



ORANGE COUNTY FIRE AUTHORITY AGENDA

BUDGET AND FINANCE COMMITTEE REGULAR MEETING

Wednesday, July 12, 2023
12:00 Noon

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

Committee Members

John O'Neill, Chair • Troy Bourne, Vice Chair
Shelley Hasselbrink • Gene Hernandez • Austin Lumbard
Vince Rossini • John Gabbard • Nitesh Patel • Chi Charlie Nguyen
Jennifer Cervantez, Ex Officio

NOTICE REGARDING PUBLIC ACCESS AND PARTICIPATION

This meeting is open to the public. Committee members will participate in person. There are several alternative ways to make comments including:

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

If you wish to speak, 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 the item being considered. Speaker Forms are available at the entryway of the meeting location.

E-Comments: Alternatively, you may email your written comments to coa@ocfa.org. E-comments will be provided to the Committee members upon receipt and will be part of the meeting record as long as they are received during or before the Committee takes action on an item. Emails related to an item that are received after the item has been acted upon by the Committee will not be considered.

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 Committee members 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 the 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> under Board & Committee Agendas/Minutes.



In compliance with the Americans with Disabilities Act and [Board of Directors policy](#), if you need reasonable accommodations to participate in this meeting, please complete the [ADA Reasonable Accommodation Form](#) available on the Agency's website and email to COA@ocfa.org, or you may contact the Clerk of the Authority at (714) 573-6040 during regular business hours to submit your request orally. Please notify us at least 48 hours prior to the meeting to enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

CALL TO ORDER - Chair O'Neill

PLEDGE OF ALLEGIANCE - Director Patel

ROLL CALL - Clerk of the Authority

PUBLIC COMMENTS

Please refer to instructions on how to submit a public comment on Page 1 of this Agenda.

1. PRESENTATION

No items.

2. CONSENT CALENDAR

All matters on the consent calendar are considered routine and are to be approved with one motion unless a director or a member of the public requests separate action on a specific item.

A. Minutes for the Budget and Finance Committee Meeting

Submitted by: Maria D. Huizar, Clerk of the Authority

The record will show that any Director not in attendance at the meeting of the Minutes will be registered as an abstention, unless otherwise indicated.

Recommended Action:

Approve the Minutes for the June 14, 2023, Regular Meeting as submitted.

3. DISCUSSION CALENDAR

A. Monthly Investment Reports

Submitted by: Robert Cortez, Assistant Chief/Business Services Department, Tricia Jakubiak, Treasurer/Treasury & Financial Planning and James Slobojan, Assistant Treasurer/Treasury & Financial Planning

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of July 27, 2023, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Proposed Review Process: Prefunding of CIP Projects Policy

Submitted by: Lori Zeller Deputy Chief/Administration & Support Bureau, Robert Cortez, Assistant Chief/Business Services Department, and Jim Ruane, Assistant Chief/Logistics Department

Recommended Action:

Review the agenda item and approve the proposed review process to develop a policy for the prefunding of future CIP projects.

REPORTS

None.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, September 13, 2023, at 12:00 noon.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury and as required by the State of California, Government Code § 54954.2(a), that the foregoing Agenda was posted in the lobby and front gate public display case 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.

Maria D. Huizar, CMC
 Clerk of the Authority

FUTURE B&FC AGENDA ITEMS – THREE-MONTH OUTLOOK:

- Monthly Investment Report
- Quarterly Purchasing Report
- Quarterly Financial Newsletter
- Annual Investment Report
- Prefunding of CIP Projects Policy Development Process

UPCOMING MEETINGS:

Legislative and Public Affairs Committee
 Executive Committee
 Board of Directors
 Human Resources Committee
 Operations Committee

Wednesday, July 19, 2023, 12 noon
 Thursday, July 27, 2023, 5:30 p.m.
 Thursday, July 27, 2023, 6:00 p.m.
 Tuesday, August 1, 2023, 12 noon
 Tuesday, August 8, 2023, 12 noon

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Regular Meeting
Wednesday, June 14, 2023
12:00 Noon

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

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on June 14, 2023, at 12:04 p.m. by Chair O'Neill.

PLEDGE OF ALLEGIANCE

Director Lombard led the assembly in the Pledge of Allegiance to our Flag.

ROLL CALL - Clerk of the Authority

Present: John O'Neill, Garden Grove, Chair
Troy Bourne, San Juan Capistrano, Vice Chair
Shelley Hasselbrink, Los Alamitos
Austin Lombard, Tustin
Chi Charlie Nguyen, Westminster
Vince Rossini, Villa Park

Absent: John Gabbard, Dana Point
Nitesh Patel, La Palma
Gene Hernandez, Yorba Linda

Staff present:

Deputy Chief Lori Zeller	Assistant Chief Robert Cortez
Assistant Chief Jim Ruane	Assistant Chief Lori Smith
Assistant Chief Rob Capobianco	Assistant Chief Shane Sherwood
Assistant Chief Stephanie Holloman	Director of Communications Matt Olson
Clerk of the Authority Maria D. Huizar	Assistant General Counsel Michael Daudt
Ex-Officio Member Jennifer Cervantez	

PUBLIC COMMENTS

None.

