, or faxed to the address/or fax number set out by their signatures.

4. **Amendment.** This Agreement may not be amended or modified except by a vote of two-thirds of all of the members; provided however, that no amendment shall change the cap, the cost calculation methodology or the length of a term, during the pendency of any term. This Agreement represents the sole and entire agreement between the parties and supersedes all prior agreements, negotiations and discussions between the parties hereto and/or their respective counsel with respect to the subject matter of this Agreement.

5. **Headings.** The headings in this Agreement are for convenience only and are not to be construed as modifying or explaining the language in the section referred to.

6. **Severability.** Should any part, term, or provision of this Agreement be determined by a court to be illegal or unenforceable, the remaining portions or provisions of this Agreement shall nevertheless be carried into effect.

7. **No Continuing Waiver.** No waiver of any term or condition of this Agreement shall be considered a continuing waiver thereof.

8. **Successors.** This Agreement shall inure to the benefit of and be binding upon any successors or assigns of the members. No member may assign any right or obligation hereunder without the written consent of a majority of all of the Directors of the Board.

9. **No Third Party Beneficiary.** The members agree that except as provided in Article IX., Section 8 above, the provisions of this Agreement are not intended to directly benefit, and shall not be enforceable by, any person or entity not a party to this Agreement.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed and attested by their duly authorized officers as of the date first above written.

COUNTY OF ORANGE, a political subdivision of the State of California

Dated: Nov. 2, 1999

By: Charles V. Smith
Chairman of its Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Janice M. Mittermeier
Clerk of the Board of Supervisors
County of Orange, California



NOTICE TO COUNTY OF ORANGE TO BE GIVEN TO:

JANICE M. MITTERMEIER
COUNTY EXECUTIVE OFFICER
10 Civic Center Plaza
SANTA ANA, CA 92702-4062
FAX: (714) 834-3018

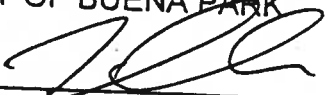
APPROVED AS TO FORM:
LAURENCE M. WATSON,
COUNTY COUNSEL

By: Am E. Fletcher


Dated: 10/29/99

CITY OF BUENA PARK

Dated: November 23, 1999


By: Jack Mauller, Mayor

ATTEST:

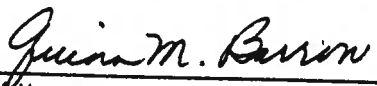

Shelia Byrnes
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Buena Park
6650 Beach Blvd.
Buena Park, CA 90620

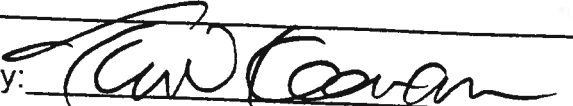
Phone: (714) 562-3500
Fax: (714) 562-3599

APPROVED AS TO FORM:



Quinn M. Barron
City Attorney *by S.R.*

CITY OF CYPRESS

Dated: 11-1-99

By: 
Tim Keenan, Mayor

ATTEST:

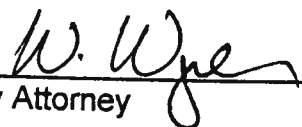

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Cypress
5275 Orange Avenue
Cypress, CA 90630

Phone: (714) 229-6688
Fax: (714) 229-6682

APPROVED AS TO FORM:


City Attorney

CITY OF DANA POINT

Dated: November 10, 1999

Ruby L. Netzley

By: Ruby L. Netzley, Mayor

ATTEST:

Cathy Catlett

Interim City Clerk Cathy Catlett

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Dana Point
33282 Golden Lantern
Dana Point, CA 92629

Phone: (949) 248-9890


Fax: (949) 248-9920

APPROVED AS TO FORM:

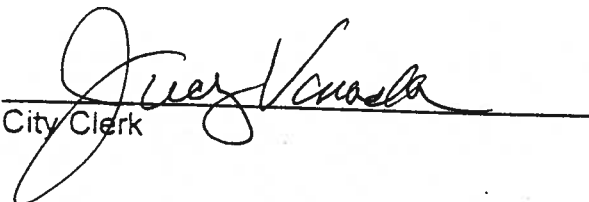
Michele R. Vadon
City Attorney Michele R. Vadon

CITY OF IRVINE

Dated: 12-15-99

By: 

ATTEST:

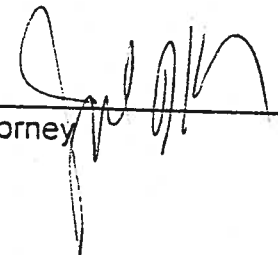

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Irvine
One Civic Center Plaza
Irvine, CA 92606-5208

Phone: (949) 724-6249
Fax: (949) 724-6045

APPROVED AS TO FORM:


City Attorney

CITY OF LAGUNA HILLS

Dated: October 26, 1999

Cynthia D. Greengold

By: Cynthia D. Greengold, Mayor

ATTEST:

Mary A. Carlson
City Clerk Mary A. Carlson

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Laguna Hills
25201 Paseo de Alicia #150
Laguna Hills, CA 92653

Phone: (949) 707-2600

Fax: (949) 707-2614

APPROVED AS TO FORM:

Lois E. Jeffrey
City Attorney Lois E. Jeffrey

CITY OF LAGUNA NIGUEL

Dated: 10/22/99

[Signature]

ATTEST:

By: [Signature]

[Signature]
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Laguna Niguel
27801 La Paz Rd.
Laguna Niguel, CA 92677

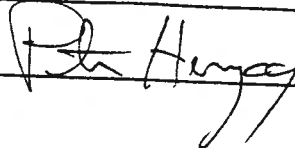
Phone: (949) 362-4380
Fax: (949) 362-4340

APPROVED AS TO FORM:

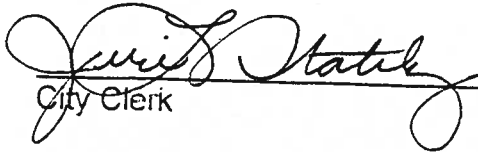
[Signature]
City Attorney 10/20/99

CITY OF LAKE FOREST

Dated: November 16, 1999

By: 

ATTEST:


City Clerk

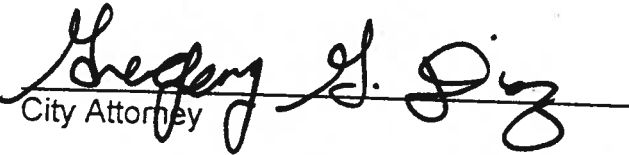
NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Lake Forest
23161 Lake Center Drive, Suite 100
Lake Forest, CA 92630

Phone: (949) 461-3400

Fax: (949) 461-3511

APPROVED AS TO FORM:


City Attorney

CITY OF LA PALMA

Dated: October 19, 1999

Kenneth A. Bebe

By: MAYOR

ATTEST:

Laura K. Piscotty
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of La Palma
7822 Walker Street
La Palma, CA 90620

Phone: (714) 523-7700

Fax: (714) 523-7351

APPROVED AS TO FORM:

[Signature]
City Attorney

CITY OF LOS ALAMITOS

Dated: October 25, 1999

Marilynn M. Poe

By: Marilynn M. Poe

Its: Mayor

ATTEST:

[Signature]
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Los Alamitos
3191 Katella Avenue
Los Alamitos, CA 90720

Phone: (562) 431-3538

Fax: (562) 493-1255

APPROVED AS TO FORM:

[Signature]
City Attorney

CITY OF MISSION VIEJO

Dated: October 20, 1999

Henri M. Butterfield

ATTEST:

By: Sherrin M. Butterfield
Mayor

[Signature]
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Mission Viejo
25909 Pala, Suite 150
Mission Viejo, CA 92691

Phone: (949) 470-3000
Fax: (949) 859-1386

APPROVED AS TO FORM:

[Signature]
City Attorney

CITY OF PLACENTIA

Dated: 11-5-99

By: Constance M Underhill
MAYOR

ATTEST:

Edmund M. Jones
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Placentia
401 E. Chapman
Placentia, CA 92870

Phone: (714) 993-8117
Fax: (714) 961-0283

APPROVED AS TO FORM:

Carol B. Tanselman
City Attorney

CITY OF SAN CLEMENTE

Dated: 10/20/99

By: Lois Berg
LOIS BERG
MAYOR

ATTEST:

Megana Edwiny
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of San Clemente
100 Avenida Presidio
San Clemente, CA 92672

Phone: (949) 361-8322
Fax: (949) 361-8283

APPROVED AS TO FORM:

John M. Odum
City Attorney

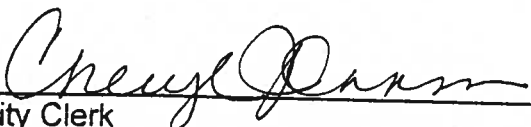
CITY OF SAN JUAN CAPISTRANO

Dated: November 2, 1999



By: John Greiner, Mayor

ATTEST:


City Clerk

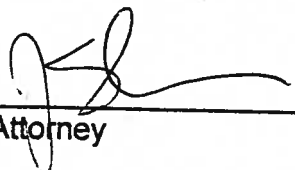
NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of San Juan Capistrano
32400 Paseo Adelanto
San Juan Capistrano, CA 92675

Phone: (949) 443-6315

Fax: (949) 493-1053

APPROVED AS TO FORM:


City Attorney

Dated: NOVEMBER 10, 1999

CITY OF SEAL BEACH
Keith Till

By: Keith R. Till, City Manager

ATTEST:

James M. Leo
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Seal Beach
211 8th Street
Seal Beach, CA 90740

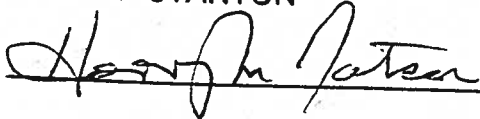
Phone: (562) 431-2527
Fax: (562) 431-4067

APPROVED AS TO FORM:

City Attorney


CITY OF STANTON

Dated: 10-12-99



By: Mayor

ATTEST:


City Clerk


NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Stanton
7800 Katella Avenue
Stanton, CA 90680

