



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Meeting

Wednesday, October 12, 2016

12:00 Noon

Orange County Fire Authority Regional Fire Operations and Training Center

1 Fire Authority Road

Room AE117

Irvine, California 92602

Ed Sachs, Chair

Beth Swift, Vice Chair

Shelley Hasselbrink Gene Hernandez Joe Muller Al Murray Tri Ta

Bruce Channing - Ex Officio

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

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



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

CALL TO ORDER

PLEDGE OF ALLEGIANCE by Director Ta

ROLL CALL

PUBLIC COMMENTS

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

COMMITTEE ORIENTATION

2. MINUTES

A. Minutes for the September 14, 2016, Budget and Finance Committee Meeting

Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

3. CONSENT CALENDAR

A. Fourth Quarter Financial Newsletter

Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of October 27, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

B. Quarterly Status Update Orange County Employees' Retirement System

Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Receive and file the report.

C. Updated Cost Reimbursement Rates

Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of October 27, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors approve and adopt the proposed updated Cost Reimbursement Rate schedules effective October 28, 2016.

4. DISCUSSION CALENDAR

A. Monthly Investment Reports

Tricia Jakubiak, Treasurer

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of October 27, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Community Risk Reduction Fee Development

Lori Smith, Assistant Chief/Community Risk Reduction Department

Recommended Action:

Review the cost allocation options below and direct staff to proceed with the FY 2016/17 Fee Study using staff's recommended Option 1 below:

- Option 1: Endorse the current process for allocating costs as Direct Frontline Costs, Direct Support Costs, and Administrative Overhead for fee development thereby maintaining full cost recovery for specified fee-funded activities; *or*
- Option 2: Direct staff to develop new/additional fees created for some Direct Support activities, thereby categorizing those activities as Frontline Services instead of Support; provide direction to staff as to which customers shall be charged for these newly identified Frontline Services; *or*
- Option 3: Endorse a fee study and fee formula that cost recovers only Direct Frontline Costs and Administrative Overhead costs thereby subsidizing Direct Support Costs from the General Fund.

C. Subcontractor Insurance Requirements

Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of October 27, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors direct staff to proceed in issuance of future contracts in accordance with staff's recommended Option 1 below:

- Option 1: Ensure that future contracts awarded by OCFA include a requirement that any subcontractors must possess insurance that names OCFA as an additional insured. Place responsibility on the primary contractor to verify that any subcontractors have obtained the required insurance, *or*
- Option 2: Ensure that future contracts awarded by OCFA include a requirement that any subcontractors must possess insurance that names OCFA as an additional insured. Place responsibility on OCFA staff to verify that any subcontractors have obtained this required insurance. Direct staff to return one quarter after implementation and report on impact to staff workload and need for additional staff, if any.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, November 9, 2016, at 12:00 noon.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 6th day of October 2016.

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

UPCOMING MEETINGS:

Claims Settlement Committee Meeting	Thursday, October 27, 2016, 5:00 p.m.
Executive Committee Meeting	Thursday, October 27, 2016, 5:30 p.m.
Board of Directors Meeting	Thursday, October 27, 2016, 6:00 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Budget and Finance Committee Meeting
September 14, 2016
12:00 Noon**

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

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on September 14, 2016, at 12:00 p.m. by Chair Sachs.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present:

Shelley Hasselbrink, Los Alamitos
Gene Hernandez, Yorba Linda
Joe Muller, Dana Point
Al Murray, Tustin
Ed Sachs, Mission Viejo

Absent:

Elizabeth Swift, Buena Park
Tri Ta, Westminster

Also present were:

Fire Chief Jeff Bowman
Assistant Chief Lori Smith
Assistant Chief Brian Young
General Counsel David Kendig
Clerk of the Authority Sherry Wentz

Assistant Chief Mike Schroeder
Assistant Chief Dave Thomas
Assistant Chief Lori Zeller
Ex-Officio Bruce Channing

PUBLIC COMMENTS (F: 12.02B3)

Chair Sachs opened the Public Comments portion of the meeting. Hearing no response, Chair Sachs closed the Public Comments portion of the meeting.

2. MINUTES

A. Minutes for the July 13, 2016, Budget and Finance Committee Meeting (F: 12.02B2)

On motion of Director Murray and second by Director Hernandez, the Committee voted to approve the Minutes for the July 13, 2016, Budget and Finance Committee meeting, as submitted.

The Clerk recorded Directors Hasselbrink and Muller as abstentions due to their recent appointments to the Budget and Finance Committee.

3. CONSENT CALENDAR

No Items.

4. DISCUSSION CALENDAR

A. Monthly Investment Reports (F: 11.10D2)

Treasurer Tricia Jakubiak provided an update on the Monthly Investment Reports.

On motion of Director Hernandez and second by Director Murray, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Executive Committee meeting of September 22, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Annual Investment Report (F: 18.04)

Treasurer Tricia Jakubiak introduced Assistant Treasurer Jane Wong who provided an update on the Annual Investment Reports.

On motion of Director Hernandez and second by Director Hasselbrink, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Executive Committee meeting of September 22, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

C. Rebudget of FY 2015/16 Uncompleted Projects (F: 17.06B)

Assistant Chief Lori Zeller introduced Budget Manager Deborah Gunderson who provided a report on the Rebudget of FY 2015/16 Uncompleted Projects.

On motion of Director Hernandez and second by Director Murray, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of September 22, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

Authorize the following FY 2016/17 budget adjustments, which are funded from unexpended fund balance available from FY 2015/16:

Fund		Increase Revenue	Increase Appropriations	Appropriate Fund Balance
121	General Fund	\$686,889	\$1,356,822	\$736,648
12110	General Fund CIP	0	4,168,410	4,168,410
123	Fire Stations and Facilities	0	738,686	738,686
124	Comm. and Info. Systems	0	1,609,482	1,609,482
133	Fire Apparatus	0	7,175,845	7,175,845
Totals		\$686,889	\$15,049,245	\$14,429,071

REPORTS (F: 12.02B6)

Assistant Chief Lori Zeller provided a brief overview of the Budget and Finance Committee to newly appointed Directors Hasselbrink and Muller, and noted that an orientation would be scheduled at an upcoming meeting.

COMMITTEE MEMBER COMMENTS (F: 12.02B4)

Director Muller expressed his gratitude for his appointment to the Committee.

Chair Sachs welcomed Directors Muller and Hasselbrink to the Committee and commended OCFA staff on the 9/11 anniversary ceremonies.

ADJOURNMENT – Chair Sachs adjourned the meeting at 12:21 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, October 12, 2016, at 12:00 noon.

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



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 12, 2016

Agenda Item No. 3A
Consent Calendar

Fourth Quarter Financial Newsletter

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 routine agenda item is submitted to provide information regarding revenues and expenditures in the General Fund and the Capital Improvement Program Funds through the fourth quarter of FY 2015/16.

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 October 27, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

The Quarterly Financial Newsletter provides information about the General Fund's top five revenue sources as well as expenditures by department and type. Revenues and expenditures for the Capital Improvement Program (CIP) Funds are also included. Revenues and expenditures for the General Fund and the CIP Funds are within budgetary expectations for this reporting period. Any notable items are detailed in the attached newsletter.

Attachment(s)

Fourth Quarter Financial Newsletter – July 2015 to June 2016



Orange County Fire Authority

Fourth Quarter Financial Newsletter – July 2015 to June 2016

OVERVIEW

This report covers fiscal activities in the General Fund and CIP Funds through the fourth quarter of Fiscal Year 2015/16. Budget figures include all budget adjustments authorized by the Board through the end of the fourth quarter.

GENERAL FUND

With 100% of the year completed, General Fund revenues are 101.5% of budget and expenditures are 98.4% as shown below:

General Fund	YTD Actual	Budget	Percent
Revenues	351,431,518	346,279,502	101.5%
Expenditures	330,856,436	336,077,387	98.4%

Top Five Revenues. The analysis presented below compares the five largest revenue categories received through the fourth quarter, as compared to the annual budget for those revenues. Categories in which the variance is exceeded by 10% or \$1 million, will be discussed below the table.

Top Five Revenues	YTD Actual Receipts	FY 2015/16 Budget	Variance: Actual to Estimate in Dollars	% Variance
Property Taxes	219,840,417	218,156,295	1,684,122	1%
Cash Contracts	90,730,489	90,640,528	89,961	0%
State Reimbursements	13,805,804	12,297,053	1,508,751	11%
CRA Pass-through	9,819,012	8,658,062	1,160,950	12%
Community Risk Reduction Fees	6,747,458	6,499,082	248,376	4%
Total	340,943,180	336,251,020	4,692,160	1%

- **Property tax.** The variance in this category of approximately \$1.7 million or 1%, is a result of higher property tax revenue for FY 2015/16 than anticipated, primarily in the secured and supplemental property tax categories. The secured category exceeded by 0.7%, or \$1.4 million, reflecting our customary conservative revenue forecast.
- **State Reimbursement.** The variance of 11% or approximately \$1.5 million is comprised of Assistance by Hire and the CAL FIRE contract and reimbursements. The category exceeded budget due to OCFA personnel responding to additional significant events after the revenue budget was adjusted at mid-year.
- **CRA Pass-through.** This category exceeded budget by approximately 12% or \$1.2 million. Actual CRA pass-through revenues for Mission Viejo, Irvine, Lake Forest, and the County of Orange were higher than projected.

Expenditures. The analysis presented below compares the actual expenditures through the fourth quarter, as compared to the annual budget for those expenditures. Categories, in which the variance is exceeded by 10% or \$1 million, are discussed below the table.

Expenditures by Department	YTD Actual Expenditures	FY 2015/16 Budget	Variance: Actual to Estimate in Dollars	% Variance
Business Services	28,834,536	29,694,958	(860,422)	-3%
Community Risk Reduction	15,329,443	15,899,195	(569,752)	-4%
Executive Management	11,555,586	11,982,112	(426,526)	-4%
Operations	250,182,843	252,115,823	(1,932,980)	-1%
Organizational Planning	1,756,508	1,993,288	(236,780)	-13%
Support Services	23,197,519	24,392,011	(1,194,492)	-5%
Total	330,856,435	336,077,387	(5,220,952)	-2%

Totals may not equal the sum of components, or Authority-wide totals, due to rounding

- **Operations.** This department was under budget in Salary and Employee benefits, due to vacancies, as well as Services and Supplies. In the Services and Supplies area of Operations the Travel, Training, and Meetings category and Special Department Expense category were not fully expended. The large year-end balance in Travel, Training & Meetings was primarily in the US&R Grant Program, which was carried over to FY 2016/17.
- **Organizational Planning.** The department closed under budget primarily in the Salary and Employee benefits categories, due to vacancies and unexpended grant funds which were carried over to FY 2016/17.
- **Support Services.** This department was under budget primarily in Services and Supplies. In the Services and Supplies area of Support Services, the Professional and Specialized Service and Transportation categories were not fully expended. Lower than expected fuel prices contributed to the savings.