1. PRESENTATION

No items.

2. CONSENT CALENDAR

On motion of Director Bourne and second by Director Lombard, and by acclamation, approved 6-0 Agenda Item Nos. 2A-2D (Directors Gabbard, Hernandez, and Patel absent).

A. Minutes for the Budget and Finance Committee Meeting (FILE 12.02B2)

The record will show that any Director not in attendance at the meeting of the Minutes will be registered as an abstention, unless otherwise indicated.

Action: Approve the Minutes for the May 10, 2023, Regular Meeting as submitted.

B. Monthly Investment Reports (FILE 11.10D2)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of June 22, 2023, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

C. FY 2022/23 Year End Budget Adjustment (FILE 15.04)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of June 22, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors approve and authorize FY 2022/23 budget adjustments as detailed in this report.

D. Updated Cost Reimbursement Rates (FILE 15.12)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of June 22, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors approve and adopt the proposed Cost Reimbursement Rate schedules to be effective July 1, 2023.

3. DISCUSSION CALENDAR

A. Updated Community Risk Reduction and Miscellaneous Fee Schedules (FILE 15.05A)

Assistant Chief Robert Cortez presented the Updated Community Risk Reduction and Miscellaneous Fee Schedules.

On motion of Director Hasselbrink and second by Director Rossini, and by acclamation, approved 6-0 (Directors Gabbard, Hernandez, and Patel absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of June 22, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Conduct a Public Hearing.
2. Find that, in accordance with California Government Code Section 66014, the proposed fees do not exceed the cost of providing services and are only for the purpose of meeting operational expenses and are, therefore, exempt from compliance with the California Environmental Quality Act pursuant to Public Resources Code Section 21080.
3. Approve and adopt Resolution entitled A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY FIRE AUTHORITY AMENDING RESOLUTION 2022-03.

B. Cal OES Fire Integrated Real-time Intelligence System (FIRIS) Program Mission Commander Contract Management for Fiscal Year 2023/2024 (FILE 18.09D)

Division Chief Cheyne Maule presented the Cal-OES Integrated Real-time Intelligence System (FIRIS) Mission Commander Contract Management for Fiscal Year 2023/2024.

On motion of Director Lumbard and second by Director Rossini, and by acclamation, approved 6-0 (Directors Gabbard, Hernandez, and Patel absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of June 22, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Approve and authorize the Fire Chief to enter into a reimbursement agreement with the State of California Governor's Office of Emergency Services (Cal OES) in the amount of \$5,000,000 for the provision of Airborne Mission Commanders and Mission Commander administrative support services.
2. Approve and authorize a budget adjustment to increase revenue and appropriations in the FY 2023-24 General Fund (121) budget by \$5,000,000 for Mission Commander (MC) contracts and MC administrative support services for the Cal OES FIRIS Program up to one-year from July 1, 2023, through June 30, 2024.
3. Approve and authorize the Purchasing Manager to enter into new Professional Services Agreements for a one-year period through July 30, 2024, by the individual amounts needed in support of the Cal OES FIRIS Program Mission Commanders, so long as the aggregate value of the agreements does not exceed the program budget (see table).

REPORTS

None.

COMMITTEE MEMBER COMMENTS

None.

ADJOURNMENT – Chair O’Neill adjourned the meeting at 12:29 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, July 12, 2023, at 12:00 noon.

Maria D. Huizar, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

**Budget and Finance Committee Meeting
July 12, 2023**

**Agenda Item No. 3A
Discussion Calendar**

Monthly Investment Reports

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
Tricia Jakubiak, Treasurer Treasury & Financial Planning	triciajakubiak@ocfa.org	714.573.6301
James Slobojan, Assistant Treasurer Treasury & Financial Planning	james.slobojan@ocfa.org	714.573.6305

Summary

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

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of July 27, 2023, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Attached is the final monthly investment report for the month ended May 31, 2023. A preliminary investment report as of June 23, 2023, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – May 2023/Preliminary Report – June 2023

Orange County Fire Authority Monthly Investment Report



Final Report – May 2023

Preliminary Report – June 2023



Monthly Investment Report Table of Contents

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Orange County Fire Authority

Final Investment Report

May 31, 2023



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of May 2023, the size of the portfolio decreased by \$1.8 million to \$272 million. Receipts for the month totaled approximately \$34.8 million. Significant receipts included property tax apportionment payments totaling approximately \$23.6 million, cash contract payments totaling nearly \$8.8 million, and various grant reimbursement payments and charges for current services totaling \$2.4 million. Total May cash outflows amounted to approximately \$37.4 million. Significant disbursements for the month included two biweekly payrolls and related benefits totaling approximately \$33 million. The portfolio's balance is expected to decrease in June as expenditures will exceed projected receipts.

In May, the portfolio's yield to maturity (365-day equivalent) increased by 10 basis point to 3.39%. The effective rate of return increased by 37 basis points to 3.29% for the month, while the average maturity of the portfolio decreased by 3 days to 48 days to maturity.