Phone: (714) 379-9222

Fax: (714) 890-1443

APPROVED AS TO FORM:


City Attorney

CITY OF TUSTIN

Dated: 12-6-99

Tracy Wills Worley
By: Mayor

ATTEST:

Pamela Stoker
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Tustin
300 Centennial Way
Tustin, CA 92780

Phone: (714) 544-8890
Fax: (714) 832-0825

APPROVED AS TO FORM:

Lois E. Jeffrey
City Attorney

CITY OF VILLA PARK

Dated: October 26, 1999

By: Bob Bee

ATTEST:

Kathy Adrian
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Villa Park
17855 Santiago Blvd.
Villa Park, CA 92861

Phone: (714) 998-1500
Fax: (714) 998-1508

APPROVED AS TO FORM:

Leon A. Hays
City Attorney

CITY OF WESTMINSTER

Dated: 11/30/99

Frank C. Fry

By: MAYOR

ATTEST:

Thomas H. Guntling
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Westminster
8200 Westminster Boulevard
Westminster, CA 92683

Phone: (714) 898-3311

Fax: (714) 373-4684

APPROVED AS TO FORM:

[Signature]
City Attorney

CITY OF YORBA LINDA

Dated: 10 - 19 - 99

John M. Gullipsaw
By: Mayor

ATTEST:

Cathy Wallace
City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
City of Yorba Linda
4845 Casa Loma Avenue
Yorba Linda, CA 92885-8714

Phone: (714) 961-7100
Fax: (714) 993-7530

APPROVED AS TO FORM:

[Signature]
City Attorney



Orange County Fire Authority
AGENDA STAFF REPORT

Board of Directors Meeting
May 24, 2018

Agenda Item No. 5B
Discussion Calendar

Canyon 2 Fire Recommendations – Implementation Plan

Contact(s) for Further Information

Brian Fennessy, Fire Chief	brianfennessy@ocfa.org	714.573.6010
Michael Schroeder, Assistant Chief Organizational Planning Department	michaelschroeder@ocfa.org	714.573.6008

Summary

This item is submitted to introduce the Implementation Plan for the Canyon 2 Fire recommendations provided in the Independent Review Panel, County Board of Supervisors, and the OCFA After Action Reports as directed by the Board of Directors.

Prior Board/Committee Action

On April 26, 2018, the Board of Directors directed staff to review and evaluate the recommendations contained in the Independent Review Panel, County Board of Supervisors, and the OCFA After Action Reports and return on May 24, 2018, with a plan to evaluate and implement recommendations as appropriate.

RECOMMENDED ACTION(S)

Receive and file the Canyon 2 Fire Recommendations – Implementation Plan.

Impact to Cities/County

Implementation of the recommended actions contained in the reports will improve mitigation, prevention, and response to future wildfires.

Fiscal Impact

Fiscal impacts associated with the recommended actions contained within the reports will be determined as specific part(s) of the implementation plan are submitted for Board approval prior to taking any actions that require financial resources, which are not already funded in the adopted budget.

Background

The Canyon 2 Fire incident began on the morning of Monday, October 9, 2017. This complex, wind driven wildland fire started in the City of Anaheim and quickly spread into multiple nearby jurisdictions. Ultimately, the fire consumed approximately 9,200 acres of natural vegetation, as well as damaging or destroying nearly 80 structures.

A common practice following an incident of this magnitude is to conduct an After Action Report (AAR). In addition to conducting an AAR for this incident, the OCFA convened an Independent Review Panel and the County Board of Supervisors commissioned its own review of the fire. Each of the three reviews/reports generated a series of recommendations intended to yield positive results in preparing for and responding to these types of fires.

Some of the recommendations will require further study, review, and cost analysis to determine the feasibility of implementation. Other items are no cost or low-cost items that could be implemented and some additional items are identified for follow-up action with the appropriate outside agency or group.

The attached matrix will be used to track responsibility, status, and high level summaries of responses or actions associated with each recommendation. The Fire Chief will provide subsequent updates to the Executive Committee on a periodic-basis as part of his Chief's Report, to keep the Board apprised moving forward.

Attachment(s)

Canyon 2 Fire Recommendations Matrix



CANYON 2 FIRE RECOMMENDATIONS

#	RECOMMENDATION	POINT OF CONTACT	STATUS	NOTES / UPDATES
Independent Review Panel (24)				
1A	When a call comes in, the call takers and/or dispatchers need to determine, to the best of their ability, the response location and agency having jurisdiction.	ECC	Completed	
1B	OCFA ECC must periodically review, and train dispatch staff relative to dispatch SOPs, protocols, directives and required notifications.	ECC	In Progress	
1C.a	OCFA must ensure that the Duty Officer's responsibilities are understood.	OPS	In Progress	
1C.b	OCFA must ensure that the Duty Officer is utilized per protocols and procedures.	OPS/ECC	In Progress	
1D	OCFA should review and update its Duty Officer Notification Matrix to ensure prompt notification and dispatch guidance for fires reported with the MTZ.	ECC	In Progress	
1E	OCFA should review and update its Duty Officer Standard Operational Procedure.	OPS	In Progress	
2A	The OCSD needs to determine its commitment to become a fully recognized and participating firefighting asset. If so, they need to adhere to and be compliant with fire aviation industry standard and OCFA/OCSD MOU.	OCSD	In Progress	
2B.a	OCSD shall notify OCFA of their helicopter status daily.	OCSD	In Progress	
2B.b	OCFA and OCSD shall build a positive working relationship by regular communications and joint field training exercises.	OPS/OCSD	In Progress	
2B.c	OCSD shall operate within the ICS structure and accept leadership/direction from the Fire Agency Incident Commander or ATGS when assisting with a firefighting response.	OCSD	In Progress	
2B.d	OCSD shall maintain necessary support resources (i.e. fuel tender) for the mission.	OCSD	In Progress	
2C	The OCFA and OCSD needs to resolve conflicts through the revision of the joint MOU language to be determined and build a homogenous public safety aviation program within Orange County.	OCFA/OCSD	In Progress	
3A	The OCSD needs to determine its commitment to become a fully recognized and participating firefighting asset. If so, they need to adhere to and be compliant with fire aviation industry standard and OCFA/OCSD MOU.	OCSD	Duplicate	
3B	Cal Fire or USFS shall card all OCSD aircraft and pilots annually.	Cal Fire/OCSD	Completed	
3B.a	OCSD shall notify OCFA of their helicopter status daily.	OCSD	Duplicate	
3B.b	OCFA and OCSD shall build a positive working relationship by regular communications and joint field training exercises.	OCFA/OCSD	Duplicate	

#	RECOMMENDATION	POINT OF CONTACT	STATUS	NOTES / UPDATES
3B.c	OCSD shall operate within the ICS structure and accept leadership/direction from the Fire Agency Incident Commander or ATGS when assisting with a firefighting response.	OCSD	Duplicate	
3B.d	OCSD shall maintain necessary support resources (i.e. fuel tender) for the mission.	OCSD	Duplicate	
3C	The OCFA and OCSD needs to resolve conflicts through the revision of the joint MOU language to be determined and build a homogenous public safety aviation program within Orange County.	OCFA/OCSD	Duplicate	
4A	Metro Net, OCFA and other dispatch agencies need to automatically dispatch a respective watershed response initially if the reported location is within the MTZ.	ECC/METRO	Completed	
4B	Monitor the Post Canyon 2 Fire dispatch procedures by Metro Net and OCFA to improve the dispatch process.	ECC/METRO	In Progress	
4C	Review and update SOP OP.06.43 to clarify circumstances or conditons under which Chief Officers and ECC can modify the resource dispatch guidelines/recommendations.	OPS/ECC	In Progress	
5A	OCFA should automatically dispatch a watershed response whenever a fire is reported at a location with the MTZ.	ECC	In Progress	
5B	OCFA should review and improve its dispatch training, protocols and process for wildland/brush fires reported within the MTZ.	ECC	In Progress	
5C	If there is any doubt or difficulty determining jurisdictional authority in a MTZ and/or across boundaries, dispatch the appropriate response per the inter-agency agreement.	ECC	Completed	
5D	OCFA should review and clarify the role of the Duty Officer (24/7) versus the OCFA ECC Manager (40-hour week)	OPS/ ECC	In Progress	
5E	OCFA should review and update its Duty Officer Notification Matrix to ensure prompt notification and dispatch guidance for fires reported with the MTZ.	OPS/ECC	Duplicate	
5F	OCFA should review and update SOP OP.06.43 to clarify circumstances or conditions under which Chief Officers and ECC can modify the resource dispatch guidelines/recommendations.	OPS/ECC	Duplicate	
6A	OCFA should review and monitor its new "back fill" policies and procedures to ensure "best practices" when filling immediate need response coverage inside and outside the County.	OPS/ECC	In Progress	
6B	The Duty Chief must exercise management discretion, when evaluating and confirming the selection of pre-designated strike team based on current and forecasted weather and staffing conditions prior to dispatch.	OPS	Completed	
6C	OCFA should review Duty Chief's responsibilities.	OPS	In Progress	
6D	OCFA should review the 48/96-work shift schedule and relationship to employee residence locations to determine if off-duty recall can be enhanced.	OPS/HR	Not Started	