Expenditures by type are outlined below, with exception details below:

Expenditures by Type	YTD Actual Expenditures	FY 2015/16 Budget	Variance: Actual to Estimate in Dollars	% Variance
Salary & Employee Benefits	307,143,676	309,677,422	(2,533,746)	-1%
Services and Supplies	22,715,573	25,168,627	(2,453,054)	-11%
Equipment	274,002	508,152	(234,150)	-85%
Tran Interest Expense	723,186	723,186	-	N/A
Total	330,856,437	336,077,387	(5,220,950)	-2%

Totals may not equal the sum of components, or Authority-wide totals, due to rounding

- **Salary & Employee Benefits.** This category closed the FY at \$2.5 million or 1% below budget, due to vacancies throughout the Authority.

- **Services, Supplies, and Equipment.** Actual expenditures through the fourth quarter closed at approximately \$2.5 million or 11% under budget, in part, due to projects that were not completed in FY 2015/16 and were carried over to FY 2016/17.

CIP FUNDS

The following summarizes revenues and expenditures for the Capital Improvement Program funds. Any variances are noted as follows:

General Fund CIP

Fund 12110	YTD Actual	Budget	Percent
Expenditures	1,084,433	5,438,793	20%

- This Fund receives transfers from the General Fund as its revenue source.
- Expenditures include: pagers, PCs and laptops, 800 MHz and VHF radios, network servers and similar IT related maintenance or replacement equipment. Approximately \$4 million in projects in this fund were carried over to FY 2016/17, including the \$3.8 million Defibrillator project.

Fire Stations and Facilities

Fund 123	YTD Actual	Budget	Percent
Revenue	3,492,661	2,363,066	147.8%
Expenditures	137,655	906,077	15.2%

- Revenues exceeded the budget due to the receipt of various developer contributions as well as developer reimbursements for Fire Station 56 expenditures, after Mid-year Budget updates.
- Appropriations included funding for the RFOTC power circuit extension and additional USAR Warehouse improvements; both projects were carried over to FY 2016/17.

Communications & Info. Systems Replacement

Fund 124	YTD Actual	Budget	Percent
Revenue	424,470	403,801	105.1%
Expenditures	90,188	1,700,000	5.3%

- Revenues exceeded budget primarily due to an unbudgeted interest revenue adjustment (mark-to-market) required per rules set by the Government Accounting Standards Board (GASB).
- Expenditures include payments for professional services and the audio/video upgrade project. Approximately \$1.6 million in projects were carried over to FY 2016/17, including portions of the Records Management Project.

Fire Apparatus

Fund 133	YTD Actual	Budget	Percent
Revenue	1,745,626	3,295,108	53.0%
Expenditures	4,367,109	11,543,533	37.8%

- Actual revenue includes the quarterly Cash Contract payments for vehicle depreciation. The budget included a contribution from a developer for Fire Station 20, which was not received in the FY due to the Station 20 project timing.
- Expenditures include four quarterly lease payments on the helicopters as well as the purchase of five Paramedic squads, one Patrol vehicle, four Chevy Colorado's, six full size 4-door vehicles. Approximately \$7 million in vehicle projects were carried over to FY 2016/17, including four Type 1 engines, and three TDA 100' Quints.

SUMMARY

For more information. This summary is based on detailed information from our financial system. If you would like more information or have any questions about the report, please contact Deborah Gunderson, Budget Manager at 714-573-6302, or Tricia Jakubiak, Treasurer at 714-573-6301.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 12, 2016

Agenda Item No. 3B
Consent Calendar

**Quarterly Status Update
Orange County Employees' Retirement System**

Contact(s) for Further Information

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

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

Summary

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

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Receive and file the report.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Actions Taken/Financial Policies & Practices July – September 2016

OCERS BOARD OF RETIREMENT MEETING July 18, 2016:

ACTUARIAL DECEMBER 31, 2015 VALUATION

Following the June discussion of the 2015 Actuarial Valuation Report, Paul Angelo of Segal Consulting provided some additional comments about the valuation, and the OCERS Board approved the report, with the proposed contribution rates to become effective beginning July 1, 2017.

EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS – 2017

Each year, the OCERS Board is asked to renew a statutorily permitted program of allowing for a contribution discount if employer contributions are prepaid. Providing a discount rate equivalent to the current 7.25% assumed earnings rate at a time when returns continue to be challenging (OCERS earned 0.09% in calendar year 2015) did not seem prudent to OCERS, since granting a discount greater than what is actually earned adds to the Unfunded Actuarially Accrued Liability

(UAAL). For that reason, OCERS staff suggested and the OCERS Board approved a 4.5% discount rate for early payment of calendar year 2017 employer contributions, down from the 5.8% discount approved last year.

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

Attachment(s)

None.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 12, 2016

Agenda Item No. 3C
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 agenda item is submitted to review and approve the proposed update to the Cost Reimbursement Rates to reflect the changes in the new Memorandum of Understandings labor contracts for the Orange County Chief Officers Association and Orange County Professional Firefighters Association.

Prior Board/Committee Action(s)

The Board of Directors approved and adopted the FY 2016/17 Cost Reimbursement Rate schedules on July 28, 2016.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of October 27, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors approve and adopt the proposed updated Cost Reimbursement Rate schedules effective October 28, 2016.

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 Cost Reimbursement Rates are generally updated annually using the methodologies and formulas outlined in the California Fire and Rescue Mutual Aid System Operating Plan. 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: personnel rate, the indirect (overhead) cost rate, and equipment rate.

Additionally, new overhead positions that have not previously participated in fire incidents are now being ordered by various Federal and State agencies. The new positions included:

- Assistant Fire Marshal
- Finance Manager/Auditor
- Fire Prevention Analyst
- Fire Prevention Specialist
- Senior Fire Prevention Specialist

Summary

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

- CAL FIRE, Cal OES, Cleveland National Forest Fire/Incident response (generally referred to as Assistance by Hire Rates)
- Fire/Incident Restitution (including HazMat)
- Special Event Stand-By
- Other Miscellaneous Billings

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 OCTOBER 28, 2016

CLASSIFICATION	2016/17 ADOPTED RATES 7/28/16	2016/17 REVISED RATE with ICRP (1)	\$ CHANGE	% CHANGE
SUPPRESSION PERSONNEL				
FIRE DIVISION CHIEF	\$146.25	\$152.91	\$6.66	4.55%
FIRE BATTALION CHIEF (SHIFT)	\$89.29	\$95.70	\$6.41	7.18%
FIRE BATTALION CHIEF (STAFF)	\$129.64	\$136.07	\$6.43	4.96%
FIRE CAPTAIN (FC)	\$68.91	\$72.69	\$3.78	5.48%
FC/HAZMAT	\$72.93	\$78.57	\$5.64	7.73%
FC/HAZMAT PARAMEDIC	\$78.28	\$86.40	\$8.12	10.37%
FC/HAZMAT SPECIALIST	\$74.27	\$80.53	\$6.26	8.43%
FC/PARAMEDIC	\$76.94	\$84.44	\$7.50	9.75%
FC/TECH RESCUE TRUCK	\$72.93	\$78.57	\$5.64	7.73%
FIRE APPARATUS ENGINEER (FAE)	\$59.88	\$62.42	\$2.54	4.24%
FAE/HAZMAT	\$63.89	\$68.29	\$4.40	6.88%
FAE/HAZMAT PARAMEDIC	\$69.25	\$76.13	\$6.88	9.93%
FAE/HAZMAT SPECIALIST	\$65.23	\$70.25	\$5.02	7.69%
FAE/PARAMEDIC	\$67.91	\$74.17	\$6.26	9.22%
FAE/TECH RESCUE TRUCK	\$63.89	\$68.29	\$4.40	6.88%
FIREFIGHTER (FF)	\$51.08	\$52.95	\$1.87	3.66%
FF/HAZMAT	\$55.10	\$58.83	\$3.73	6.77%
FF/HAZMAT PARAMEDIC	\$60.45	\$66.66	\$6.21	10.27%
FF/HAZMAT SPECIALIST	\$56.44	\$60.79	\$4.35	7.71%
FF/PARAMEDIC	\$59.12	\$64.70	\$5.59	9.45%
FF/TECH RESCUE TRUCK	\$55.10	\$58.83	\$3.73	6.77%
HAND CREW (FIREFIGHTER)	\$33.59	\$36.84	\$3.25	9.67%
HAND CREW SUPERVISOR (FIRE CAPTAIN)	\$68.47	\$71.56	\$3.10	4.52%
HAND CREW SUPERVISOR (FIRE APP. ENGINEER)	\$60.04	\$62.77	\$2.72	4.53%
HAND CREW SUPERVISOR (FIREFIGHTER)	\$53.54	\$55.97	\$2.42	4.53%
HEAVY FIRE EQUIPMENT OPERATOR	\$91.93	\$96.11	\$4.18	4.54%
FIRE PILOT	\$70.30	\$73.49	\$3.19	4.54%
LEAD FIRE PILOT	\$75.14	\$84.50	\$9.36	12.46%
NON-SUPPRESSION PERSONNEL				
ACCOUNTANT	\$71.62	\$71.64	\$0.03	0.04%
ASST. IT MANAGER	\$82.83	\$82.13	(\$0.71)	-0.85%
ASST. FIRE APPARATUS TECHNICIAN	\$51.60	\$56.51	\$4.90	9.50%
ASST. FIRE MARSHAL	n/a	\$94.01	n/a	n/a
ASST. PURCHASING AGENT	\$73.26	\$73.29	\$0.03	0.04%
BUYER	\$52.95	\$52.98	\$0.02	0.04%
COMMUNICATIONS TECHNICIAN	\$54.45	\$54.47	\$0.02	0.04%
EMERGENCY TRANSPORTATION TECH.	\$26.51	\$24.31	(\$2.20)	-8.31%
FINANCE MANAGER	n/a	\$95.51	n/a	n/a
FIRE APPARATUS TECHNICIAN	\$62.62	\$62.64	\$0.02	0.04%
FIRE COMM RELAT/ED SPECIALIST	\$57.99	\$62.76	\$4.77	8.23%
FIRE COMMUNICATIONS DISPATCHER	\$62.54	\$62.67	\$0.13	0.21%
FIRE COMMUNICATIONS SUPERVISOR	\$71.33	\$72.31	\$0.97	1.37%
FIRE EQUIPMENT TECHNICIAN	\$37.71	\$36.73	(\$0.97)	-2.58%
FIRE HELICOPTER TECHNICIAN	\$77.52	\$77.55	\$0.03	0.04%
FIRE PREVENTION ANALYST	n/a	\$92.12	n/a	n/a
FIRE PREVENTION SPECIALIST	n/a	\$63.83	n/a	n/a
FLEET SERVICES COORDINATOR	\$76.18	\$76.21	\$0.03	0.04%
FLEET SERVICES SUPERVISOR	\$76.91	\$79.01	\$2.10	2.73%
GENERAL LABORER	\$32.71	\$32.73	\$0.01	0.04%
GIS ANALYST	\$79.75	\$79.78	\$0.03	0.04%
INFORMATION TECHNOLOGY ANALYST	\$82.80	\$91.49	\$8.69	10.49%

Note:

(1) Revised rates included recent labor contracts approved by the Board.