Economic News

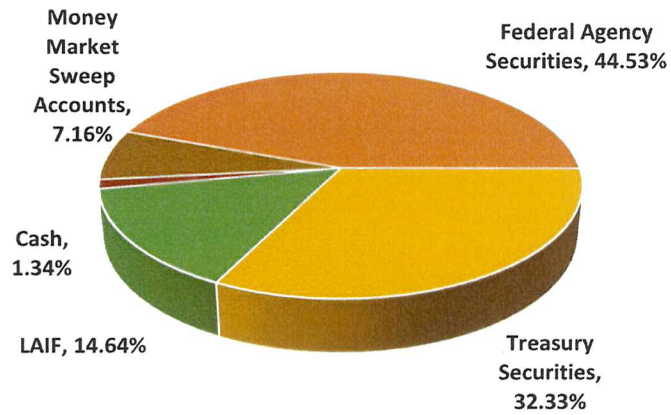
Nonfarm payroll employment rose by 339,000 in May 2023. The unemployment rate moved up 0.3% to 3.7%. Notable job gains were led by professional and business services, government, health care, and construction. Retail sales increased 0.3% in May. The increase reflects strong hiring and rising wages that have strengthened incomes in recent months. Consumers spent more at grocery, furniture, and electronic stores as well as auto dealerships and home improvement stores. U.S. Consumer confidence decreased in May as consumers' view of current conditions became slightly less optimistic, and their expectations remained gloomy.

The Consumer Price Index (CPI) rose 0.1% in May and 4.0% compared to last year. Inflation eased for the 11th straight month, yet persistent price increases may continue. Housing costs remain the big driver for inflation along with costs for used vehicles. The Producer Price Index (PPI), which measures the prices paid by wholesalers, decreased 0.3% for the month of May, the fourth decrease in six months. For the year, producer prices rose 1.1%, the smallest amount since December 2020. Notable decreases came from gasoline and food costs. PPI is considered a forward-looking inflation measure as it tracks prices in the pipeline for goods and services that eventually reach consumers. Existing home sales rose 0.2% in May. Sales in the United States fell year-over-year. While the housing market remains fragile, it has stabilized over the first half of the year as rising interest rates have reduced the number of available buyers. Median prices on existing homes increased for the fourth consecutive month. The Federal Reserve met on June 14th and held rates steady at 5% - 5.25% as it assesses what the economic impacts have been of the previous 10 consecutive rate hikes. The meeting notes indicated that two quarter percentage point increases are very likely before the end of the year. They will meet next on July 26th.

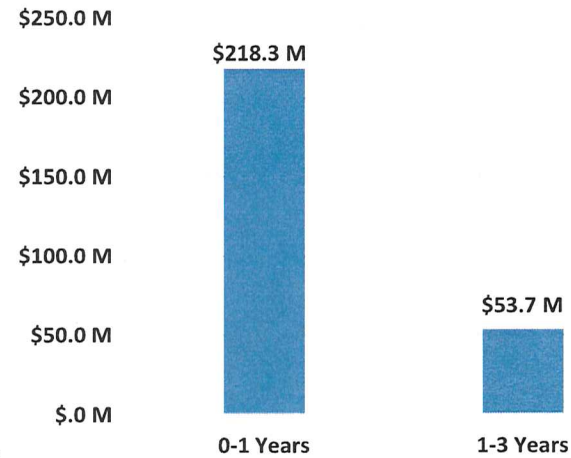


OCFA'S PORTFOLIO EXCEEDED THE LAIF BENCHMARK AS OF MAY 31, 2023

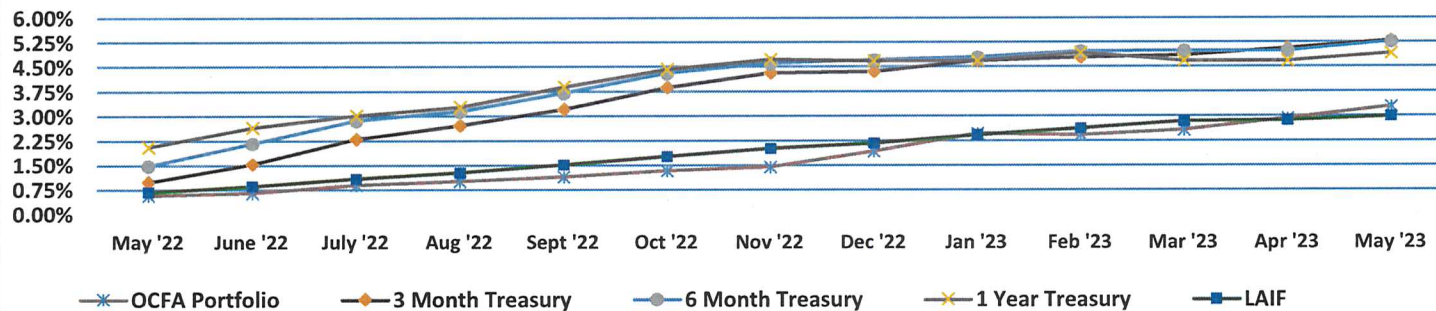
Market Value \$272,023,909



Aging Summary



12 Month Benchmarks





BENCHMARK COMPARISON AS OF MAY 31, 2023

3 Month T-Bill:	5.31%	1 Year T-Bill:	4.91%
6 Month T-Bill:	5.27%	LAIF:	2.99%
OCFA Portfolio:	3.29%		

PORTFOLIO SIZE, YIELD, & DURATION

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Book Value	\$272,211,791	\$274,095,351	\$208,807,295
Yield to Maturity (365 day)	3.39%	3.29%	0.62%
Effective Rate of Return	3.29%	2.92%	0.058%
Days to Maturity	48	51	21