#	RECOMMENDATION	POINT OF CONTACT	STATUS	NOTES / UPDATES
County Board of Supervisor's Report (17)				
1A	Use the deficiencies identified in the initial response to C2F as a case study for OCFA and other fire agencies to identify system weaknesses and close the gaps.	OCFA	Completed	
1B	Consider whether a consolidation of fire suppression and emergency communication responsibilities in the 91/241 freeway corridor area might improve the efficiency and effectiveness of an initial fire response.	ECC	In Progress	
2A	Fire personnel should get "eyes-on" all reports of fires in wildland areas in order to make an accurate assessment of the situation.	OPS/ECC	In Progress	
2B	OCFA Dispatch personnel should follow through and be accountable for ensuring that important questions are answered when making fire response decisions, including requesting supervisory or management assistance when needed. The documentation of these consultations and ultimate decisions within the CAD system is vital in conducting after-action reviews.	ECC	In Progress	
3	Preventative measures should be implemented on High Watershed Dispatch Level days, particularly when they coincide with active reignition sites from a recently contained fire. These include the consideration of such measures as air patrols by fire and law enforcement agency helicopters, ground patrols in wildland areas, and formal reminder notifications to Dispatch staff at the beginning of their shift regarding their responsibilities on High Watershed Dispatch Level days. (weather conditions)	OPS/ECC	In Progress	
4	OCFA should take the appropriate and timely supervisory and disciplinary action with those responsible for not following OCFA policy in the dispatching of appropriate resources to a report of a vegetation fire on a High Watershed Dispatch Level day.	HR	In Progress	
5	On high Watershed Dispatch Level days, Dispatch Supervisors should meet with staff at the beginning of the shift to walk through roles and responsibilities, as well as other pertinent conditions, to mentally prepare staff for the shift, underscoring the expectation that they will respond on the side of safety in communication and actions.	ECC	In Progress	
6	Use the C2F response as a training case study and make the proper adjustments to ECC operations.	ECC	In Progress	
7	Develop a more comprehensive training experience for Dispatch staff, including hands-on experiences in a variety of critical functional areas of OCFA.	ECC	In Progress	
8A.a	OCFA should institute a policy that automatically requests an initial response from CAL FIRE-carded Sheriff helicopters/pilots for wildland fires when Sheriff helicopters can be the first on-scene.	OPS/ECC	Completed	

#	RECOMMENDATION	POINT OF CONTACT	STATUS	NOTES / UPDATES
8A.b	Responding Sheriff helicopters must follow the direction of the Fire Incident Commander, willing to perform whatever duties are assigned. If Sheriff helicopters arrive on-scene before a Fire Incident Command has been established, Sheriff helicopters should provide OCFA Dispatch with an initial assessment of the situation and coordinate any action through an OCFA Duty Officer.	OCSD	Not Started	
8B	OCFA and Sheriff helicopter crews should continue to look for and implement opportunities to work together, such as joint training, including Sheriff helicopters in the ROSS system, the integration of Fire paramedics on Sheriff helicopter crews, the use of Sheriff helicopter cameras to record fire progression and relay real-time video of fires as needed, and the examination of the Ventura and San Diego models to identify and implement workable solutions for Orange County.	OCFA/OCSD	In Progress	
8C	OCFA should consider placing cameras on its helicopters and acquiring a real-time video capacity that can be sent to Dispatch and Incident Commanders.	OPS	In Progress	
9	No recommendations were suggested in this section			
10	OCFA staff must follow established policy and procedure related to the dispatching of resources to reported wildland fires according to the Watershed Dispatch Level designation in place.	ECC	Completed	
11	OCFA management and line staff should make decisions based on whether those decisions align with the organization's strategic foundation: vision, mission, strategic goals, motto. Decisions made should be based on what is in the best interests of the citizens of Orange County, minimizing the parochial interests of employee associations, political considerations, or squabbles between public safety agencies.	OCFA	In Progress	
12	Identify and promote methods to electronically connect emergency dispatch centers from multiple jurisdictions together with initial notification and updates of critical fire events and weather conditions so that each can be simultaneously apprised of the situation and the current response underway.	ECC/IT	In Progress	
13	Fire staff should be cognizant that in today's technological environment, fire communications and operational decisions and actions are open to public scrutiny.	OPS/ECC	Completed	

#	RECOMMENDATION	POINT OF CONTACT	STATUS	NOTES / UPDATES
OCFA After Action Report (54)				
1A	Maintain accountability in the ECC that re-enforces the initiation of a response to a report of smoke and/or fire, regardless of the number of reports.	ECC	Completed	
1B	Review and update SOP OP.06.43 annually and clarify circumstances and conditions on which this guideline can be modified.	ECC	In Progress	
1C	Develop additional policies for daily briefings and situational updates (i.e. significant weather events).	ECC	In Progress	
1D	Provide additional tools and mechanisms to maintain situational awareness.	ECC	In Progress	
2	Establish Joint Information Center (JIC) when a unified command is established, to ensure that all information is distributed timely and specifically to those cities that are impacted.	County EOC	In Progress	
3	Complete the re-design of the DOC, consider future technologies, and implement as available during re-design and construction to provide for additional space and functionality.	ECC	In Progress	
4	Re-establish the OCFA phone bank system, which includes televisions to monitor current news outlets to assist with dissemination of accurate information to the public. Consider relocating the Communications/Public Information Office.	CAPA	In Progress	
5	Re-enforce the need for professional communications throughout OCFA. This should be incorporated in all levels of training (New FF Academy, Captains Academy, Spark Training, ECC Academy, etc.). Specifically, the ECC needs to develop a policy on telephone etiquette that includes direction on formal communication.	OCFA	In Progress	
6	Evaluate how to expand phone capabilities for PIOs.	CAPA	Not Started	
7	Develop collaborative strategies to work with the city EOC staff.	OPS/EPAC	In Progress	
8	Reinforce the importance of County/OA EOC with DOC activation.	EPAC	In Progress	
9	Evaluate command and control oversight in the ECC to determine areas of improvement and identify needed augmentation to policy, procedure, or personnel.	ECC	Not Started	
10	Training should be sought specific to the application of the automatic aid agreement between the City of Anaheim and Orange County Fire Authority.	OCFA/EPAC	Not Started	
11A	Strive to fill all open positions in collaboration with the local 3631 through the staffing Joint Labor Management team.	HR	Completed	
11B	Continue to maximize the number of fire recruits in each Recruit Fire Academy	HR	Completed	
11C	Continue the frequency of academies as necessary	HR	Completed	
11D	Continue the utilization of the attrition planning process	HR	Completed	
11E	Continue to offer multiple entry portals into the OCFA for the firefighter rank.	HR	In Progress	

#	RECOMMENDATION	POINT OF CONTACT	STATUS	NOTES / UPDATES
11F	Continue to balance the timing of all promotions, to minimize overly affecting any one rank.	HR	Completed	
11G	Develop decision points and actions in anticipation of predictable future staffing issues (i.e. SAFD 10-year mark 4/2022): (Go above the master control position list in anticipation of mass retirements).	HR	Not Started	
11H	Effectively plan for future academies and promotions	HR	Completed	
11I	Evaluate how the 48-hour shift schedule impacts the ability to call back employees during major emergencies.	OPS	Not Started	
12	Provide a night HLCO with NVG training during night time helicopter firefighting anytime two or more ships are operating in accordance to FIREScope guidelines.	OPS	Not Started	
13	Ensure agencies with resources that wish to participate in firefighting operations are in the ROSS system.	OCSD	In Progress	
14	OCFA should research the feasibility to secure Type 1 helicopters with improved payloads and firefighting capabilities.	OPS	In Progress	
15	Ensure assisting agencies are aware of the obligation to comply with all contracting fuel provision requirements for accepting ROSS call when needed orders.	OCSD	In Progress	
16	OCFA should evaluate securing FLIR capability for its helicopters and consider a UAS program with similar capability.	OPS	In Progress	
17	Re-evaluate and establish decision points when patrols are deployed to cover a battalion during major incidents versus incident response.	OPS	In Progress	
18A	Evaluate decision points to reconfigure these identified units (RAMP) within each battalion.	OPS	In Progress	
18B	Consider converting pre-identified units (RAMP) before a major incident occurs, based on established decision points.	OPS	In Progress	
18C	Consider clarifying those positions other than the Duty Chief that have the authority to execute these types of decisions (RAMP).	OPS	In Progress	
19	OCFA should consider additional procedural options regarding HLCO capabilities as well as the development of standardized practices to use local public safety aircraft as HLCO capable platforms during Red Flag conditions.	OPS	In Progress	
20A	Evaluate the replenishment of all equipment caches at the RFOTC. (i.e. communications kit, EMS, iPads and other)	OPS	In Progress	
20B	Consider alternative equipment deployment strategies: such as individually issued radios and/or decision points for all front-line paramedic units to remove second set of EMS equipment.	OPS	In Progress	
20C	Ensure IT personnel are added to the DOC activation process to allow access to iPads and radios.	ECC/IT	In Progress	

#	RECOMMENDATION	POINT OF CONTACT	STATUS	NOTES / UPDATES
21	Evaluate the current dozer operator program for depth, succession planning, and surge capacity relative to the needs in declared fire season.	OPS SPT	In Progress	
22	Consider development of policy/procedure for the movement of units during major incidents. Incorporate utilization of the leapfrog methodology to avoid having open areas that are impacted by the incident.	ECC	In Progress	
23	Consider the utilization of an electronic process to quickly capture all available personnel/ranks available; in order to improve the station coverage process.	ECC/IT	In Progress	
24	Follow-up with the internal CICC's committee to augment the number of personnel qualified/trainee for incident command positions such as Division Supervisor, Operations Branch Director, Operations Section Chief (Type 3), and Incident Commander (Type 3).	OPS SPT	In Progress	
25	Consider upgrading server capability to provide for access on all department issued iPads.	IT	Not Started	
26	Consider evaluating the entire county and re-establishing several locations throughout Orange County that can function as a base camp. Pre-plans with agreements should be sought out to ensure this process is efficient and effective.	OPS SPT	In Progress	
27A	When dealing with multi-jurisdictional areas of responsibility ensure mop up is coordinated with the agencies having jurisdiction, communicated with all levels of line leadership, areas of responsibility are understood, and are acknowledged via agency representative's signature.	OPS SPT	In Progress	
27B	Ensure incident action plans identify mop up parameters and are followed throughout the potential for re-ignition; especially during expected high wind events.	OPS	Completed	
27C	Upon the completion of the incident action plan timeframes, the ongoing mitigation of the incident including mop up and patrol remains with the agency having jurisdiction.	OPS	Completed	
27D	Mop-up and patrol plans need to consider upcoming weather conditons.	OPS	In Progress	
28	Re-institute a liaison program for City EOC positions and provide a process for continual training and succession planning.	EPAC	In Progress	
29	Explore automated processes to support personnel notification.	IT	Not Started	
30	Re-evaluate the current policy and process to assist with consistent up-staffing decision points and outcomes during the predesignated weather events. (i.e. Inclusion of the SAWTI)	OPS	In Progress	