ORANGE COUNTY FIRE AUTHORITY
COST REIMBURSEMENT RATES FOR ALL BILLING AGENCIES (EXCEPT CAL OES)
PERSONNEL
EFFECTIVE OCTOBER 28, 2016

CLASSIFICATION	2016/17 ADOPTED RATES 7/28/16	2016/17 REVISED RATE with ICRP (1)	\$ CHANGE	% CHANGE
SUPPRESSION PERSONNEL				
INFORMATION TECHNOLOGY SUPERVISOR	\$117.42	\$117.46	\$0.05	0.04%
MEDICAL DIRECTOR	\$89.60	\$89.64	\$0.04	0.04%
PURCHASING MANAGER	\$89.60	\$89.64	\$0.04	0.04%
RESERVE FIREFIGHTER	\$1.94	\$1.94	\$0.00	0.04%
SERVICE CENTER LEAD	\$70.24	\$70.27	\$0.03	0.04%
SERVICE CENTER SUPERVISOR	\$83.79	\$83.82	\$0.03	0.04%
SR. ACCOUNTANT	\$59.85	\$68.16	\$8.31	13.88%
SR. COMMUNICATIONS TECHNICIAN	\$69.96	\$69.98	\$0.03	0.04%
SR. FIRE APPARATUS TECHNICIAN	\$64.33	\$62.83	(\$1.49)	-2.32%
SR. FIRE COMMUNICATIONS SUPV.	\$80.50	\$80.53	\$0.03	0.04%
SR. FIRE EQUIPMENT TECHNICIAN	\$56.54	\$56.94	\$0.40	0.71%
SR. FIRE HELICOPTER TECHNICIAN	\$84.30	\$84.33	\$0.03	0.04%
SR. FIRE PREVENTION SPECIALIST	n/a	\$84.89	n/a	n/a
SR. INFO TECHNOLOGY ANALYST	\$102.54	\$101.36	(\$1.17)	-1.14%
WILDLAND FIRE DEFENSE PLANNER	\$82.45	\$82.48	\$0.03	0.04%

MUTUALLY BENEFICIAL RATES:				
HAND CREW (FIREFIGHTER)	\$18.18	\$19.93	\$1.75	9.63%
HAND CREW SUPERVISOR (STAFF FIRE CAPTAIN)	\$37.06	\$38.72	\$1.66	4.48%
HAND CREW SUPERVISOR (STAFF FIRE APP. ENGINEER)	\$32.50	\$33.96	\$1.46	4.49%
HAND CREW SUPERVISOR (STAFF FIREFIGHTER)	\$28.98	\$30.28	\$1.30	4.49%
HEAVY FIRE EQUIPMENT OPERATOR	\$49.76	\$52.00	\$2.24	4.50%
SWAMPER/HAND CREW FF	\$18.18	\$19.93	\$1.75	9.63%

Note:

(1) Revised rates included recent labor contracts approved by the Board.

ORANGE COUNTY FIRE AUTHORITY
COST REIMBURSEMENT RATES FOR CAL OES BILLINGS ONLY
PERSONNEL
EFFECTIVE OCTOBER 28, 2016

CLASSIFICATION	2016/17 ADOPTED RATE 7/28/16					2016/17 REVISED RATE (3)	\$ CHANGE	% CHANGE
SUPPRESSION POSITIONS								
FIRE DIVISION CHIEF	\$146.25					\$152.91	\$6.66	4.55%
FIRE BATTALION CHIEF	\$109.47					\$115.89	\$6.42	5.86%
FIRE CAPTAIN	\$72.33					\$79.66	\$7.33	10.13%
FIRE APPARATUS ENGINEER	\$61.41					\$66.98	\$5.57	9.07%
FIREFIGHTER	\$55.35					\$59.68	\$4.33	7.82%
HAND CREW (FIREFIGHTER)	\$33.59					\$36.84	\$3.25	9.67%
HAND CREW SUPERVISOR (FIRE CAPTAIN)	\$68.47					\$71.56	\$3.10	4.52%
HAND CREW SUPERVISOR (FIRE APP. ENGINEER)	\$60.04					\$62.77	\$2.72	4.53%
HAND CREW SUPERVISOR (FIREFIGHTER)	\$53.54					\$55.97	\$2.42	4.53%
HEAVY FIRE EQUIPMENT OPERATOR	\$91.93					\$96.11	\$4.18	4.54%
FIRE PILOT	\$70.30					\$73.49	\$3.19	4.54%
LEAD FIRE PILOT	\$75.14					\$84.50	\$9.36	12.46%
NON-SUPPRESSION POSITIONS								
CLASSIFICATION	2016/17 ADOPTED REGULAR RATE 7/28/16	2016/17 ADOPTED OT RATE 7/28/16	2016/17 REVISED REGULAR RATE (3)	\$ CHANGE	% CHANGE	2016/17 REVISED OT RATE (3)	\$ CHANGE	% CHANGE
ACCOUNTANT	\$70.36	\$71.62	\$70.39	\$0.03	0.04%	\$71.64	\$0.02	0.03%
ASST. IT MANAGER	\$126.13	\$82.83	\$125.18	(\$0.95)	-0.75%	\$82.13	(\$0.70)	-0.85%
ASST. FIRE APPARATUS TECHNICIAN	\$52.97	\$51.60	\$57.33	\$4.36	8.23%	\$56.51	\$4.91	9.51%
ASST. PURCHASING AGENT	\$71.83	\$73.26	\$71.85	\$0.02	0.03%	\$73.29	\$0.03	0.04%
ASST. FIRE MARSHAL	n/a	n/a	\$90.29	n/a	n/a	\$94.01	n/a	n/a
BUYER	\$53.75	\$52.95	\$53.77	n/a	n/a	\$52.98	n/a	n/a
COMMUNICATIONS TECHNICIAN	\$55.08	\$54.45	\$55.10	\$0.02	0.04%	\$54.47	\$0.02	0.04%
EMERGENCY TRANSPORTATION TECH.	\$30.21	\$26.51	\$28.24	(\$1.97)	-6.51%	\$24.31	(\$2.20)	-8.30%
FINANCE MANAGER	n/a	n/a	\$143.05	n/a	n/a	\$95.51	n/a	n/a
FIRE APPARATUS TECHNICIAN	\$62.78	\$62.62	\$62.79	\$0.01	0.02%	\$62.64	\$0.02	0.03%
FIRE COMM RELAT/ED SPECIALIST	\$58.23	\$57.99	\$62.47	\$4.24	7.28%	\$62.76	\$4.77	8.22%
FIRE COMMUNICATIONS DISPATCHER	\$62.28	\$62.54	\$62.40	\$0.12	0.19%	\$62.67	\$0.13	0.20%
FIRE COMMUNICATIONS SUPV.	\$70.12	\$71.33	\$70.97	\$0.85	1.22%	\$72.31	\$0.98	1.37%
FIRE EQUIPMENT TECHNICIAN	\$40.60	\$37.71	\$39.73	(\$0.87)	-2.15%	\$36.73	(\$0.98)	-2.59%
FIRE HELICOPTER TECHNICIAN	\$76.05	\$77.52	\$76.06	\$0.01	0.02%	\$77.55	\$0.03	0.04%
FIRE PREVENTION ANALYST	n/a	n/a	\$88.61	n/a	n/a	\$92.12	n/a	n/a
FIRE PREVENTION SPECIALIST	n/a	n/a	\$63.43	n/a	n/a	\$63.83	n/a	n/a
FLEET SERVICES COORDINATOR	\$74.43	\$76.18	\$74.46	\$0.03	0.04%	\$76.21	\$0.03	0.04%
FLEET SERVICES SUPERVISOR	\$75.50	\$76.91	\$77.37	\$1.87	2.48%	\$79.01	\$2.10	2.74%
GENERAL LABORER	\$36.16	\$32.71	\$36.16	(\$0.00)	0.00%	\$32.73	\$0.02	0.05%
GIS ANALYST	\$77.61	\$79.75	\$77.63	\$0.02	0.03%	\$79.78	\$0.03	0.04%
INFORMATION TECHNOLOGY ANALYST	\$80.32	\$82.80	\$88.06	\$7.74	9.64%	\$91.49	\$8.69	10.50%
INFORMATION TECHNOLOGY SUPERVISOR	\$111.14	\$117.42	\$111.18	\$0.04	0.04%	\$117.46	\$0.04	0.04%
MEDICAL DIRECTOR	\$135.17	\$89.60	\$135.20	\$0.03	0.02%	\$89.64	\$0.04	0.04%
PURCHASING MANAGER	\$135.17	\$89.60	\$135.20	\$0.03	0.02%	\$89.64	\$0.04	0.04%
RESERVE FIREFIGHTER	\$2.70	\$1.94	\$2.70	(\$0.00)	-0.07%	\$1.94	(\$0.00)	-0.17%
SERVICE CENTER LEAD	\$69.14	\$70.24	\$69.15	\$0.01	0.02%	\$70.27	\$0.03	0.04%
SERVICE CENTER SUPERVISOR	\$81.63	\$83.79	\$81.64	\$0.01	0.01%	\$83.82	\$0.03	0.04%
SR. ACCOUNTANT	\$95.45	\$59.85	\$106.54	\$11.09	11.61%	\$68.16	\$8.31	13.88%
SR. COMMUNICATIONS TECHNICIAN	\$68.88	\$69.96	\$68.91	\$0.03	0.04%	\$69.98	\$0.02	0.04%
SR. FIRE APPARATUS TECHNICIAN	\$64.29	\$64.33	\$62.96	(\$1.33)	-2.07%	\$62.83	(\$1.50)	-2.33%
SR. FIRE COMMUNICATIONS SUPV.	\$78.28	\$80.50	\$78.30	\$0.02	0.03%	\$80.53	\$0.03	0.04%
SR. FIRE EQUIPMENT TECHNICIAN	\$57.37	\$56.54	\$57.71	\$0.34	0.60%	\$56.94	\$0.40	0.71%
SR. FIRE HELICOPTER TECHNICIAN	\$82.08	\$84.30	\$82.10	\$0.02	0.03%	\$84.33	\$0.03	0.04%
SR. FIRE PREVENTION SPECIALIST	n/a	n/a	\$82.17	n/a	n/a	\$84.89	n/a	n/a
SR. INFO TECHNOLOGY ANALYST	\$97.89	\$102.54	\$96.85	(\$1.04)	-1.07%	\$101.36	(\$1.18)	-1.15%
WILDLAND FIRE DEFENSE PLANNER	\$80.02	\$82.45	\$80.03	\$0.01	0.01%	\$82.48	\$0.03	0.04%

Notes:

(1) Adjustment to management positions to reflect overtime as straight time rather than 1.5 x hourly rate.