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
May 31, 2023

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

Investments	Par Value	See Note 1 on page 10	See Note 2 on page 10	% of Portfolio	Term	Days to Mat./Call	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
		Market Value	Book Value					
Money Mkt Mutual Funds/Cash	19,477,065.06	19,477,065.06	19,477,065.06	7.11	1	1	4.718	4.783
Federal Agency Coupon Securities	81,450,000.00	76,521,659.50	81,451,329.05	29.73	1,318	34	0.556	0.564
Federal Agency Disc. -Amortizing	45,000,000.00	44,599,660.00	44,602,053.88	16.28	110	65	5.041	5.111
Treasury Discounts -Amortizing	89,000,000.00	87,931,810.00	87,998,261.08	32.12	131	83	4.953	5.022
Local Agency Investment Funds	40,402,767.76	39,857,747.72	40,402,767.76	14.75	1	1	2.952	2.993
	275,329,832.82	268,387,942.28	273,931,476.83	100.00%	452	48	3.348	3.394
Investments								
Cash See Note 5 on page 10								
Passbook/Checking (not included in yield calculations)	3,635,966.71	3,635,966.71	3,635,966.71		1	1	0.000	0.000
Total Cash and Investments	278,965,799.53	272,023,908.99	277,567,443.54		452	48	3.348	3.394

Total Earnings	May 31 Month Ending	Fiscal Year To Date
Current Year	776,505.40	3,828,115.20
Average Daily Balance	277,719,243.77	197,066,199.16
Effective Rate of Return	3.29%	2.12%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2023. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."


 Patricia Jakubik, Treasurer 6/2/23

Cash and Investments with GASB 31 Adjustment:	
Book Value of Cash & Investments before GASB 31 (Above)	\$ 277,567,443.54
GASB 31 Adjustment to Books (See Note 3 on page 10)	\$ (5,355,652.25)
Total	\$ 272,211,791.29

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
May 31, 2023

See Note 1 on page 10

See Note 2 on page 10

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/Call 365	Days to Mat./Call	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS1042	1042	US Bank - Treasury Obligations			7,856,698.90	7,856,698.90	7,856,698.90	4.966	4.966	1	
SYS528	528	MUFG Treasury Obligations		07/01/2022	0.00	0.00	0.00	4.620	4.620	1	
SYS530	530	US Bancorp Sweep Account		05/27/2023	11,620,366.16	11,620,366.16	11,620,366.16	4.660	4.660	1	
Subtotal and Average			22,882,870.59		19,477,065.06	19,477,065.06	19,477,065.06		4.783	1	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank (Continuous Call)		12/23/2020	14,000,000.00	13,777,540.00	14,000,000.00	0.190	0.214	0	09/22/2023
3133EMWH1	1030	Federal Farm Credit Bank (Callable 7/21/2023)		14/22/2021	3,000,000.00	2,770,860.00	3,001,329.05	0.710	0.666	20	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		14/28/2021	12,000,000.00	11,079,000.00	12,000,000.00	0.720	0.720	0	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 6/30/2023)		13/30/2021	8,000,000.00	7,514,080.00	8,000,000.00	0.550	0.550	29	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 7/08/2023)		14/22/2021	9,435,000.00	9,038,352.60	9,435,000.00	0.375	0.375	37	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 7/23/2023)		14/23/2021	11,015,000.00	10,315,106.90	11,015,000.00	0.520	0.520	52	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 7/29/2023)		14/29/2021	12,000,000.00	10,770,360.00	12,000,000.00	1.000	1.000	58	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 8/11/2023)		15/11/2021	12,000,000.00	11,256,360.00	12,000,000.00	0.550	0.550	71	10/11/2024
Subtotal and Average			81,451,356.47		81,450,000.00	76,521,659.50	81,451,329.05		0.564	34	
Federal Agency Disc. -Amortizing											
313384HE2	1070	Fed Home Loan Bank		03/02/2023	12,000,000.00	11,969,280.00	11,966,364.98	4.805	5.014	21	06/22/2023
313384HM4	1073	Fed Home Loan Bank		04/13/2023	5,000,000.00	4,982,900.00	4,981,741.67	4.695	4.875	28	06/29/2023
313384MW6	1080	Fed Home Loan Bank		04/20/2023	14,000,000.00	13,740,440.00	13,749,147.23	4.850	5.106	133	10/12/2023
313384JH3	1082	Fed Home Loan Bank		05/25/2023	14,000,000.00	13,907,040.00	13,904,800.00	5.100	5.284	48	07/19/2023
Subtotal and Average			39,572,961.89		45,000,000.00	44,599,660.00	44,602,053.88		5.111	65	
Treasury Discounts -Amortizing											
912796ZP7	1068	US Treasury Bill		02/16/2023	14,000,000.00	13,985,720.00	13,987,477.78	4.600	4.797	7	06/08/2023
912796Y37	1072	US Treasury Bill		04/13/2023	9,000,000.00	8,919,090.00	8,924,715.00	4.780	4.988	63	08/03/2023
912796Y37	1076	US Treasury Bill		04/20/2023	7,000,000.00	6,937,070.00	6,941,200.00	4.800	5.004	63	08/03/2023
912796Z36	1077	US Treasury Bill		04/20/2023	14,000,000.00	13,847,960.00	13,854,769.48	4.850	5.067	77	08/17/2023
912796Z51	1078	US Treasury Bill		04/20/2023	14,000,000.00	13,814,080.00	13,831,548.85	4.760	4.981	91	08/31/2023
912796CQ0	1079	US Treasury Bill		04/20/2023	14,000,000.00	13,793,220.00	13,805,633.30	4.760	4.990	105	09/14/2023
912797FC6	1081	US Treasury Bill		05/18/2023	17,000,000.00	16,634,670.00	16,652,916.67	5.000	5.257	147	10/26/2023
Subtotal and Average			93,409,287.06		89,000,000.00	87,931,810.00	87,998,261.08		5.022	83	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			40,402,767.76	39,857,747.72	40,402,767.76	2.993	2.993	1	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
May 31, 2023