#	RECOMMENDATION	POINT OF CONTACT	STATUS	NOTES / UPDATES
31A	Consider recurrent RAMP Guidebook training for the AC, DC, BC, and FC Administrative Staff.	EPAC	In Progress	
31B	Consider re-designing some RAMP sections to provide decision support through a phase specific checklist.	EPAC	In Progress	
31C	Develop an internal process to allow for more rapid updates to be concurrent with departmental changes.	EPAC	Not Started	
32	Develop policy to identify staff chief officers' roles and responsibilities for the County/OA EOC needs. Continue to utilize an Assistant Chief, a Division Chief and a staff Battalion Chief for operations at the County/OA EOC.	EPAC	Not Started	
33	Conduct ongoing County/OA EOC training for each of the OCFA specific positions in the County/OA EOC; specifically, the Director of Emergency Services.	EPAC	In Progress	
34	Develop a deeper pool of personnel who can use SCOUT and initiate an incident in the program. Train all Administrative Captains on the use of SCOUT.	OPS/IT	Not Started	



Orange County Fire Authority
AGENDA STAFF REPORT

Board of Directors Meeting
May 24, 2018

Agenda Item No. 5C
Discussion Calendar

May 2018 Legislative Report

Contact(s) for Further Information

Brian Young, Assistant Chief Operations Department	brianyoung@ocfa.org	714.573.6012
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Summary

This item is submitted to allow discussion on AB 1912 (Rodriguez), and to direct staff on amendments and a recommended position.

Prior Board/Committee Action

A brief overview was presented on AB 1912 at the Executive Committee's April 26, 2018, meeting. By consensus, the Executive Committee requested that a copy of AB 1912 be sent to the Board of Directors, and that staff agendize discussion of the bill at its next regular Executive Committee and Board of Directors meeting in May.

The Executive Committee will consider this item at its May 24, 2018, meeting, with the Committee's recommendation to be provided during the presentation of this item at the Board of Directors meeting.

RECOMMENDED ACTION(S)

Direct staff to work with other local agencies and interested groups to "seek amendments" on AB 1912 (Rodriguez) to exclude liabilities of Structural Fire Fund cities and to avoid reporting of OCFA's retirement liabilities by member agencies.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

AB 1912 (Rodriguez) JPA Pension Liability

Staff Recommendation:

Status: Assembly Appropriations Committee

Reviewed by: Lori Zeller, Assistant Chief Business Services

AB 1912 by Assemblymember Rodriguez (D-Pomona) was amended on May 9, 2018 (Attachment 1). Prior to those amendments the bill required all members of a joint powers authority be jointly and severally liable for all obligations to a public retirement system. The author and public employee groups, which includes Orange County Professional Firefighters Association (OCPFA), point to a 2015 delinquency by a JPA as one need for this legislation. In 2014, the East San Gabriel Valley Human

Services Consortium discontinued services and terminated most of its employees. The JPA was comprised of the cities of Azusa, Covina, Glendora, and West Covina. According to supporters and the committee analysis when the JPA could not pay, “CalPERS then sought payments from the JPA’s member agencies.” However, those four cities responded that they were under no obligation to pay the amount owed.

AB 1912 as amended on May 9, imposes joint and several liability only on JPAs entering into new contracts with a retirement system on or after January 1, 2019. Existing JPA’s that contract with a retirement system will be required to “apportion” retirement liabilities amongst the member agencies. OCFA counsel indicates that this will apply to OCFA’s unfunded pension liabilities of \$400.6 million with the Orange County Employee Retirement System (OCERS). The bill requires members of the JPA to mutually agree to an apportionment, or be subject to the OCERS board allocating the liability based on a member’s “share of service” or “population.”

Previously in 2013, the Board directed staff to prepare a calculation to show a hypothetical apportionment of OCFA’s unfunded pension liability among the member agencies. For purposes of this discussion, that hypothetical calculation is provided as Attachment 2. This hypothetical apportionment is based on a “share of service” method using the ratio of firefighters assigned within each member agency compared to the total OCFA firefighters. However, there are flaws in using this method which would need to be resolved. For example, this simplistic method does not account for the fact that Santa Ana has only been a member since 2012, and that OCFA’s unfunded liability has steadily declined since then with no new layers of liability added during their period of membership.

The bill also poses a concern unique to Structural Fire Fund (SFF) cities that has been raised by city managers and OCFA Counsel. Specifically, SFF cities do not have the legal responsibility or entitlement to the SFF. Property tax revenues from the SFF are directed to OCFA by the County independent of the SFF cities. A SFF city does not have the ability to assume fire service or receive SFF without approval from the County and OCFA. In discussion with city managers, it was agreed that OCFA should recommend amendments recognizing this unique JPA structure. Staff therefore requests direction to work with OCFA counsel on amendments allocating SFF liabilities to the Structural Fire Fund and not to SFF members or cash contract city members.

Finally, the bill if passed will require OCFA’s member agencies to “double report” OCFA’s liabilities on their financial reports. Regardless of whether OCFA’s member agencies mutually agree or OCERS allocates the liability the effect will be that OCFA will report a total liability and member agencies will “double report” their allocated share. Staff is recommending that direction be provided to seek amendments, working with other local agencies, eliminating the requirement that member agencies disclose the allocated liability on their financial reports.

The bill as of May 10, 2018, is opposed by the California League of Cities and the California State Association of Counties.

Attachment(s)

1. AB1912
2. Hypothetical Distribution of Unfunded Pension Liability by Member Agency

AMENDED IN ASSEMBLY MAY 9, 2018
AMENDED IN ASSEMBLY APRIL 19, 2018
AMENDED IN ASSEMBLY MARCH 19, 2018
CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 1912

Introduced by Assembly Member Rodriguez

January 23, 2018

An act to amend Section 6508.1 of, to add Sections 6508.2, 20461.1, 20574.1, and 20575.1 to, and to repeal and add Section 20577.5 of, the Government Code, ~~and to amend Section 366.2 of the Public Utilities Code~~, relating to public agencies, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1912, as amended, Rodriguez. Public employees' retirement: joint powers agreements: liability.

(1) Existing law establishes various public agency retirement systems, including, among others, the Public Employees' Retirement System, the State Teachers' Retirement System, the Judges' Retirement System II, and various county retirement systems pursuant to the County Employees Retirement Law of 1937. These systems provide defined pension benefits to public employees based on age, service credit, and amount of final compensation.

The Joint Exercise of Powers Act generally authorizes 2 or more public agencies, by agreement, to jointly exercise any common power. Under the act, if ~~the~~ *an* agency is not one or more of the parties to the agreement but is a public entity, commission, or board constituted pursuant to the agreement, the debts, liabilities, and obligations of the agency are the debts, liabilities, and obligations of the parties to the

agreement, unless the agreement specifies ~~otherwise and except as otherwise provided with respect to certain community choice aggregator joint powers agencies.~~ *otherwise*. The act also authorizes a party to a joint powers agreement to separately contract for, or assume responsibilities for, specific debts, liabilities, or obligations of the agency.

This bill would eliminate that authorization, *and* would specify that if an agency ~~to established by~~ a joint powers agreement participates ~~in in, or contracts with,~~ a public retirement system, ~~all parties, member agencies,~~ both current and former to the agreement, would be ~~jointly and severally liable for all~~ *required to mutually agree as to the apportionment of the agency's retirement obligations to the retirement system, and would eliminate the authority of those parties to agree otherwise with respect to the retirement liabilities among themselves, provided that the agreement equals the total retirement liability of the agency. The bill would require the board, in cases in which the member agencies are unable to mutually agree to apportionment, to apportion the retirement liability of the agency to each member agency, as specified.* The bill would also provide that if a judgment is rendered against an agency or a party to the agreement for a breach of its obligations to the retirement system, the time within which a claim for injury may be presented or an action commenced against the other party that is subject to the liability determined by the judgment begins to run when the judgment is rendered. The bill would specify that those provisions apply retroactively to all parties, both current and former, to the joint powers agreement.

(2) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which provides a defined benefit to members of the system, based on final compensation, credited service, and age at retirement, subject to certain variations. PERL vests management and control of PERS in its Board of Administration. Under PERL, the board may refuse to contract with, or to agree to an amendment proposed by, any public agency for any benefit provisions that are not specifically authorized by that law and that the board determines would adversely affect the administration of the retirement system.

This bill would prohibit the ~~board~~ *board, on and after January 1, 2019,* from contracting with any public agency formed under the Joint Exercise of Powers Act unless all the parties to that agreement are jointly and severally liable for all of the public agency's obligation to

~~the system. The bill would specify that those provisions apply retroactively to all parties, both current and former, to the agreement. The bill would also require any current agreement that does not meet these requirements to be reopened to include a provision holding all member agencies party to the agreement jointly and severally liable for all of the public agency's obligations to the system.~~

(3) Existing law authorizes the governing board of a contracting agency to terminate its membership with PERS, subject to specified criteria. Existing law requires the PERS board to enter into a specified agreement with the governing body of a terminating agency, upon request of that agency, to ensure that final compensation is calculated in the same manner as benefits of nonterminating agencies, and that related necessary adjustments in the employer's contribution rate are made and benefits adequately funded, including a lump-sum payment at termination, if agreed to by the terminating agency and the board. Existing law requires a terminating agency to notify the PERS board of its intention to enter into this agreement within a specified period of time. Existing law authorizes the PERS board to choose not to enter into an agreement to terminate if the board determines that it is not in the best interests of PERS. Existing law requires all plan assets and liabilities of a terminating agency to be deposited in a single pooled account, the terminated agency pool subaccount within the Public Employees' Retirement Fund, a continuously appropriated fund.