(2) Paramedic (\$6.365/hr), HazMat (\$3.18/hr), HazMat Paramedic (\$7.42/hr), HazSpecialist (\$4.24/hr) and Tech Rescue Truck (\$3.18/hr) specialty pays are now included in the FC, FAE and FF average rates per Cal OES approved methodology.

(3) Revised rates included recent labor contracts approved by the Board.

ORANGE COUNTY FIRE AUTHORITY
COST REIMBURSEMENT RATES
EQUIPMENT
EFFECTIVE JULY 1, 2016

DESCRIPTION	2015/16 RATE	2016/17 RATE	\$ CHANGE	% CHANGE	SOURCE	Hourly / Daily
TYPE 1 ENGINE	\$85.00	\$91.00	\$6.00	7.06%	FEMA	Hourly
TYPE 2 ENGINE	\$70.00	\$80.00	\$10.00	14.29%	FEMA	Hourly
TYPE 3 ENGINE	\$70.00	\$80.00	\$10.00	14.29%	FEMA	Hourly
TRUCK/QUINT	\$85.00	\$91.00	\$6.00	7.06%	FEMA	Hourly
PATROL UNIT (Type 6/ Swift Water Rescue)	\$70.00	\$80.00	\$10.00	14.29%	FEMA	Hourly
AIRPORT CRASH UNIT	\$85.00	\$91.00	\$6.00	7.06%	FEMA	Hourly
CREW CARRYING VEHICLE	\$20.00	\$21.75	\$1.75	8.75%	FEMA	Hourly
DOZER TRANSPORT	\$65.25	\$73.25	\$8.00	12.26%	FEMA	Hourly
DOZER	\$65.00	\$72.50	\$7.50	11.54%	FEMA	Hourly
DOZER TRAILER	\$12.50	\$14.00	\$1.50	12.00%	FEMA	Hourly
DOZER TENDER	\$20.00	\$26.00	\$6.00	30.00%	FEMA	Hourly
GRADER	\$58.00	\$54.50	(\$3.50)	-6.03%	FEMA	Hourly
LOADER	\$40.00	\$44.00	\$4.00	10.00%	FEMA	Hourly
DUMP TRUCK	\$65.00	\$77.25	\$12.25	18.85%	FEMA	Hourly
CHIPPER	\$21.75	\$25.00	\$3.25	14.94%	FEMA	Hourly
COMPACT TRACK LOADER	\$22.00	\$26.50	\$4.50	20.45%	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
WATER TENDER	\$31.00	\$36.75	\$5.75	18.55%	FEMA	Hourly
FUEL TENDER	\$31.00	\$36.75	\$5.75	18.55%	FEMA	Hourly
AIR/LIGHT UTILITY	\$24.00	\$29.00	\$5.00	20.83%	FEMA	Hourly
FIRE COMMAND UNIT	\$20.00	\$21.75	\$1.75	8.75%	FEMA	Hourly
SPORT UTILITY VEHICLE	\$96.00	\$96.00	\$0.00	0.00%	Cal OES	Daily
PICKUP (less than 3/4 ton)	\$96.00	\$86.00	(\$10.00)	-10.42%	Cal OES	Daily
SEDAN	\$47.00	\$47.00	\$0.00	0.00%	Cal OES	Daily
VAN	\$109.00	\$109.00	\$0.00	0.00%	Cal OES	Daily
OTHER (3/4 ton and above)	\$96.00	\$96.00	\$0.00	0.00%	Cal OES	Daily
HAZMAT (Unit 4)	\$85.00	\$91.00	\$6.00	7.06%	FEMA	Hourly
HAZMAT (Unit 79)	\$85.00	\$91.00	\$6.00	7.06%	FEMA	Hourly
HAZMAT (Unit 204)	\$20.00	\$24.25	\$4.25	21.25%	FEMA	Hourly
HELICOPTER - BELL SUPER HUEY (1)	\$1,187.68	\$1,329.74	\$142.06	11.96%	OCFA	Hourly
HELICOPTER - BELL 412 (1)	\$4,817.79	\$4,191.13	(\$626.66)	-13.01%	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

Budget and Finance Committee Meeting
October 12, 2016

Agenda Item No. 4A
Discussion Calendar

Monthly Investment Reports

Contact(s) for Further Information

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

Jane Wong, Assistant Treasurer jane Wong@ocfa.org 714.573.6305

Summary

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

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of October 27, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Attached is the final monthly investment report for the month ended August 31, 2016. A preliminary investment report as of September 23, 2016, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – August 2016/Preliminary Report – September 2016

Orange County Fire Authority Monthly Investment Report



Final Report – August 2016

Preliminary Report – September 2016



Monthly Investment Report Table of Contents

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Orange County Fire Authority

Final Investment Report

August 31, 2016



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of August 2016, the size of the portfolio declined further to \$145.6 million from \$158.8 million. Significant receipts for the month included cash contract payments, intergovernmental agency payments and charges for current services for a total of \$9.7 million. Significant disbursements for the month included primarily biweekly payrolls which were approximately \$10.7 million each with related benefits. Total August cash outflows for operating expenditures amounted to approximately \$24.5 million. The portfolio's balance is expected to decrease further in the following month as there are no major receipts expected for September.

In August, the portfolio's yield to maturity (365-day equivalent) increased by 4 basis points to 0.67% while the effective rate of return rose by 2 basis points to 0.62% for the month and edged up by 1 basis point to 0.61% for the fiscal year-to-date. The average maturity of the portfolio extended slightly by 11 days to 176 days to maturity.

Economic News

The U.S. economy continued its modest growth pattern in August 2016, although overall activity appeared to pull back slightly. Employment conditions remained solid, but the August jobs report was slightly weaker than expected. There were a total of 151,000 new jobs created in August; a consensus had expected the economy to add 180,000 new jobs for the month. The unemployment rate stayed unchanged at 4.9% while a forecast had called for a modest drop. Consumer confidence rose in August, but retail sales declined more than expected. Both manufacturing and non-manufacturing sectors declined for the month. The CPI (Consumer Price Index) increased more than expected in August, but longer-term inflation remained low. Housing activity was mixed in August. On September 21, 2016, the Federal Open Market Committee met and voted to keep the federal funds rate unchanged at a target range of 0.25% - 0.50%. Also, in the Committee's released statement, it is stated that "the Committee judges that the case for an increase in the federal funds rate has strengthened but decided, for the time being, to wait for further evidence of continued progress toward its objectives."

**BENCHMARK COMPARISON AS OF AUGUST 31, 2016**

3 Month T-Bill: 0.30%

1 Year T-Bill: 0.57%

6 Month T-Bill: 0.45%

LAIF: 0.61%

OCFA Portfolio: 0.62%

PORTFOLIO SIZE, YIELD, & DURATION

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>Prior Year</i></u>
<i>Book Value-</i>	\$145,605,919	\$158,787,017	\$165,512,055
<i>Yield to Maturity (365 day)</i>	0.67%	0.63%	0.36%
<i>Effective Rate of Return</i>	0.62%	0.60%	0.34%
<i>Days to Maturity</i>	176	165	161



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
August 31, 2016

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

(See Note 1 on page 9)

(See Note 2 on page 9)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	5,301,737.43	5,301,737.43	5,301,737.43	3.67	1	1	0.001	0.001
Federal Agency Coupon Securities	46,000,000.00	46,005,660.00	46,008,456.34	31.84	993	520	1.013	1.027
Federal Agency Disc. -Amortizing	29,000,000.00	28,986,860.00	28,986,663.33	20.06	122	51	0.345	0.350
Local Agency Investment Funds	64,195,460.68	64,235,340.31	64,195,460.68	44.43	1	1	0.606	0.614
Investments	144,497,198.11	144,529,597.74	144,492,317.78	100.00%	341	176	0.661	0.670
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	956,876.74	956,876.74	956,876.74		1	1	0.000	0.000
Accrued Interest at Purchase		51,141.67	51,141.67					
Subtotal		1,008,018.41	1,008,018.41					
Total Cash and Investments	145,454,074.85	145,537,616.15	145,500,336.19		341	176	0.661	0.670

Total Earnings	August 31 Month Ending	Fiscal Year To Date
Current Year	80,491.65	165,721.69
Average Daily Balance	151,745,043.66	160,082,779.16
Effective Rate of Return	0.62%	0.61%

"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, 2016. 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

9/2/16

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)

\$ 145,500,336.19

GASB 31 Adjustment to Books (See Note 3 on page 9)

\$ 105,582.35

Total

\$ 145,605,918.54

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

(See Note 1 on page 9)

(See Note 2 on page 9)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations			5,301,737.43	5,301,737.43	5,301,737.43	0.001	0.001	1	
Subtotal and Average			12,749,664.84		5,301,737.43	5,301,737.43	5,301,737.43		0.001	1	
Federal Agency Coupon Securities											
3133EEA75	861	Federal Farm Credit Bank		04/23/2015	9,000,000.00	8,998,920.00	9,000,000.00	0.990	0.998	508	01/22/2018
3133EFJP3	869	Federal Farm Credit Bank Callable anytime		10/15/2015	10,000,000.00	9,979,000.00	10,000,000.00	1.100	1.054	774	10/15/2018
3133EFAZ0	889	Federal Farm Credit Bank Callable 9-6-16		04/21/2016	8,000,000.00	8,000,320.00	8,000,512.59	1.280	1.206	735	09/06/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	9,025,020.00	9,000,000.00	1.100	1.065	568	03/23/2018
3134G9JR9	894	Fed Home Loan Mtg Corp Callable 11-3-16		08/29/2016	10,000,000.00	10,002,400.00	10,007,943.75	1.290	0.848	63	05/03/2019
Subtotal and Average			47,422,836.04		46,000,000.00	46,006,680.00	46,008,466.34		1.027	520	
Federal Agency Disc. -Amortizing											
313396G98	888	Freddie Mac		04/21/2016	9,000,000.00	8,998,560.00	8,998,130.00	0.340	0.350	22	09/23/2016
313384J75	893	Fed Home Loan Bank		06/09/2016	10,000,000.00	9,997,000.00	9,996,200.00	0.380	0.391	36	10/07/2016
313384R76	895	Fed Home Loan Bank		08/31/2016	10,000,000.00	9,991,300.00	9,992,333.33	0.300	0.309	92	12/02/2016
Subtotal and Average			27,377,192.10		29,000,000.00	28,986,860.00	28,986,663.33		0.350	51	
Local Agency Investment Funds											
SYS336	336	Local Agency Investmt Fund			64,195,460.68	64,235,340.31	64,195,460.68	0.614	0.614	1	
Subtotal and Average			64,195,460.68		64,195,460.68	64,235,340.31	64,195,460.68		0.614	1	
Total and Average			151,745,043.66		144,497,198.11	144,629,697.74	144,492,317.78		0.670	176	