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365 Mat./Call	Days to
Subtotal and Average			40,402,767.76		40,402,767.76	39,857,747.72	40,402,767.76		2.993	1
Total and Average			277,719,243.77		275,329,832.82	268,387,942.28	273,931,476.83		3.394	48
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2022	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2022	0.00	0.00	0.00		0.000	1
SYS5	5	US Bancorp		05/30/2023	3,615,966.71	3,615,966.71	3,615,966.71		0.000	1
Average Balance			0.00							1
Total Cash and Investments			277,719,243.77		278,965,799.53	272,023,908.99	277,567,443.54		3.394	48

Orange County Fire Authority

In Service of Others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of June 1, 2023

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

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				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value	
Aging Interval:	0 days	(06/01/2023 - 06/01/2023)	7 Maturities	0 Payments	63,515,799.53	23.15%	63,515,799.53	62,970,779.49
Aging Interval:	1 - 30 days	(06/02/2023 - 07/01/2023)	3 Maturities	0 Payments	31,000,000.00	11.37%	30,935,584.43	30,937,900.00
Aging Interval:	31 - 60 days	(07/02/2023 - 07/31/2023)	1 Maturities	0 Payments	14,000,000.00	5.11%	13,904,800.00	13,907,040.00
Aging Interval:	61 - 90 days	(08/01/2023 - 08/30/2023)	3 Maturities	0 Payments	30,000,000.00	10.92%	29,720,684.48	29,704,120.00
Aging Interval:	91 - 120 days	(08/31/2023 - 09/29/2023)	3 Maturities	0 Payments	42,000,000.00	15.21%	41,637,182.15	41,384,840.00
Aging Interval:	121 - 365 days	(09/30/2023 - 05/31/2024)	3 Maturities	0 Payments	40,435,000.00	14.49%	39,837,063.90	39,413,462.60
Aging Interval:	366 - 1095 days	(06/01/2024 - 05/31/2026)	6 Maturities	0 Payments	58,015,000.00	19.74%	58,016,329.05	53,705,766.90
Aging Interval:	1096 days and after	(06/01/2026 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			26 Investments	0 Payments		100.00	277,567,443.54	272,023,908.99



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The U.S. Bank Corporate Trust and Custody Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year-end. Fluctuations in the marketplace have little effect on our long-term investment yield because it is our policy to hold investments to maturity. However, adjusting to market values as required by GAAP resulted in a decrease in recorded interest earnings of \$5,156,626.02. The adjustment for June 30, 2022, includes a decrease of \$965,593.95 to the LAIF investment and a decrease of \$4,390,058.30 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.
- Note 5: As a result of a U.S.Bank's acquisition of MUFG Union Bank's regional banking operations, the OCFA changed its banking accounts and its overnight sweep account, from Union Bank (M.U.F.G.) to US Bank effective May 26, 2023.



Local Agency Investment Fund (LAIF)

As of May 31, 2023, OCFA has \$40,402,767.76 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of March 31, 2023 is .986510329. When applied to OCFA's LAIF investment, the fair value is \$39,857,747.72 or \$545,020.04 below cost. Although the fair value of the LAIF investment is lower than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at May 31, 2023 is included on the following page.