This bill would also require the PERS board to enter into the above-described agreement upon request of a member agency of a terminating agency formed under the Joint Exercise of Powers Act, and would require a member agency to notify the PERS board of its intention to enter into this agreement within a specified period of time. The bill would authorize the board, if it determines that it is not in the best interests of the retirement system, to choose not to enter into that agreement. To the extent that the bill would increase any lump-sum payments made by a terminating agency and deposited into a subaccount within the Public Employees' Retirement Fund, the bill would make an appropriation. The bill would also provide that if the governing body of a terminating agency or the governing bodies of its member agencies do not enter into an agreement, the member agencies would then assume the retirement obligations for their retirement systems, ~~by apportionment among the member agencies as mutually agreed to by those agencies, or as determined by the board if the member agencies are unable to mutually agree, as prescribed: systems.~~

(4) Existing law makes a terminated agency liable to the system for any deficit in funding for earned benefits, interest, and for reasonable and necessary costs of collection, including attorney’s fees. Existing law provides that the board has a lien on the assets of a terminated contracting agency, as specified, and that assets shall also be available to pay actual costs, including attorney’s fees necessarily expended for collection on the lien.

This bill would extend that liability and lien to all of the parties of a terminating agency that was formed under the Joint Exercise of Powers Act. ~~The bill would specify that the liability of those parties is joint and several.~~ To the extent that these changes would increase deposits in the Public Employees’ Retirement Fund, the bill would make an appropriation.

(5) Existing law authorizes the board of PERS to elect not to impose a reduction, or to impose a lesser reduction, on a terminated plan if the board has made all reasonable efforts to collect the amount necessary to fully fund the liabilities of the plan and the board finds that not reducing the benefits, or imposing a lesser reduction, will not impact the actuarial soundness of the terminated agency pool.

This bill would eliminate that provision. The bill would require the ~~board~~ board, *prior to exercising its authority to reduce benefits, to consider and exhaust all options and necessary actions, including evaluating whether* to bring a civil action against any member agencies to a terminated agency formed by an agreement under the Joint Exercise of Powers Act to compel payment of the terminated public agency’s pension obligations. The bill would also specify that the board is entitled to reasonable attorney’s fees in addition to other costs. The bill would also set forth related legislative findings.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares as follows:
- 2 (a) Retirement security is important to families, workers, and
- 3 communities, as well as to the local, regional, and statewide
- 4 economies, and provides financial security and dignity to those
- 5 who retire.
- 6 (b) A defined benefit plan offers, among other types of
- 7 retirement plans, a guarantee of financial security in retirement.

1 (c) A Joint Power Authority (JPA) created pursuant to the Joint
2 Exercise of Powers Act (Chapter 5 (commencing with Section
3 6500) of Division 7 of Title 1 of the Government Code) provides
4 important services and benefits to its geographical areas and
5 communities.

6 (d) A JPA may offer a defined benefit plan to attract, recruit,
7 and retain highly skilled employees toward providing services and
8 fulfilling its purpose.

9 (e) Employees who have been promised a retirement allowance
10 and the other benefits of a defined benefit plan by their employer
11 should be provided those benefits after reaching the requisite age,
12 based on years of service and an established benefit formula, as
13 promised by that employer.

14 (f) Further, an employee who accepts employment with a JPA
15 employer that promises a defined benefit plan may detrimentally
16 rely on the retirement benefit, as committed by the employer,
17 during his or her employment and retirement from that employer.

18 (g) Moreover, a JPA might have limited sources of revenue,
19 and an inability to increase, or secure additional sources of revenue,
20 that may lead to financial distress or insolvency of the JPA, absent
21 the financial surety of its member agencies and for the retirement
22 benefits of the JPA's employees.

23 (h) Additionally, employees who rely on a promise by a JPA
24 employer to provide retirement benefits by accepting and
25 maintaining employment with the employer based partly on the
26 employer's promise may do so to their own retirement detriment.

27 (i) Thus, member agencies of a JPA should not be permitted to
28 absolve themselves of financial liability, in whole or in part, of
29 the financial distress or insolvency of a JPA that results in
30 reductions in a defined benefit plan retirement allowance of a
31 retired JPA employee, of which the agencies are members.

32 (j) Therefore, in order to ensure that the ~~Board of Administration~~
33 ~~of the Public Employees' Retirement System~~ *board of a public*
34 *retirement system* is meeting its fiduciary duties and responsibilities
35 to its members and the system, the board should be permitted to
36 seek legal redress on behalf of its members as a result of the
37 financial insolvency of a JPA that contracts with the retirement
38 system if the financial distress or insolvency of the JPA may result
39 in a reduction of retirement benefits to its members.

1 (k) Further, to ensure that the board is meeting its fiduciary
 2 duties and responsibilities, ~~both current and future contracts with~~
 3 ~~the retirement system by a JPA must include joint and several~~
 4 ~~liability provisions that apply to all agencies under the agreement~~
 5 ~~in order to protect the members of the retirement system against~~
 6 ~~financial insolvency.~~ *contracts with the retirement system by a*
 7 *JPA must protect present and future retirees of the JPA.*

8 (l) *For purposes of this section, “public retirement system”*
 9 *means any pension or retirement system of a public employer,*
 10 *including, but not limited to, an independent retirement plan*
 11 *offered by a public employer that the public employer participates*
 12 *in or offers to its employees for the purpose of providing retirement*
 13 *benefits, or a system of benefits for public employees that is*
 14 *governed by Section 401(a) of Title 26 of the United States Code.*

15 SEC. 2. Section 6508.1 of the Government Code is amended
 16 to read:

17 6508.1. (a) If the agency is not one or more of the parties to
 18 the agreement but is a public entity, commission, or board
 19 constituted pursuant to the agreement, the debts, liabilities, and
 20 obligations of the agency shall be debts, liabilities, and obligations
 21 of the parties to the agreement, unless the agreement specifies
 22 otherwise. However, the parties to the agreement may not agree
 23 otherwise with respect to the retirement liabilities of the agency
 24 if the agency contracts with a public retirement ~~system.~~ *system.*

25 (b) *For purposes of this section, “public retirement system”*
 26 *means any pension or retirement system of a public employer,*
 27 *including, but not limited to, an independent retirement plan*
 28 *offered by a public employer that the public employer participates*
 29 *in or offers to its employees for the purpose of providing retirement*
 30 *benefits, or a system of benefits for public employees that is*
 31 *governed by Section 401(a) of Title 26 of the United States Code.*

32 SEC. 3. Section 6508.2 is added to the Government Code, to
 33 read:

34 6508.2. (a) ~~Notwithstanding Section 6508.1, if the agency~~
 35 ~~(1) An agency established by agreement under this chapter that~~
 36 ~~participates in, or contracts with, a public retirement system,~~
 37 ~~all parties, and member agencies, both current and former, to the~~
 38 ~~agreement, including all amendments thereto, shall be jointly and~~
 39 ~~severally liable for all obligations to the retirement system.~~
 40 *mutually agree as to the apportionment of the agency’s retirement*

1 obligations among themselves, provided that the agreement equals
2 the total retirement liability of the agency. A copy of this mutual
3 agreement, signed by all parties thereto, shall be provided to the
4 board, which shall be reflected in the agreement with the board.
5 If the member agencies are unable to mutually agree to
6 apportionment of the total retirement liability of the agency, the
7 board shall apportion the retirement liability of the agency to each
8 member agency based on the share of service received from the
9 joint power authority by the agency, or population of each member
10 agency, such that the apportionment equals the total retirement
11 liability of the agency, which shall be reflected in the agreement
12 with the board. However, if, after the board apportions the
13 retirement liability, the member agencies mutually agree to
14 apportionment that equals the total retirement liability of the
15 agency, a copy of that agreement signed by all parties thereto shall
16 be provided to the board, which shall supersede the apportionment
17 made by the board, and be reflected in the agreement with the
18 board.

19 (2) For purposes of this section, “board” means the board of
20 any pension or retirement system of a public employer, including,
21 but not limited to, an independent retirement plan offered by a
22 public employer that the public employer participates in or offers
23 to its employees for the purpose of providing retirement benefits,
24 or a system of benefits for public employees that is governed by
25 Section 401(a) of Title 26 of the United States Code.

26 (b) Notwithstanding any other law, if a judgment is rendered
27 against an agency or a party to the agreement for a breach to its
28 obligations to the public retirement system, the time within which
29 a claim for injury may be presented or an action commenced
30 against any other party that is subject to the liability determined
31 by the judgment begins to run when the judgment is rendered.

32 (c) This section shall apply retroactively to all parties, both
33 current and former, to the agreement.

34 SEC. 4. Section 20461.1 is added to the Government Code, to
35 read:

36 20461.1. ~~(a) The~~ *On and after January 1, 2019, the board shall*
37 *not contract with any public agency formed by an agreement under*
38 *Chapter 5 (commencing with Section 6500) of Division 7 of Title*
39 *1 unless all the parties to that agreement, including all amendments*

1 thereto, are jointly and severally liable for all of the public agency’s
2 obligations to this system.

3 ~~(b) This section shall apply retroactively to all parties, both~~
4 ~~current and former, to the agreement. Any current agreement~~
5 ~~forming a public agency under Chapter 5 (commencing with~~
6 ~~Section 6500) of Division 7 of Title 1 that does not meet the~~
7 ~~requirements set forth in this section shall be reopened to include~~
8 ~~a provision holding all member agencies party to the agreement~~
9 ~~jointly and severally liable for all of the public agency’s obligations~~
10 ~~to this system.~~

11 SEC. 5. Section 20574.1 is added to the Government Code, to
12 read:

13 20574.1. In lieu of the procedure set forth in Section 20574,
14 all parties to a terminating agency that was formed by an agreement
15 under Chapter 5 (commencing with Section 6500) of Division 7
16 of Title 1 shall be ~~jointly and severally~~ liable to the system for any
17 deficit in funding for earned benefits, as determined pursuant to
18 Section 20577, interest at the actuarial rate from the date of
19 termination to the date the agency pays the system, and reasonable
20 and necessary costs of collection, including attorneys’ fees. The
21 board shall have a lien on the assets of a terminated contracting
22 agency and on the assets of all parties to the terminating contracting
23 agency, subject only to a prior lien for wages, in an amount equal
24 to the actuarially determined deficit in funding for earned benefits
25 of the employee members of the agency, interest, and collection
26 costs. The assets shall also be available to pay actual costs,
27 including attorney’s fees, necessarily expended for collection of
28 the lien.