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2016	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2016	936,876.74	936,876.74	936,876.74		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		51,141.67	51,141.67			1
				Subtotal		1,008,018.41	1,008,018.41			
Total Cash and Investments			151,745,043.66		145,454,074.85	145,537,616.15	145,500,336.19		0.670	176

**“We visualize problems and solutions
through the eyes of those we serve.”**



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

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

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(09/01/2016 - 09/01/2016)	4 Maturities	0 Payments		70,454,074.85	48.44%	70,454,074.85	70,493,954.48
Aging Interval: 1 - 30 days	(09/02/2016 - 10/01/2016)	1 Maturities	0 Payments		9,000,000.00	6.19%	8,998,130.00	8,998,560.00
Aging Interval: 31 - 60 days	(10/02/2016 - 10/31/2016)	1 Maturities	0 Payments		10,000,000.00	6.87%	9,996,200.00	9,997,000.00
Aging Interval: 61 - 91 days	(11/01/2016 - 12/01/2016)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 92 - 121 days	(12/02/2016 - 12/31/2016)	1 Maturities	0 Payments		10,000,000.00	6.87%	9,992,333.33	9,991,300.00
Aging Interval: 122 - 152 days	(01/01/2017 - 01/31/2017)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(02/01/2017 - 03/03/2017)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(03/04/2017 - 06/02/2017)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(06/03/2017 - 09/01/2017)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(09/02/2017 - 09/01/2019)	5 Maturities	0 Payments		46,000,000.00	31.63%	46,008,456.34	46,005,660.00
Aging Interval: 1096 days and after	(09/02/2019 -)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Total for		12 Investments	0 Payments			100.00	145,449,194.52	145,486,474.48



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank (formerly Union Bank) Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2016 includes an increase of \$39,825 to the LAIF investment and an increase of \$65,757 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.



Local Agency Investment Fund (LAIF)

As of August 31, 2016, OCFA has \$64,195,460 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 June 30, 2016 is 1.000621222. When applied to OCFA's LAIF investment, the fair value is \$64,235,340 or \$39,880 above cost. Although the fair value of the LAIF investment is higher 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 August 31, 2016 is included on the following page.



Fair Value Including Accrued Interest	\$	69,839,871,845.51
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Page 11



Orange County Fire Authority
Preliminary Investment Report
September 23, 2016



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
September 23, 2016

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

(See Note 1 on page 18)

(See Note 2 on page 18)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	9,519,889.66	9,519,889.66	9,519,889.66	6.96	1	1	0.001	0.001
Federal Agency Coupon Securities	29,000,000.00	29,023,150.00	29,004,996.87	21.22	1,024	442	0.973	0.986
Federal Agency Disc. -Amortizing	34,000,000.00	33,984,510.00	33,981,205.84	24.86	103	63	0.332	0.337
Local Agency Investment Funds	64,195,460.68	64,235,340.31	64,195,460.68	46.96	1	1	0.606	0.614
Investments	136,715,350.34	136,762,889.97	136,701,553.05	100.00%	243	110	0.573	0.581
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	497,113.42	497,113.42	497,113.42		1	1	0.000	0.000
Accrued Interest at Purchase		38,341.67	38,341.67					
Subtotal		535,455.09	535,455.09					
Total Cash and Investments	137,212,463.76	137,298,345.06	137,237,008.14		243	110	0.573	0.581

Total Earnings	September 23 Month Ending	Fiscal Year To Date
Current Year	56,600.76	222,322.45
Average Daily Balance	142,361,179.18	155,287,522.69
Effective Rate of Return	0.63%	0.61%

"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, 2016. 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

9/30/16

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)

\$ 137,237,008.14

GASB 31 Adjustment to Books (See Note 3 on page 18)

\$ 105,582.35

Total

\$ 137,342,590.49

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
September 23, 2016

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations			9,519,889.66	9,519,889.66	9,519,889.66	0.001	0.001	1	
Subtotal and Average			7,867,874.74		9,519,889.66	9,519,889.66	9,519,889.66		0.001	1	
Federal Agency Coupon Securities											
3133EFJP3	869	Federal Farm Credit Bank Callable anytime		10/15/2015	10,000,000.00	9,988,400.00	10,000,000.00	1.100	1.054	751	10/15/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	9,031,050.00	9,000,000.00	1.100	1.065	545	03/23/2018
3134G9JR9	894	Fed Home Loan Mtg Corp Callable 11-3-16		08/29/2016	10,000,000.00	10,003,700.00	10,004,996.87	1.290	0.848	40	05/03/2019
Subtotal and Average			39,354,276.91		29,000,000.00	29,023,150.00	29,004,996.87		0.986	442	
Federal Agency Disc. -Amortizing											
313384J75	893	Fed Home Loan Bank		06/09/2016	10,000,000.00	9,999,400.00	9,998,627.78	0.380	0.391	13	10/07/2016
313384R76	895	Fed Home Loan Bank		08/31/2016	10,000,000.00	9,995,000.00	9,994,250.00	0.300	0.309	69	12/02/2016
313385AS5	896	Fed Home Loan Bank		09/15/2016	5,000,000.00	4,995,600.00	4,993,930.56	0.380	0.391	115	01/17/2017
313384T58	897	Fed Home Loan Bank		09/23/2016	9,000,000.00	8,994,510.00	8,994,397.50	0.270	0.278	83	12/16/2016
Subtotal and Average			30,943,766.86		34,000,000.00	33,984,510.00	33,981,206.84		0.337	63	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			64,195,460.68	64,235,340.31	64,195,460.68	0.614	0.614	1	
Subtotal and Average			64,195,460.68		64,195,460.68	64,235,340.31	64,195,460.68		0.614	1	
Total and Average			142,361,179.18		136,715,360.34	136,762,889.97	136,701,553.05		0.581	110	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
September 23, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2016	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2016	477,113.42	477,113.42	477,113.42		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		38,341.67	38,341.67			1
				Subtotal		535,455.09	535,455.09			
Total Cash and Investments			142,361,179.18		137,212,463.76	137,298,345.06	137,237,008.14		0.581	110

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of September 24, 2016

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

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(09/24/2016 - 09/24/2016)	4 Maturities	0 Payments	74,212,463.76	54.09%	74,212,463.76	74,252,343.39
Aging Interval:	1 - 30 days	(09/25/2016 - 10/24/2016)	1 Maturities	0 Payments	10,000,000.00	7.29%	9,998,627.78	9,999,400.00
Aging Interval:	31 - 60 days	(10/25/2016 - 11/23/2016)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	61 - 91 days	(11/24/2016 - 12/24/2016)	2 Maturities	0 Payments	19,000,000.00	13.84%	18,988,647.50	18,989,510.00
Aging Interval:	92 - 121 days	(12/25/2016 - 01/23/2017)	1 Maturities	0 Payments	5,000,000.00	3.64%	4,993,930.56	4,995,600.00
Aging Interval:	122 - 152 days	(01/24/2017 - 02/23/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	153 - 183 days	(02/24/2017 - 03/26/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	(03/27/2017 - 06/25/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	(06/26/2017 - 09/24/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	(09/25/2017 - 09/24/2019)	3 Maturities	0 Payments	29,000,000.00	21.14%	29,004,996.87	29,023,150.00
Aging Interval:	1096 days and after	(09/25/2019 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			11 Investments	0 Payments		100.00	137,198,666.47	137,260,003.39



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2016 includes an increase of \$39,825 to the LAIF investment and an increase of \$65,757 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.

GLOSSARY

INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yield. Rate of return on a bond.

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

ECONOMIC TERMS

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

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

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

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

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

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

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

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

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

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

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



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 12, 2016

Agenda Item No. 4B
Discussion Calendar

Community Risk Reduction Fee Development

Contact(s) for Further Information

Lori Smith, Assistant Chief (Presenter) lorismith@ocfa.org 714.573.6016
Community Risk Reduction

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

Summary

This item is submitted for approval to conduct a Community Risk Reduction (CRR) Fee Study and to obtain guidance regarding cost allocation options presented herein.

Prior Board/Committee Action(s)

At the September 22, 2016, meeting of the City Manager Technical Advisory Committee (TAC), staff reviewed this proposed agenda item for input prior to presenting the item to the Budget and Finance Committee. The TAC suggested inclusion of additional detail in the presentation for clarification, and discussed the possibility of using the General Fund to subsidize the cost of training for OCFA personnel rather than adding that cost into the fees. Following the discussion, the TAC voted in support (with one abstention) of staff's proposed Option 1 below.

RECOMMENDED ACTION(S)

Review the cost allocation options below and direct staff to proceed with the FY 2016/17 Fee Study using staff's recommended Option 1.

- Option 1: Endorse the current process for allocating costs as Direct Frontline Costs, Direct Support Costs, and Administrative Overhead for fee development thereby maintaining full cost recovery for specified fee-funded activities; *or*
- Option 2: Direct staff to develop new/additional fees created for some Direct Support activities, thereby categorizing those activities as Frontline Services instead of Support; provide direction to staff as to which customers shall be charged for these newly identified Frontline Services; *or*
- Option 3: Endorse a fee study and fee formula that cost recovers only Direct Frontline Costs and Administrative Overhead costs thereby subsidizing Direct Support Costs from the General Fund.

Impact to Cities/County

Option 2 could require the OCFA's member cities and county to pay for various requested services such as city/county liaison activities, city/county requests to work on conceptual designs with developers and builders, special events, property assessments, and committee participation other than development review. Option 2 may also add additional costs to developer and contractor meeting requests. The impact is variable.

Fiscal Impact

The fiscal impact will depend upon the cost allocation option selected for use in the FY 2016/17 Fee Study with Option 1 remaining status quo financially, Option 2 generally remaining status quo for OCFA, but shifting costs amongst different customers, and Option 3 shifting a larger subsidy and financial burden to OCFA's General Fund.

Background

The 2015 Community Risk Reduction Fee Study was independently reviewed and approved by our fee consultant, Revenue and Cost Specialists (RCS) prior to submittal for formal approval. The Budget and Finance Committee then approved the Fee Schedule on July 15, 2015, followed by Board of Directors approval on July 23, 2015, with the exception of the hourly rate. Discussion at the Board of Directors meeting questioned the fee formula specifically in relation to the hourly rate, due to concerns initially raised by the building industry. Director Gamble requested staff to conduct research and provide additional details relating to the components within the hourly rate.