**State of California
Pooled Money Investment Account
Market Valuation
5/31/2023**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 26,335,204,594.44		\$ 26,711,840,500.00	NA
Notes	\$ 89,471,753,796.21		\$ 87,208,631,500.00	\$ 302,522,258.00
Federal Agency:				
SBA	\$ 310,346,047.44		\$ 309,774,518.48	\$ 1,244,384.26
MBS-REMICs	\$ 2,937,764.44		\$ 2,894,533.81	\$ 13,084.68
Debentures	\$ 8,790,530,488.36		\$ 8,648,387,650.00	\$ 58,865,671.50
Debentures FR	\$ -		\$ -	\$ -
Debentures CL	\$ 2,300,000,000.00		\$ 2,235,574,000.00	\$ 17,688,993.00
Discount Notes	\$ 22,277,933,333.35		\$ 22,567,976,000.00	NA
Supranational Debentures	\$ 2,924,071,517.94		\$ 2,857,625,400.00	\$ 18,059,340.40
Supranational Debentures FR	\$ -		\$ -	\$ -
CDs and YCDs FR	\$ -		\$ -	\$ -
Bank Notes	\$ 200,000,000.00		\$ 199,788,037.97	\$ 3,765,416.67
CDs and YCDs	\$ 12,300,000,000.00		\$ 12,289,496,672.24	\$ 189,165,097.19
Commercial Paper	\$ 8,744,396,763.87		\$ 8,819,671,458.32	NA
Corporate:				
Bonds FR	\$ -		\$ -	\$ -
Bonds	\$ 449,354,132.71		\$ 426,647,530.00	\$ 3,278,826.53
Repurchase Agreements	\$ -		\$ -	\$ -
Reverse Repurchase	\$ -		\$ -	\$ -
Time Deposits	\$ 5,193,000,000.00		\$ 5,193,000,000.00	NA
PMIA & GF Loans	\$ 342,644,000.00		\$ 342,644,000.00	NA
TOTAL	\$ 179,642,172,438.76		\$ 177,813,951,800.82	\$ 594,603,072.23

Fair Value Including Accrued Interest \$ 178,408,554,873.05

Repurchase Agreements, Time Deposits, PMIA & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).



Orange County Fire Authority

Preliminary Investment Report

June 23, 2023



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
June 23, 2023

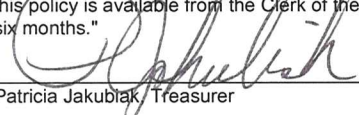
Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

Page 14

Investments	Par Value	Market Value	See Note 2 on page 19		Term	Days to Mat./Call	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
			Book Value	% of Portfolio				
Money Mkt Mutual Funds/Cash	10,177,319.64	10,177,319.64	10,177,319.64	4.03	1	1	4.690	4.755
Federal Agency Coupon Securities	81,450,000.00	76,484,852.80	81,451,284.09	32.23	1,318	22	0.555	0.562
Federal Agency Disc. -Amortizing	33,000,000.00	32,747,540.00	32,739,684.03	12.95	109	58	5.076	5.147
Treasury Discounts -Amortizing	89,000,000.00	87,953,400.00	87,969,408.85	34.81	135	84	5.037	5.107
Local Agency Investment Funds	40,402,767.76	39,857,747.72	40,402,767.76	15.99	1	1	2.952	2.993
	254,030,087.40	247,220,860.16	252,740,464.37	100.00%	486	44	3.250	3.295
Investments								
Cash See Note 5 on page 19								
Passbook/Checking (not included in yield calculations)	535,467.23	535,467.23	535,467.23		1	1	0.000	0.000
Total Cash and Investments	254,565,554.63	247,756,327.39	253,275,931.60		486	44	3.250	3.295

Total Earnings	June 23 Month Ending	Fiscal Year To Date
Current Year	560,979.65	4,389,094.85
Average Daily Balance	269,105,226.05	201,694,404.79
Effective Rate of Return	3.31%	2.22%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2023. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."


 Patricia Jakubiak, Treasurer 6/30/23

Cash and Investments with GASB 31 Adjustment:	
Book Value of Cash & Investments before GASB 31 (Above)	\$ 253,275,931.60
GASB 31 Adjustment to Books (See Note 3 on page 19)	\$ (5,355,652.25)
Total	\$ 247,920,279.35