29 SEC. 6. Section 20575.1 is added to the Government Code, to
30 read:

31 20575.1. (a) Notwithstanding any other provision of this part
32 to the contrary, upon request of a terminating agency formed by
33 an agreement under Chapter 5 (commencing with Section 6500)
34 of Division 7 of Title 1 or of any member agency to the agreement,
35 the board shall enter into an agreement with the governing body
36 of a terminating agency or the governing body of the member
37 agency in order to ensure that (1) the final compensation used in
38 the calculation of benefits of its employees shall be calculated in
39 the same manner as the benefits of employees of agencies that are
40 not terminating, regardless of whether they retire directly from

1 employment with the terminating agency or continue in other
2 public service; and (2) related necessary adjustments in the
3 employer's contribution rate are made, from time to time, by the
4 board prior to the date of termination to ensure that benefits are
5 adequately funded or any other actuarially sound payment
6 technique, including a lump-sum payment at termination, is agreed
7 to by the governing body of the terminating agency and the board.

8 (b) A terminating agency formed by an agreement under Chapter
9 5 (commencing with Section 6500) of Division 7 of Title 1 that
10 will cease to exist or its member agency shall notify the board not
11 sooner than three years nor later than one year prior to the
12 terminating agency's termination date of its intention to enter into
13 agreement pursuant to this section. The terms of the agreement
14 shall be reflected in an amendment to the agency's contract with
15 the board.

16 (c) If the board, itself, determines that it is not in the best
17 interests of the system, it may choose not to enter into an agreement
18 pursuant to this section.

19 (d) If the governing body of a terminating agency formed by
20 an agreement under Chapter 5 (commencing with Section 6500)
21 of Division 7 of Title 1 or the governing bodies of its member
22 agencies do not enter into an agreement pursuant to this section,
23 the member agencies shall assume the retirement obligations on
24 their retirement systems. ~~Member agencies of the agency shall~~
25 ~~mutually agree as to the apportionment of the agency's retirement~~
26 ~~obligations among themselves provided that the agreement equals~~
27 ~~the total retirement liability of the agency. A copy of this mutual~~
28 ~~agreement signed by all parties thereto shall be provided to the~~
29 ~~board, which shall be reflected in the agreement with the board.~~
30 ~~If the member agencies are unable to mutually agree to~~
31 ~~apportionment of the total retirement liability of the agency, the~~
32 ~~board shall, in its discretion, apportion the retirement liability of~~
33 ~~the agency to each member agency such that the apportionment~~
34 ~~equals the total retirement liability of the agency, which shall be~~
35 ~~reflected in the agreement with the board. However, if after the~~
36 ~~board apportions the retirement liability, the member agencies~~
37 ~~mutually agree to apportionment that equals the total retirement~~
38 ~~liability of the agency, a copy of that agreement signed by all~~
39 ~~parties thereto shall be provided to the board, which shall supersede~~

1 the apportionment made by the board, and be reflected in the
2 agreement with the board.

3 SEC. 7. Section 20577.5 of the Government Code is repealed.

4 SEC. 8. Section 20577.5 is added to the Government Code, to
5 read:

6 20577.5. The board ~~shall bring a~~ *shall, prior to exercising*
7 *authority granted pursuant to Section 20577, consider and exhaust*
8 *all options and necessary actions, including evaluating whether*
9 *to bring a civil action against any and all of the member agencies*
10 *that are parties to a terminated agency formed by an agreement*
11 *under Chapter 5 (commencing with Section 6500) of Division 7*
12 *of Title 1 to compel payment of the terminated agency's pension*
13 *obligations; retirement obligations pursuant to Section 20575.1,*
14 *and shall be entitled to reasonable attorneys' attorney's fees in*
15 *addition to other costs.*

16 SEC. 9. Section 366.2 of the Public Utilities Code is amended
17 to read:

18 366.2. (a) (1) ~~Customers shall be entitled to aggregate their~~
19 ~~electric loads as members of their local community with~~
20 ~~community choice aggregators.~~

21 (2) ~~Customers may aggregate their loads through a public~~
22 ~~process with community choice aggregators, if each customer is~~
23 ~~given an opportunity to opt out of his or her community's~~
24 ~~aggregation program.~~

25 (3) ~~If a customer opts out of a community choice aggregator's~~
26 ~~program, or has no community choice aggregation program~~
27 ~~available, that customer shall have the right to continue to be served~~
28 ~~by the existing electrical corporation or its successor in interest.~~

29 (4) ~~The implementation of a community choice aggregation~~
30 ~~program shall not result in a shifting of costs between the customers~~
31 ~~of the community choice aggregator and the bundled service~~
32 ~~customers of an electrical corporation.~~

33 (5) ~~A community choice aggregator shall be solely responsible~~
34 ~~for all generation procurement activities on behalf of the~~
35 ~~community choice aggregator's customers, except where other~~
36 ~~generation procurement arrangements are expressly authorized by~~
37 ~~statute.~~

38 (b) ~~If a public agency seeks to serve as a community choice~~
39 ~~aggregator, it shall offer the opportunity to purchase electricity to~~
40 ~~all residential customers within its jurisdiction.~~

1 ~~(e) (1) Notwithstanding Section 366, a community choice~~
2 ~~aggregator is hereby authorized to aggregate the electrical load of~~
3 ~~interested electricity consumers within its boundaries to reduce~~
4 ~~transaction costs to consumers, provide consumer protections, and~~
5 ~~leverage the negotiation of contracts. However, the community~~
6 ~~choice aggregator may not aggregate electrical load if that load is~~
7 ~~served by a local publicly owned electric utility. A community~~
8 ~~choice aggregator may group retail electricity customers to solicit~~
9 ~~bids, broker, and contract for electricity and energy services for~~
10 ~~those customers. The community choice aggregator may enter into~~
11 ~~agreements for services to facilitate the sale and purchase of~~
12 ~~electricity and other related services. Those service agreements~~
13 ~~may be entered into by an entity authorized to be a community~~
14 ~~choice aggregator, as defined in Section 331.1.~~

15 ~~(2) Under community choice aggregation, customer participation~~
16 ~~may not require a positive written declaration, but each customer~~
17 ~~shall be informed of his or her right to opt out of the community~~
18 ~~choice aggregation program. If no negative declaration is made~~
19 ~~by a customer, that customer shall be served through the~~
20 ~~community choice aggregation program. If an existing customer~~
21 ~~moves the location of his or her electric service within the~~
22 ~~jurisdiction of the community choice aggregator, the customer~~
23 ~~shall retain the same subscriber status as prior to the move, unless~~
24 ~~the customer affirmatively changes his or her subscriber status. If~~
25 ~~the customer is moving from outside to inside the jurisdiction of~~
26 ~~the community choice aggregator, customer participation shall not~~
27 ~~require a positive written declaration, but the customer shall be~~
28 ~~informed of his or her right to elect not to receive service through~~
29 ~~the community choice aggregator.~~

30 ~~(3) A community choice aggregator establishing electrical load~~
31 ~~aggregation pursuant to this section shall develop an~~
32 ~~implementation plan detailing the process and consequences of~~
33 ~~aggregation. The implementation plan, and any subsequent changes~~
34 ~~to it, shall be considered and adopted at a duly noticed public~~
35 ~~hearing. The implementation plan shall contain all of the following:~~

36 ~~(A) An organizational structure of the program, its operations,~~
37 ~~and its funding.~~

38 ~~(B) Ratesetting and other costs to participants.~~

39 ~~(C) Provisions for disclosure and due process in setting rates~~
40 ~~and allocating costs among participants.~~

1 ~~(D) The methods for entering and terminating agreements with~~
2 ~~other entities.~~

3 ~~(E) The rights and responsibilities of program participants,~~
4 ~~including, but not limited to, consumer protection procedures,~~
5 ~~credit issues, and shutoff procedures.~~

6 ~~(F) Termination of the program.~~

7 ~~(G) A description of the third parties that will be supplying~~
8 ~~electricity under the program, including, but not limited to,~~
9 ~~information about financial, technical, and operational capabilities.~~

10 ~~(4) A community choice aggregator establishing electrical load~~
11 ~~aggregation shall prepare a statement of intent with the~~
12 ~~implementation plan. Any community choice load aggregation~~
13 ~~established pursuant to this section shall provide for the following:~~

14 ~~(A) Universal access.~~

15 ~~(B) Reliability.~~

16 ~~(C) Equitable treatment of all classes of customers.~~

17 ~~(D) Any requirements established by state law or by the~~
18 ~~commission concerning aggregated service, including those rules~~
19 ~~adopted by the commission pursuant to paragraph (3) of~~
20 ~~subdivision (b) of Section 8341 for the application of the~~
21 ~~greenhouse gases emission performance standard to community~~
22 ~~choice aggregators.~~

23 ~~(5) In order to determine the cost-recovery mechanism to be~~
24 ~~imposed on the community choice aggregator pursuant to~~
25 ~~subdivisions (d), (e), and (f) that shall be paid by the customers of~~
26 ~~the community choice aggregator to prevent shifting of costs, the~~
27 ~~community choice aggregator shall file the implementation plan~~
28 ~~with the commission, and any other information requested by the~~
29 ~~commission that the commission determines is necessary to develop~~
30 ~~the cost-recovery mechanism in subdivisions (d), (e), and (f).~~

31 ~~(6) The commission shall notify any electrical corporation~~
32 ~~serving the customers proposed for aggregation that an~~
33 ~~implementation plan initiating community choice aggregation has~~
34 ~~been filed, within 10 days of the filing.~~

35 ~~(7) Within 90 days after the community choice aggregator~~
36 ~~establishing load aggregation files its implementation plan, the~~
37 ~~commission shall certify that it has received the implementation~~
38 ~~plan, including any additional information necessary to determine~~
39 ~~a cost-recovery mechanism. After certification of receipt of the~~
40 ~~implementation plan and any additional information requested,~~