Staff performed follow-up research and engaged in discussions with Director Gamble to provide detail relating to the cost allocation categories used in the Fee Study (Attachment 1, Slide 4), which include:

- **Direct Frontline Costs:** Specific amounts of time for specific staff positions are allocated to individual fee-funded activities, and therefore, to individual fees. For these activities, we are confident in the amount of time spent per fee-funded unit of activity.
- **Direct Support Costs:** Time spent by staff in this category is considered to be in direct support of all fee-funded activities; however, the amount of time per unit of fee-funded activity cannot be determined. The cost associated with this time is spread evenly across all fees. Examples of Direct Support activities are provided in Attachment 2. This category of cost allocation is the primary area in which staff is seeking guidance.
- **Administrative Overhead:** Includes support provided by administrative employees outside of CRR, such as Finance, Human Resources, and Information Technology.

Following our reviews with Director Gamble, she suggested that staff complete the time log study that was underway to have a clearer understanding of frontline and support allocations. She indicated that perhaps some time allocated as Direct Support should instead be allocated as Direct Frontline, so that it could be assigned to individual fees rather than spread across all fees. She also suggested that staff take a closer look at the existing position classification structure and consider realigning activities to more appropriate position levels. Realignment could eliminate the need for a management-level employee to perform low-level tasks, and could enable repetitive “technician” level tasks to be consolidated into a new technician-level classification.

- **Time Study:** CRR has completed a 6-month time study that has defined time spent specifically on frontline and support workloads. Support workload is further defined as services provided to our partner cities and county as well as the public that does not have an individual fee associated with the service. Results of the time study are provided in Attachment 1 (Slides 7-9).
- **Position Classification Structure:** CRR staff has completed an internal evaluation of the classification structure and identified solutions that are aligned with the goals outlined by Director Gamble. Staff is currently working with Human Resources for creation of the new class specifications, to be followed by discussion with labor, and further refinement of a transition plan for implementation. Upon completion, proposed position classifications will be submitted to the Human Resources Committee prior to submittal to the Executive Committee for approval.

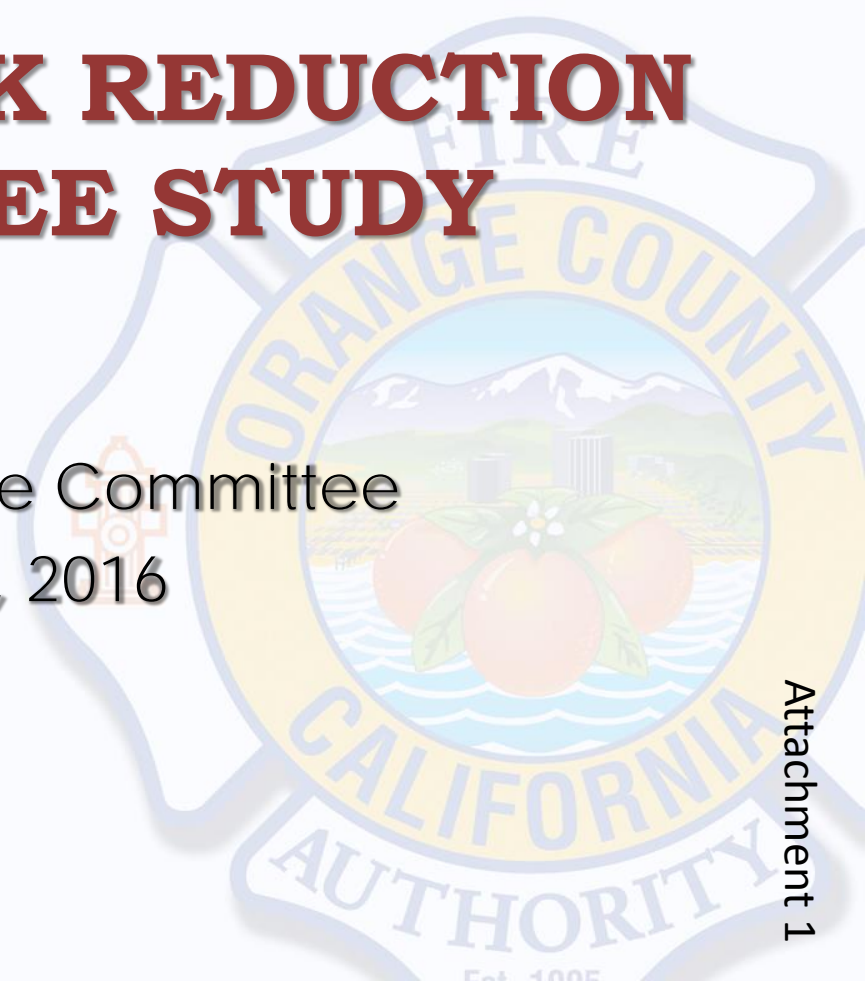
Staff has gathered a great deal of data and analysis as a result of discussions with Director Gamble, and we are now preparing to conduct the 2016/17 Fee Study. Prior to initiating the 2016/17 Fee Study, staff is seeking guidance from the Budget and Finance Committee regarding the three options outlined under the Recommended Actions, and further presented in Attachment 1 (Slides 4-6). Ultimately, staff recommends and is seeking support for Option 1.

Attachment(s)

1. PowerPoint Presentation - Cost Allocations and Time Study
2. List of Direct Support Cost Examples

COMMUNITY RISK REDUCTION 2016/2017 FEE STUDY

Budget and Finance Committee
October 12, 2016



Background

- The 2015 Community Risk Reduction (CRR) Fee Study results were reviewed by the Board of Directors on July 23, 2015
- The Board adopted the Proposed Fee Schedule, with the exception of the updated hourly rate, which was deferred for consideration at a future meeting
- Staff has been working over the past year to resolve the concerns and the purpose of this review is to obtain guidance to complete the FY 2016/17 Fee Study

FY 2015/16 CRR Cost Recovery Fee Structure

Planning & Development (P&D)	Costs	%
Fee Funded Activities – Fees Charged	4,384,737	91%
Fee Funded Activities – Fees Exempt	118,169	2%
Non-Fee Activities	318,549	7%
Total P&D Costs	4,821,455	100%

Prevention Field Services (PFS)	Costs	%
Fee Funded Activities – Fees Charged	2,081,220	45%
Fee Funded Activities – Fees Exempt	191,166	4%
Non-Fee Activities	2,343,139	51%
Total PFS Costs	4,615,525	100%

Combined	Costs	%
Fee Funded Activities – Fees Charged	6,465,957	69%
Fee Funded Activities – Fees Exempt	309,335	3%
Non-Fee Activities	2,661,688	28%
Total Combined Costs	9,436,980	100%

Option #1 – Full Cost Recovery

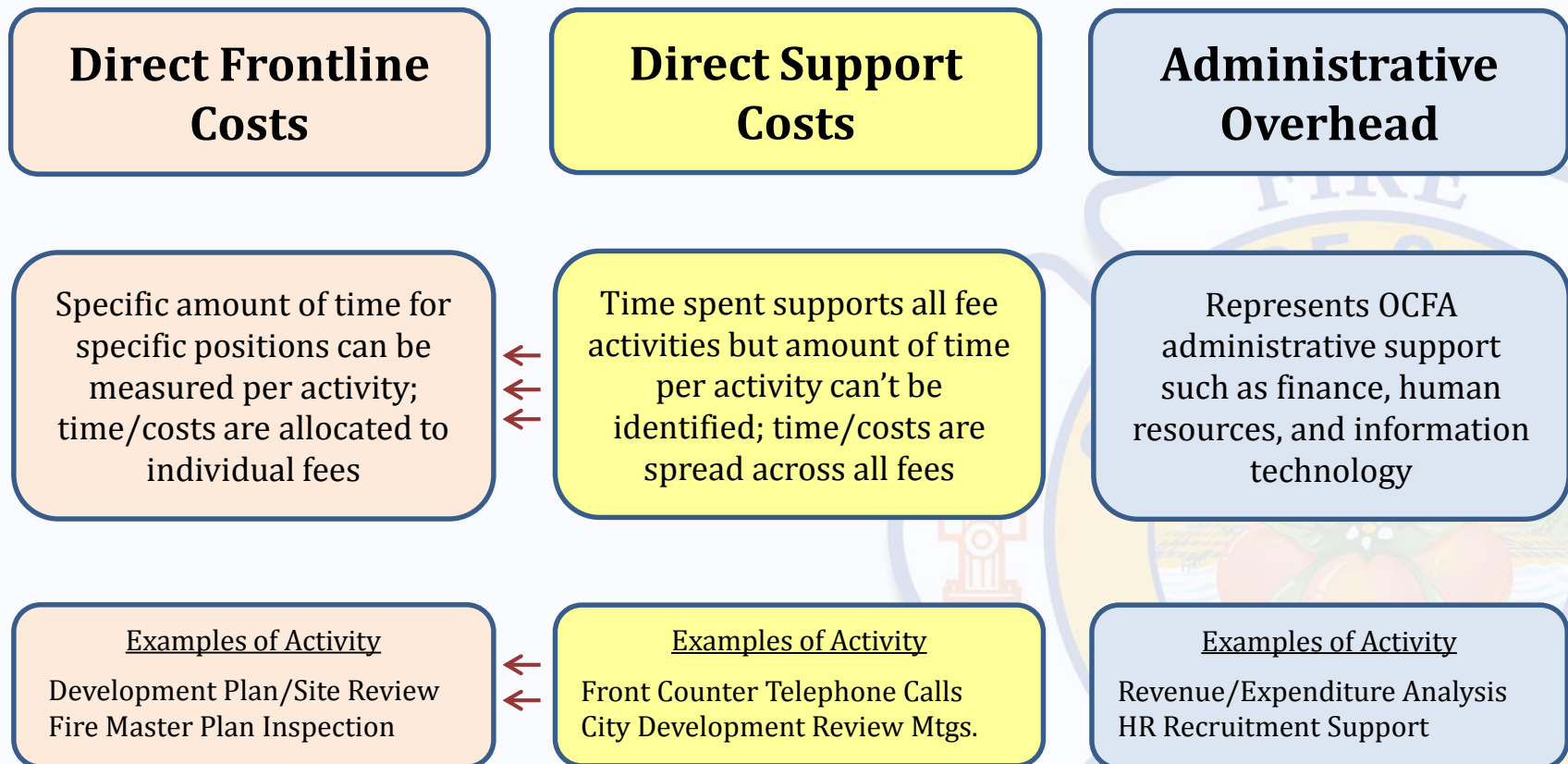
For every fee, the labor required to perform and support the fee activity is separated into 3 categories:

Direct Frontline Costs	Direct Support Costs	Administrative Overhead
Specific amount of time for specific positions can be measured per activity; time/costs are allocated to individual fees	Time spent supports all fee activities but amount of time per activity can't be identified; time/costs are spread across all fees	Represents OCFA administrative support such as finance, human resources, and information technology
<u>Examples of Activity</u> Development Plan/Site Review Fire Master Plan Inspection	<u>Examples of Activity</u> Front Counter Telephone Calls City Development Review Mtgs.	<u>Examples of Activity</u> Revenue/Expenditure Analysis HR Recruitment Support

Fiscal impact: Status quo financially – same method as currently used.