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
June 23, 2023

See Note 1 on page 19

See Note 2 on page 19

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/Call 365 Mat./Call	Days to Maturity Date	
Money Mkt Mutual Funds/Cash											
SYS1042	1042	US Bank - Treasury Obligations			3,165,993.20	3,165,993.20	3,165,993.20	4.966	4.966	1	
SYS528	528	MUFG Treasury Obligations		07/01/2022	0.00	0.00	0.00	4.620	4.620	1	
SYS530	530	US Bancorp Sweep Account		05/27/2023	7,011,326.44	7,011,326.44	7,011,326.44	4.660	4.660	1	
Subtotal and Average			23,438,156.02		10,177,319.64	10,177,319.64	10,177,319.64		4.755	1	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank (Continuous Call)		12/23/2020	14,000,000.00	13,823,180.00	14,000,000.00	0.190	0.207	7 09/22/2023	
3133EMWH1	1030	Federal Farm Credit Bank (Callable 7/21/2023)		04/22/2021	3,000,000.00	2,777,790.00	3,001,284.09	0.710	0.668	27 04/21/2025	
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	11,047,320.00	12,000,000.00	0.720	0.720	7 04/28/2025	
3130ALNY6	1025	Fed Home Loan Bank (Callable 6/30/2023)		03/30/2021	8,000,000.00	7,511,440.00	8,000,000.00	0.550	0.550	6 09/30/2024	
3130ALTJ3	1029	Fed Home Loan Bank (Callable 7/08/2023)		04/22/2021	9,435,000.00	9,054,203.40	9,435,000.00	0.375	0.375	14 04/08/2024	
3130ALVR2	1031	Fed Home Loan Bank (Callable 7/23/2023)		04/23/2021	11,015,000.00	10,309,599.40	11,015,000.00	0.520	0.520	29 10/23/2024	
3130AM6P2	1034	Fed Home Loan Bank (Callable 7/29/2023)		04/29/2021	12,000,000.00	10,709,160.00	12,000,000.00	1.000	1.000	35 04/29/2026	
3130AM6H0	1035	Fed Home Loan Bank (Callable 8/11/2023)		05/11/2021	12,000,000.00	11,252,160.00	12,000,000.00	0.550	0.550	48 10/11/2024	
Subtotal and Average			81,451,305.59		81,450,000.00	76,484,852.80	81,451,284.09		0.562	22	
Federal Agency Disc. -Amortizing											
313384HM4	1073	Fed Home Loan Bank		04/13/2023	5,000,000.00	4,998,000.00	4,996,739.58	4.695	4.875	5 06/29/2023	
313384MW6	1080	Fed Home Loan Bank		04/20/2023	14,000,000.00	13,792,940.00	13,792,527.78	4.850	5.106	110 10/12/2023	
313384JH3	1082	Fed Home Loan Bank		05/25/2023	14,000,000.00	13,956,600.00	13,950,416.67	5.100	5.284	25 07/19/2023	
Subtotal and Average			43,631,845.04		33,000,000.00	32,747,540.00	32,739,684.03		5.147	58	
Treasury Discounts -Amortizing											
912796Y37	1072	US Treasury Bill		04/13/2023	9,000,000.00	8,952,030.00	8,952,200.00	4.780	4.988	40 08/03/2023	
912796Y37	1076	US Treasury Bill		04/20/2023	7,000,000.00	6,962,690.00	6,962,666.67	4.800	5.004	40 08/03/2023	
912796Z36	1077	US Treasury Bill		04/20/2023	14,000,000.00	13,897,660.00	13,898,150.03	4.850	5.067	54 08/17/2023	
912796Z51	1078	US Treasury Bill		04/20/2023	14,000,000.00	13,869,380.00	13,874,124.41	4.760	4.981	68 08/31/2023	
912796CQ0	1079	US Treasury Bill		04/20/2023	14,000,000.00	13,840,260.00	13,848,208.86	4.760	4.990	82 09/14/2023	
912797FC6	1081	US Treasury Bill		05/18/2023	17,000,000.00	16,702,840.00	16,707,222.22	5.000	5.257	124 10/26/2023	
912797FJ1	1083	US Treasury Bill		06/21/2023	14,000,000.00	13,728,540.00	13,726,836.66	5.090	5.339	138 11/09/2023	
Subtotal and Average			80,181,151.63		89,000,000.00	87,953,400.00	87,969,408.85		5.107	84	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			40,402,767.76	39,857,747.72	40,402,767.76	2.993	2.993	1	
Subtotal and Average			40,402,767.76		40,402,767.76	39,857,747.72	40,402,767.76		2.993	1	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
June 23, 2023

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Mat./Call
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2022	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2022	0.00	0.00	0.00		0.000	1
SYS5	5	US Bancorp		05/30/2023	515,467.23	515,467.23	515,467.23		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			269,105,226.05		254,565,554.63	247,756,327.39	253,275,931.60		3.295	44

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ORANGE COUNTY FIRE AUTHORITY
Ageing Report
By Maturity Date
As of June 24, 2023

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

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value	
Aging Interval: 0 days	(06/24/2023 - 06/24/2023)	7 Maturities	0 Payments	51,115,554.63	20.41%	51,115,554.63	50,570,534.59	
Aging Interval: 1 - 30 days	(06/25/2023 - 07/24/2023)	2 Maturities	0 Payments	19,000,000.00	7.65%	18,947,156.25	18,954,600.00	
Aging Interval: 31 - 60 days	(07/25/2023 - 08/23/2023)	3 Maturities	0 Payments	30,000,000.00	12.03%	29,813,016.70	29,812,380.00	
Aging Interval: 61 - 90 days	(08/24/2023 - 09/22/2023)	3 Maturities	0 Payments	42,000,000.00	16.76%	41,722,333.27	41,532,820.00	
Aging Interval: 91 - 120 days	(09/23/2023 - 10/22/2023)	1 Maturities	0 Payments	14,000,000.00	5.57%	13,792,527.78	13,792,940.00	
Aging Interval: 121 - 365 days	(10/23/2023 - 06/23/2024)	3 Maturities	0 Payments	40,435,000.00	15.94%	39,869,058.88	39,485,583.40	
Aging Interval: 366 - 1095 days	(06/24/2024 - 06/23/2026)	6 Maturities	0 Payments	58,015,000.00	21.64%	58,016,284.09	53,607,469.40	
Aging Interval: 1096 days and after	(06/24/2026 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00	
		Total for	25 Investments	0 Payments		100.00	253,275,931.60	247,756,327.39



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The U.S. Bank Corporate Trust and Custody Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year-end. The adjustment for June 30, 2022 includes a decrease of \$965,593.95 to the LAIF investment and a decrease of \$5,355,652.25 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.
- Note 5: As a result of a U.S. Bank's acquisition of MUFG Union Bank's regional banking operations, the OCFA changed its banking accounts and its overnight sweep account, from Union Bank (M.U.F.G.) to US Bank effective May 26, 2023.