1 the commission shall then provide the community choice
2 aggregator with its findings regarding any cost recovery that must
3 be paid by customers of the community choice aggregator to
4 prevent a shifting of costs as provided for in subdivisions (d), (e),
5 and (f):

6 (8) ~~No entity proposing community choice aggregation shall
7 act to furnish electricity to electricity consumers within its
8 boundaries until the commission determines the cost recovery that
9 must be paid by the customers of that proposed community choice
10 aggregation program, as provided for in subdivisions (d), (e), and
11 (f). The commission shall designate the earliest possible effective
12 date for implementation of a community choice aggregation
13 program, taking into consideration the impact on any annual
14 procurement plan of the electrical corporation that has been
15 approved by the commission.~~

16 (9) ~~All electrical corporations shall cooperate fully with any
17 community choice aggregators that investigate, pursue, or
18 implement community choice aggregation programs. Cooperation
19 shall include providing the entities with appropriate billing and
20 electrical load data, including, but not limited to, electrical
21 consumption data as defined in Section 8380 and other data
22 detailing electricity needs and patterns of usage, as determined by
23 the commission, and in accordance with procedures established
24 by the commission. The commission shall exercise its authority
25 pursuant to Chapter 11 (commencing with Section 2100) to enforce
26 the requirements of this paragraph when it finds that the
27 requirements of this paragraph have been violated. Electrical
28 corporations shall continue to provide all metering, billing,
29 collection, and customer service to retail customers that participate
30 in community choice aggregation programs. Bills sent by the
31 electrical corporation to retail customers shall identify the
32 community choice aggregator as providing the electrical energy
33 component of the bill. The commission shall determine the terms
34 and conditions under which the electrical corporation provides
35 services to community choice aggregators and retail customers.~~

36 (10) ~~If the commission finds that an electrical corporation has
37 violated this section, the commission shall consider the impact of
38 the violation upon community choice aggregators.~~

39 (11) ~~The commission shall proactively expedite the complaint
40 process for disputes regarding an electrical corporation's violation~~

1 of its obligations pursuant to this section in order to provide for
2 timely resolution of complaints made by community choice
3 aggregation programs, so that all complaints are resolved in no
4 more than 180 days following the filing of a complaint by a
5 community choice aggregation program concerning the actions of
6 the incumbent electrical corporation. This deadline may only be
7 extended under either of the following circumstances:

8 (A) Upon agreement of all of the parties to the complaint.

9 (B) The commission makes a written determination that the
10 deadline cannot be met, including findings for the reason for this
11 determination, and issues an order extending the deadline. A single
12 order pursuant to this subparagraph shall not extend the deadline
13 for more than 60 days.

14 (12) (A) An entity authorized to be a community choice
15 aggregator, as defined in Section 331.1, that elects to implement
16 a community choice aggregation program within its jurisdiction
17 pursuant to this chapter, shall do so by ordinance. A city, county,
18 or city and county may request, by affirmative resolution of its
19 governing council or board, that another entity authorized to be a
20 community choice aggregator act as the community choice
21 aggregator on its behalf. If a city, county, or city and county, by
22 resolution, requests another authorized entity be the community
23 choice aggregator for the city, county, or city and county, that
24 authorized entity shall be responsible for adopting the ordinance
25 to implement the community choice aggregation program on behalf
26 of the city, county, or city and county.

27 (B) (i) Two or more entities authorized to be a community
28 choice aggregator, as defined in Section 331.1, may participate as
29 a group in a community choice aggregation program pursuant to
30 this chapter, through a joint powers agency established pursuant
31 to Chapter 5 (commencing with Section 6500) of Division 7 of
32 Title 1 of the Government Code, if each entity adopts an ordinance
33 pursuant to subparagraph (A).

34 (ii) Pursuant to Section 6508.1 of the Government Code,
35 members of a joint powers agency that is a community choice
36 aggregator may specify in their joint powers agreement that, unless
37 otherwise agreed by the members of the agency, the debts,
38 liabilities, and obligations of the agency shall not be the debts,
39 liabilities, and obligations, either jointly or severally, of the
40 members of the agency.

1 ~~(iii) Notwithstanding clause (ii), if the agency contracts with a~~
2 ~~public retirement system, the members of the agency shall be~~
3 ~~jointly and severally liable for the retirement liabilities of the~~
4 ~~agency.~~

5 ~~(iv) Except as provided in clause (iii), the commission shall not,~~
6 ~~as a condition of registration or otherwise, require an agency's~~
7 ~~members to voluntarily assume the debts, liabilities, and obligations~~
8 ~~of the agency to the electrical corporation unless the commission~~
9 ~~finds that the agreement by the agency's members is the only~~
10 ~~reasonable means by which the agency may establish its~~
11 ~~creditworthiness under the electrical corporation's tariff to pay~~
12 ~~charges to the electrical corporation under the tariff.~~

13 ~~(13) Following adoption of aggregation through the ordinance~~
14 ~~described in subparagraph (A) of paragraph (12), the program shall~~
15 ~~allow any retail customer to opt out and to continue to be served~~
16 ~~as a bundled service customer by the existing electrical corporation,~~
17 ~~or its successor in interest. Delivery services shall be provided at~~
18 ~~the same rates, terms, and conditions, as approved by the~~
19 ~~commission, for community choice aggregation customers and~~
20 ~~customers that have entered into a direct transaction where~~
21 ~~applicable, as determined by the commission. Once enrolled in~~
22 ~~the aggregated entity, any ratepayer that chooses to opt out within~~
23 ~~60 days or two billing cycles of the date of enrollment may do so~~
24 ~~without penalty and shall be entitled to receive default service~~
25 ~~pursuant to paragraph (3) of subdivision (a). Customers that return~~
26 ~~to the electrical corporation for procurement services shall be~~
27 ~~subject to the same terms and conditions as are applicable to other~~
28 ~~returning direct access customers from the same class, as~~
29 ~~determined by the commission, as authorized by the commission~~
30 ~~pursuant to this code or any other provision of law, except that~~
31 ~~those customers shall be subject to no more than a 12-month stay~~
32 ~~requirement with the electrical corporation. Any reentry fees to~~
33 ~~be imposed after the opt-out period specified in this paragraph,~~
34 ~~shall be approved by the commission and shall reflect the cost of~~
35 ~~reentry. The commission shall exclude any amounts previously~~
36 ~~determined and paid pursuant to subdivisions (d), (e), and (f) from~~
37 ~~the cost of reentry.~~

38 ~~(14) Nothing in this section shall be construed as authorizing~~
39 ~~any city or any community choice retail load aggregator to restrict~~
40 ~~the ability of retail electricity customers to obtain or receive service~~

1 from any authorized electric service provider in a manner consistent
2 with law.

3 ~~(15) (A) The community choice aggregator shall fully inform~~
4 ~~participating customers at least twice within two calendar months,~~
5 ~~or 60 days, in advance of the date of commencing automatic~~
6 ~~enrollment. Notifications may occur concurrently with billing~~
7 ~~cycles. Following enrollment, the aggregated entity shall fully~~
8 ~~inform participating customers for not less than two consecutive~~
9 ~~billing cycles. Notification may include, but is not limited to, direct~~
10 ~~mailings to customers, or inserts in water, sewer, or other utility~~
11 ~~bills. Any notification shall inform customers of both of the~~
12 ~~following:~~

13 ~~(i) That they are to be automatically enrolled and that the~~
14 ~~customer has the right to opt out of the community choice~~
15 ~~aggregator without penalty.~~

16 ~~(ii) The terms and conditions of the services offered.~~

17 ~~(B) The community choice aggregator may request the~~
18 ~~commission to approve and order the electrical corporation to~~
19 ~~provide the notification required in subparagraph (A). If the~~
20 ~~commission orders the electrical corporation to send one or more~~
21 ~~of the notifications required pursuant to subparagraph (A) in the~~
22 ~~electrical corporation's normally scheduled monthly billing~~
23 ~~process, the electrical corporation shall be entitled to recover from~~
24 ~~the community choice aggregator all reasonable incremental costs~~
25 ~~it incurs related to the notification or notifications. The electrical~~
26 ~~corporation shall fully cooperate with the community choice~~
27 ~~aggregator in determining the feasibility and costs associated with~~
28 ~~using the electrical corporation's normally scheduled monthly~~
29 ~~billing process to provide one or more of the notifications required~~
30 ~~pursuant to subparagraph (A).~~

31 ~~(C) Each notification shall also include a mechanism by which~~
32 ~~a ratepayer may opt out of community choice aggregated service.~~
33 ~~The opt out may take the form of a self-addressed return postcard~~
34 ~~indicating the customer's election to remain with, or return to,~~
35 ~~electrical energy service provided by the electrical corporation, or~~
36 ~~another straightforward means by which the customer may elect~~
37 ~~to derive electrical energy service through the electrical corporation~~
38 ~~providing service in the area.~~

39 ~~(16) A community choice aggregator shall have an operating~~
40 ~~service agreement with the electrical corporation prior to furnishing~~

1 electric service to consumers within its jurisdiction. The service
2 agreement shall include performance standards that govern the
3 business and operational relationship between the community
4 choice aggregator and the electrical corporation. The commission
5 shall ensure that any service agreement between the community
6 choice aggregator and the electrical corporation includes equitable
7 responsibilities and remedies for all parties. The parties may
8 negotiate specific terms of the service agreement, provided that
9 the service agreement is consistent with this chapter.

10 (17) The community choice aggregator shall register with the
11 commission, which may require additional information to ensure
12 compliance with basic consumer protection rules and other
13 procedural matters.

14 (18) Once the community choice aggregator's contract is signed,
15 the community choice aggregator shall notify the applicable
16 electrical corporation that community choice service will
17 commence within 30 days.

18 (19) Once notified of a community choice aggregator program,
19 the electrical corporation shall transfer all applicable accounts to
20 the new supplier within a 30-day period from the date of the close
21 of the electrical corporation's normally scheduled monthly
22 metering and billing process.