Option #2 – Reallocate Support as Frontline

- Reallocate direct support costs as frontline; develop new fees for redefined frontline services; determine which customers to charge for new frontline services



Fiscal impact: Generally status quo for OCFA, but costs would shift to different customers

Option #3 – Subsidize Support Costs

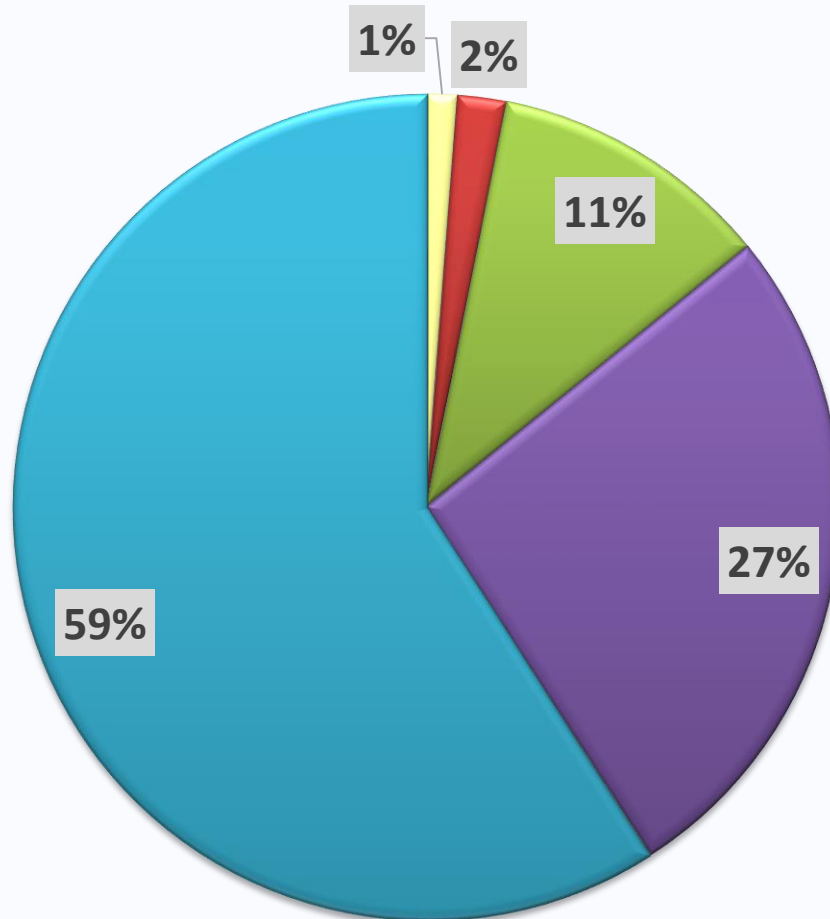
- Direct support costs are removed from fees and subsidized by General Fund

Direct Frontline Costs	Direct Support Costs	Administrative Overhead
Specific amount of time for specific positions can be measured per activity; time/costs are allocated to individual fees	Time spent supports all fee activities but amount of time per activity can't be identified; time/costs are spread across all fees	Represents OCFA administrative support such as finance, human resources, and information technology
<u>Examples of Activity</u> Development Plan/Site Review Fire Master Plan Inspection	<u>Examples of Activity</u> Front Counter Telephone Calls City Development Review Mtgs.	<u>Examples of Activity</u> Revenue/Expenditure Analysis HR Recruitment Support

Fiscal impact: Larger subsidy/financial burden to General Fund; fees will be reduced

Planning and Development

Plan Review Time Allocation



Direct Support

■ Admin

■ Training

■ Partner City/Agency Collaboration

■ Pre/Post Plan Review

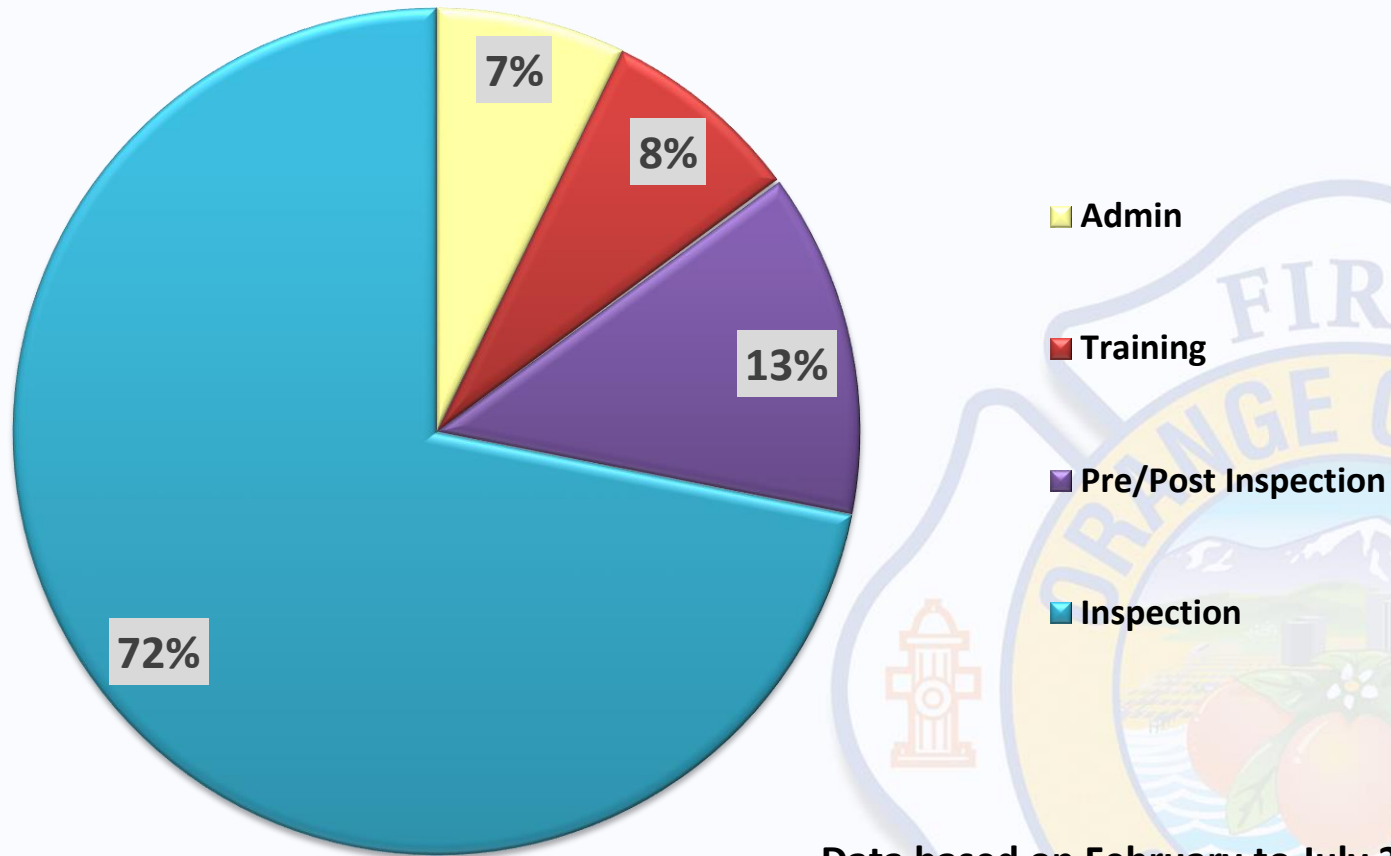
Direct Frontline

■ Plan Review

Data based on February to July 2016
Time Log Summary

Planning and Development

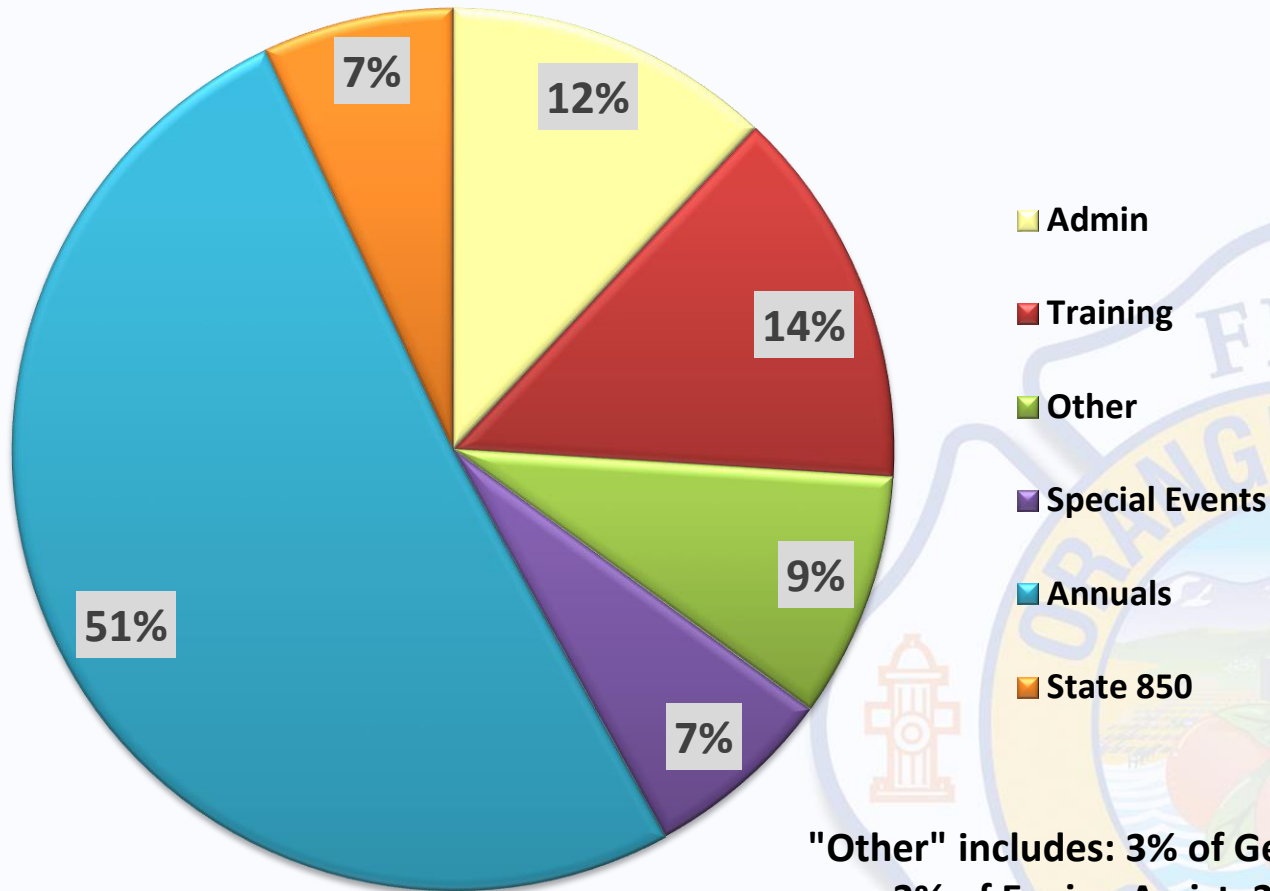
New Construction Inspection Time Allocation