GLOSSARY

INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

Local Agency Investment Fund (LAIF). A California State Treasury fund which local agencies may use to deposit funds for investment and for reinvestment with a maximum of \$75 million for any agency (*excluding bond funds, which have no maximum*). It offers high liquidity because

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

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

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

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

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

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

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

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

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

Yield. Rate of return on a bond.

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

ECONOMIC TERMS

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

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

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

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

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

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

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

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

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

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

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



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
July 12, 2023

Agenda Item No. 3B
Discussion Calendar

Proposed Review Process: Prefunding of CIP Projects Policy

Contact(s) for Further Information

Lori Zeller, Deputy Chief Administration & Support Bureau	lorizeller@ocfa.org	714.573.6020
Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
Jim Ruane, Assistant Chief Logistics Department	jimruane@ocfa.org	714.573.6801

Summary

This agenda item is submitted to the Budget & Finance Committee to seek input regarding the review process that could be utilized to educate and inform our policy-makers regarding OCFA's current CIP policies and funding mechanism, best practices, and ultimately to develop options and recommendations for the prefunding of future Capital Improvement Program (CIP) Projects.

Prior Board/Committee Action(s)

At the February 23, 2023, meeting of the Board of Directors, the Board directed staff to work with the Budget and Finance Committee to consider prefunding of capital improvement projects, with a recommendation to direct staff to return the item to the Board of Directors for future discussion.

RECOMMENDED ACTION(S)

Review the agenda item and approve the proposed review process to develop a policy for the prefunding of future CIP projects.

Impact to Cities/County

Not Applicable.

Fiscal Impact

The fiscal impact will be further developed as part of a future CIP Prefunding review process.

Background

During the January 18, 2023, Board of Directors Meeting, Director Tettermer requested that an item be agendaized at the following meeting to seek interest from the Board for the development of a policy to prefund the CIP. At the February 23, 2023, Board of Directors Meeting, Director Tettermer introduced the item titled, "Establish a Policy to Prefund Capital Improvement Program Projects." Following Board discussion, on motion by Director Tettermer and second by Director Shawver, and following a roll call vote, the OCFA Board approved 24-0 (Director Bourne absent) to direct staff to work with the Budget and Finance Committee to consider prefunding of capital improvement projects, with a recommendation to direct staff to return the item to the Board of Directors for future discussion.

Proposed Review Process: Prefunding of CIP Projects Policy

The OCFA's Budget and Finance Committee (B&FC) will be utilized to conduct the Review Process, with delivery of its findings and recommendations to the Board of Directors upon completion. As a result, staff has developed the following proposed review process, to educate and inform our policy-makers regarding OCFA's current CIP policies and funding mechanism, review sample policies and best practices, and ultimately to develop options and recommendations for Board consideration regarding the prefunding of future CIP Projects.

The work plan is sequenced in a manner to facilitate a thorough education followed by the review of policy options, and recommendations.

1. *Overview of OCFA's Capital Improvement Program*

Staff will present an overview of OCFA's Capital Improvement Program including a review of the 5-year CIP as approved by the Board and a summary of formal policies that help guide the development of the CIP. The overview will help educate the Committee members by defining the various expenditure categories included in the CIP (i.e. small equipment purchases, equipment replacement, infrastructure improvements, and new construction), and explain how projects are prioritized and funded.

2. *Review of OCFA Operating and CIP Funding Mechanism*

Staff will present an overview of the JPA Agreement funding provisions to educate the Committee on the differences between Structural Fire Fund (SFF) and Cash Contract City (CCC) funding structure. The presentation will include a review of the Board approved 5-year Financial Forecast and explain how the Operating budget provides funding to the CIP. Furthermore, staff will provide a summary of current financial policies that provide the framework to ensure financial stability.

3. *Review of CIP Sample Policies and Best Practices*

The Committee will review the results of a CIP policy survey conducted on OCFA partner cities/County and other surrounding agencies. Additionally, staff will present best practices gathered from government/finance professional organizations such as the Government Finance Officers Association (GFOA), California Society of Municipal Financial Officers (CSMFO) and other professional organizations. The survey results and best practices will guide the development of options to consider for the prefunding of the CIP.

4. *Prefunding CIP Options*

Building on the work completed during the prior review segments, staff will provide options for the Committee to discuss and consider for the development of a CIP prefunding policy.

5. *Development of Recommendations for Board Consideration*

For the final phase of the review, staff will respond to additional information needs that the Committee may require in order to formulate recommendations. Once the B&FC has completed phase 1 through 5 and provides recommendations to staff, then a summary of the review work performed, and the recommendations will be presented to the Board of Directors for consideration.

Staff anticipates that the above work-plan will require approximately five to six months to complete. Staff is seeking concurrence from the Budget & Finance Committee on this proposed review process.