23 (20) An electrical corporation shall recover from the community
24 choice aggregator any costs reasonably attributable to the
25 community choice aggregator, as determined by the commission,
26 of implementing this section, including, but not limited to, all
27 business and information system changes, except for
28 transaction-based costs as described in this paragraph. Any costs
29 not reasonably attributable to a community choice aggregator shall
30 be recovered from ratepayers, as determined by the commission.
31 All reasonable transaction-based costs of notices, billing, metering,
32 collections, and customer communications or other services
33 provided to an aggregator or its customers shall be recovered from
34 the aggregator or its customers on terms and at rates to be approved
35 by the commission.

36 (21) At the request and expense of any community choice
37 aggregator, electrical corporations shall install, maintain, and
38 calibrate metering devices at mutually agreeable locations within
39 or adjacent to the community choice aggregator's political
40 boundaries. The electrical corporation shall read the metering

1 devices and provide the data collected to the community choice
2 aggregator at the aggregator's expense. To the extent that the
3 community choice aggregator requests a metering location that
4 would require alteration or modification of a circuit, the electrical
5 corporation shall only be required to alter or modify a circuit if
6 such alteration or modification does not compromise the safety,
7 reliability, or operational flexibility of the electrical corporation's
8 facilities. All costs incurred to modify circuits pursuant to this
9 paragraph, shall be borne by the community choice aggregator.

10 (d) (1) It is the intent of the Legislature that each retail end-use
11 customer that has purchased power from an electrical corporation
12 on or after February 1, 2001, should bear a fair share of the
13 Department of Water Resources' electricity purchase costs, as well
14 as electricity purchase contract obligations incurred as of the
15 effective date of the act adding this section, that are recoverable
16 from electrical corporation customers in commission-approved
17 rates. It is further the intent of the Legislature to prevent any
18 shifting of recoverable costs between customers.

19 (2) The Legislature finds and declares that this subdivision is
20 consistent with the requirements of Division 27 (commencing with
21 Section 80000) of the Water Code and Section 360.5 of this code,
22 and is therefore declaratory of existing law.

23 (e) A retail end-use customer that purchases electricity from a
24 community choice aggregator pursuant to this section shall pay
25 both of the following:

26 (1) A charge equivalent to the charges that would otherwise be
27 imposed on the customer by the commission to recover
28 bond-related costs pursuant to any agreement between the
29 commission and the Department of Water Resources pursuant to
30 Section 80110 of the Water Code, which charge shall be payable
31 until any obligations of the Department of Water Resources
32 pursuant to Division 27 (commencing with Section 80000) of the
33 Water Code are fully paid or otherwise discharged.

34 (2) Any additional costs of the Department of Water Resources,
35 equal to the customer's proportionate share of the Department of
36 Water Resources' estimated net unavoidable electricity purchase
37 contract costs as determined by the commission, for the period
38 commencing with the customer's purchases of electricity from the
39 community choice aggregator, through the expiration of all then

1 existing electricity purchase contracts entered into by the
2 Department of Water Resources.

3 (f) A retail end-use customer purchasing electricity from a
4 community choice aggregator pursuant to this section shall
5 reimburse the electrical corporation that previously served the
6 customer for all of the following:

7 (1) The electrical corporation's unrecovered past
8 undercollections for electricity purchases, including any financing
9 costs, attributable to that customer, that the commission lawfully
10 determines may be recovered in rates.

11 (2) Any additional costs of the electrical corporation recoverable
12 in commission-approved rates, equal to the share of the electrical
13 corporation's estimated net unavoidable electricity purchase
14 contract costs attributable to the customer, as determined by the
15 commission, for the period commencing with the customer's
16 purchases of electricity from the community choice aggregator,
17 through the expiration of all then existing electricity purchase
18 contracts entered into by the electrical corporation.

19 (g) Estimated net unavoidable electricity costs paid by the
20 customers of a community choice aggregator shall be reduced by
21 the value of any benefits that remain with bundled service
22 customers, unless the customers of the community choice
23 aggregator are allocated a fair and equitable share of those benefits.

24 (h) (1) Any charges imposed pursuant to subdivision (c) shall
25 be the property of the Department of Water Resources. Any charges
26 imposed pursuant to subdivision (f) shall be the property of the
27 electrical corporation. The commission shall establish mechanisms,
28 including agreements with, or orders with respect to, electrical
29 corporations necessary to ensure that charges payable pursuant to
30 this section shall be promptly remitted to the party entitled to
31 payment.

32 (2) Charges imposed pursuant to subdivisions (d), (e), and (f)
33 shall be nonbypassable.

34 (i) The commission shall authorize community choice
35 aggregation only if the commission imposes a cost-recovery
36 mechanism pursuant to subdivisions (d), (e), (f), and (h). Except
37 as provided by this subdivision, this section shall not alter the
38 suspension by the commission of direct purchases of electricity
39 from alternate providers other than by community choice
40 aggregators, pursuant to Section 365.1.

1 ~~(j) (1) The commission shall not authorize community choice~~
 2 ~~aggregation until it implements a cost-recovery mechanism,~~
 3 ~~consistent with subdivisions (d), (e), and (f), that is applicable to~~
 4 ~~customers that elected to purchase electricity from an alternate~~
 5 ~~provider between February 1, 2001, and January 1, 2003.~~

6 ~~(2) The commission shall not authorize community choice~~
 7 ~~aggregation until it has adopted rules for implementing community~~
 8 ~~choice aggregation.~~

9 ~~(k) (1) Except for nonbypassable charges imposed by the~~
 10 ~~commission pursuant to subdivisions (d), (e), (f), and (h), and~~
 11 ~~programs authorized by the commission to provide broader~~
 12 ~~statewide or regional benefits to all customers, electric service~~
 13 ~~customers of a community choice aggregator shall not be required~~
 14 ~~to pay nonbypassable charges for goods, services, or programs~~
 15 ~~that do not benefit either, or where applicable, both, the customer~~
 16 ~~and the community choice aggregator serving the customer.~~

17 ~~(2) The commission, Energy Commission, electrical corporation,~~
 18 ~~or third-party administrator shall administer any program funded~~
 19 ~~through a nonbypassable charge on a nondiscriminatory basis so~~
 20 ~~that the electric service customers of a community choice~~
 21 ~~aggregator may participate in the program on an equal basis with~~
 22 ~~the customers of an electrical corporation.~~

23 ~~(3) Nothing in this subdivision is intended to modify, or prohibit~~
 24 ~~the use of, charges funding programs for the benefit of low-income~~
 25 ~~customers.~~

26 ~~(l) (1) An electrical corporation shall not terminate the services~~
 27 ~~of a community choice aggregator unless authorized by a vote of~~
 28 ~~the full commission. The commission shall ensure that prior to~~
 29 ~~authorizing a termination of service, that the community choice~~
 30 ~~aggregator has been provided adequate notice and a reasonable~~
 31 ~~opportunity to be heard regarding any electrical corporation~~
 32 ~~contentions in support of termination. If the contentions made by~~
 33 ~~the electrical corporation in favor of termination include factual~~
 34 ~~claims, the community choice aggregator shall be afforded an~~
 35 ~~opportunity to address those claims in an evidentiary hearing.~~

36 ~~(2) Notwithstanding paragraph (1), if the Independent System~~
 37 ~~Operator has transferred the community choice aggregator's~~
 38 ~~scheduling coordination responsibilities to the incumbent electrical~~
 39 ~~corporation, an administrative law judge or assigned commissioner,~~
 40 ~~after providing the aggregator with notice and an opportunity to~~

1 respond, may suspend the aggregator's service to customers
2 pending a full vote of the commission.

3 (m) Any meeting of an entity authorized to be a community
4 choice aggregator, as defined in Section 331.1, for the purpose of
5 developing, implementing, or administering a program of
6 community choice aggregation shall be conducted in the manner
7 prescribed by the Ralph M. Brown Act (Chapter 9 (commencing
8 with Section 54950) of Part 1 of Division 2 of Title 5 of the
9 Government Code).

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Orange County Fire Authority
Hypothetical Distribution of Unfunded Pension Liability by Member Agency
Potential Method of Apportionment per AB 1912 (does not work for OCFA)
As of December 31, 2017

Member Agency	Share of Service (based on # of FFs)	FY 2017 Incidents	% of Total	Hypothetical Distribution of Pension Liability
County Unincorporated (SFF)	96		10.39%	41,617,662
Aliso Viejo (SFF)	15		1.62%	6,502,760
Buena Park (CCC)	45		4.87%	19,508,279
Cypress (SFF)	21		2.27%	9,103,864
Dana Point (SFF)	24		2.60%	10,404,416
Placentia (CCC)	30		3.25%	13,005,519
Irvine (SFF)	156		16.88%	67,628,701
Laguna Hills (SFF)	36	3,078	1.38%	5,512,645
Laguna Woods (SFF)		5,636	2.52%	10,093,979
Laguna Niguel (SFF)	30		3.25%	13,005,519
Lake Forest (SFF)	33		3.57%	14,306,071
La Palma (SFF)	9		0.97%	3,901,656
Los Alamitos (SFF)	9		0.97%	3,901,656
Mission Viejo (SFF)	48		5.19%	20,808,831
Rancho Santa Margarita (SFF)	27		2.92%	11,704,968
San Clemente (CCC)	33		3.57%	14,306,071
San Juan Capistrano (SFF)	15		1.62%	6,502,760
Santa Ana (CCC) [Note]	150		16.23%	65,027,597
Seal Beach (CCC)	18		1.95%	7,803,312
Stanton (CCC)	15		1.62%	6,502,760
Tustin (CCC)	18		1.95%	7,803,312
Villa Park (SFF)	12		1.30%	5,202,208
Westminster (CCC)	45		4.87%	19,508,279
Yorba Linda (SFF)	39		4.22%	16,907,175
Totals	924		100.00%	400,570,000

Note: This method is flawed for OCFA, in particular, as it relates to Santa Ana. Santa Ana has only been a member of OCFA since 2012 and their contract with OCFA specified that they were not responsible for OCFA's previously accrued unfunded pension liability. This is a flaw in this method which would need to be addressed, revised, and resolved.