Data based on February to July 2016
Time Log Summary

Prevention Field Services

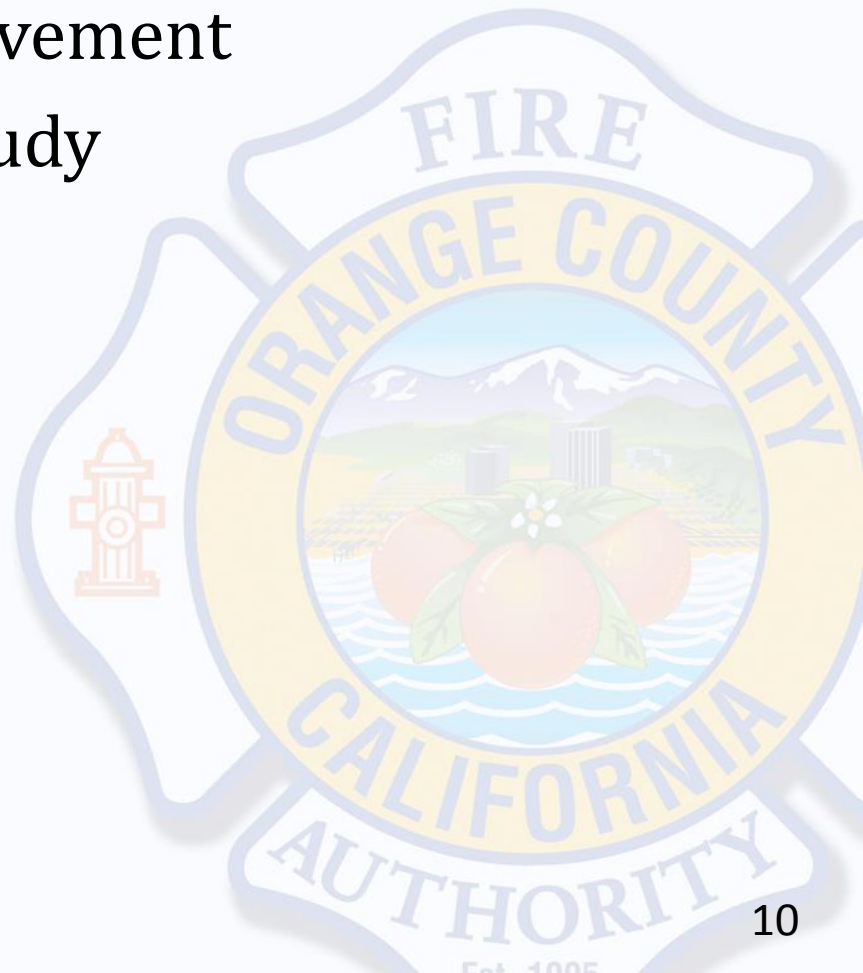
Time Allocation



"Other" includes: 3% of General FP,
3% of Engine Assist, 2% of
Collaboration and 1% of Complaint

On-going Activities

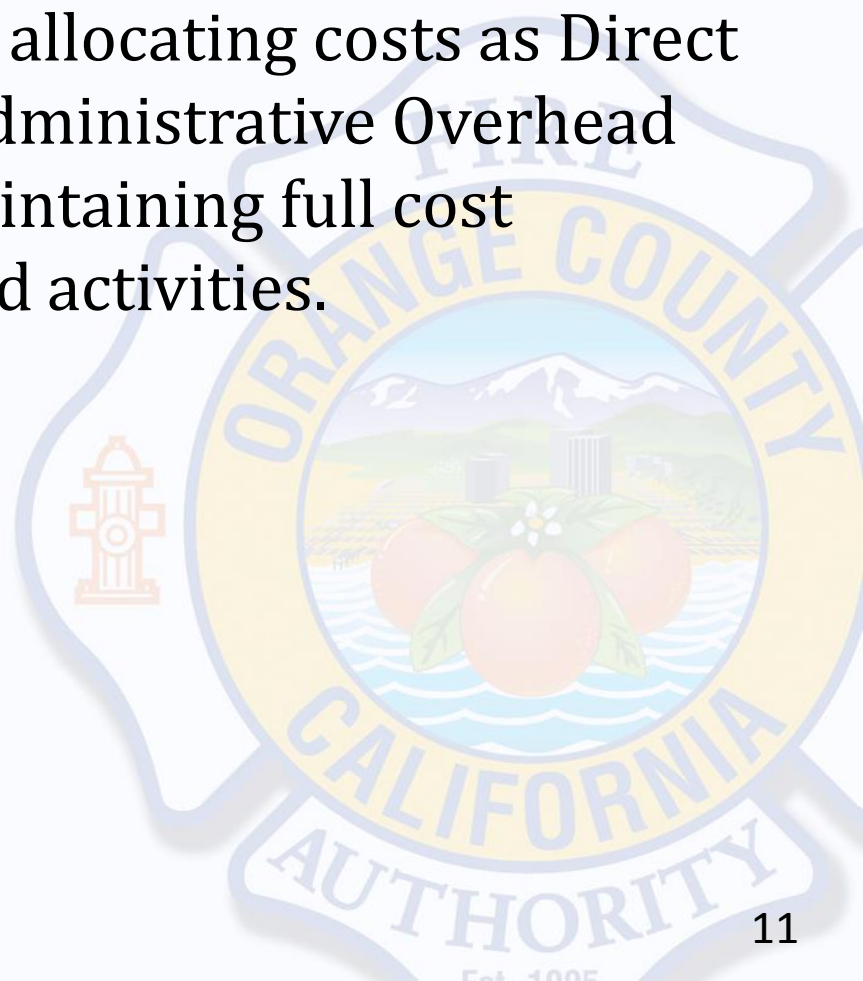
- Classification restructure
- Workflow process improvement
- Completion of the Fee Study



Recommended Action

Option 1

Endorse the current process for allocating costs as Direct Frontline, Direct Support and Administrative Overhead for fee development thereby maintaining full cost recovery for specified fee-funded activities.



Planning and Development Section - Direct Support Cost Examples

OCFA Service Improvements

- § OCFA Guidelines and Information Bulletin updates
- § Task Book Development – Staff Certification
- § Vacant position recruitment
- § Workflow process modifications
- § Weekly Team Meetings

Customer Service Requests

- § Customer email research requests (3-5 per week)
- § Technical Line questions (10 to 12 per day)
- § Front Counter customer interactions (8,000 per year)
- § Front Counter telephone calls (22,000 per year)
- § Field Inspection requests (16,165 FY15/16)
- § Plan review request log (7,988 FY15/16)

Partner Agency Collaboration

- § Partner Agencies (23) –Technical liaison, development meetings, daily collaboration
- § State Fire Marshal – Appeals, code interpretations, code development
- § State Board of Forestry coordination of regulation enforcement
- § OCFA Operations collaboration – access, water supply needs, life safety systems
- § Water Districts (11) – Hydrants, water mains and reclaimed water use
- § Orange County Fire Marshals - collaboration for enforcement consistency
- § Orange County Development Committee Meetings

Current Planning and Development Team Projects

- § 2016 Code Adoption/Amendments
- § Electronic Plan Review Development
- § Front Counter work flow process modifications
- § RFP/On-line Payment for plan review and field inspection
- § RFP/Off-site Plan Review Consultants
- § Knox Box tracking for OCFA

General Extensive Research

- § Fee and Time studies
- § Multi-jurisdictional Alternate Means and Methods
- § Field Reviews – Fire Access issues, fuel mod issues, TCO project phasing
- § Oil well mitigation, methane mitigation, BDA's, large solar panel projects
- § Major Project Development – County Development Reports, adaptive reuse, infill projects, reclaimed fire suppression water use, JWA pipeline and on-site fueling, power generation plants, etc.
- § Hydrogen Fueling Station requirements in collaboration with U.S. Dept. of Energy



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 12, 2016

Agenda Item No. 4C
Discussion Calendar

Subcontractor Insurance Requirements

Contact(s) for Further Information

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

Debbie Casper, Purchasing Manager debbiecasper@ocfa.org 714.573.6641

Summary

This item is submitted to obtain guidance regarding implementation of subcontractor insurance requirements in future contracts awarded by OCFA.

Prior Board/Committee Action(s)

At the September 22, 2016, meeting of the City Manager Technical Advisory Committee (TAC), staff reviewed this proposed agenda item for input and guidance from the City Managers prior to presenting the item to the Budget and Finance Committee. Following the discussion, the TAC voted in support (with one abstention) of staff's proposed Option 1 below.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of October 27, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors direct staff to proceed in issuance of future contracts in accordance with staff's recommended Option 1 below.

- Option 1: Ensure that future contracts awarded by OCFA include a requirement that any subcontractors must possess insurance that names OCFA as an additional insured. Place responsibility on the primary contractor to verify that any subcontractors have obtained the required insurance, *or*
- Option 2: Ensure that future contracts awarded by OCFA include a requirement that any subcontractors must possess insurance that names OCFA as an additional insured. Place responsibility on OCFA staff to verify that any subcontractors have obtained this required insurance. Direct staff to return one quarter after implementation and report on impact to staff workload and need for additional staff, if any.

Impact to Cities/County

Not applicable.

Fiscal Impact

For both Options 1 and 2 listed above, the additional cost of insurance for subcontractors to name OCFA as additional insured may be passed through to OCFA in the prices that are bid for future OCFA work. Option 2 would require significant added staff time/burden and would likely require an additional employee to coordinate and monitor insurance certificates from subcontractors.

Background

At the May 26, 2016, Executive Committee meeting, while considering a contract award for Pre-employment and Internal Affairs Investigative Services, Director Gamble suggested that the contract should be modified as it pertained to use of subcontractors to require the subcontractors to provide verification of insurance, naming OCFA as an additional insured. The Executive Committee supported the concept and directed staff to make the suggested modification for the contract in question, as well as future OCFA contracts. Following the Executive Committee's direction to require that subcontractors provide verification of insurance naming OCFA as an additional insured for future contracts, staff and General Counsel engaged in more dialogue with Director Gamble regarding the steps for implementation.

Staff and General Counsel had initially amended the specific investigator contract in question to place responsibility on the primary contractor to verify that subcontractors have obtained the required insurance naming OCFA as additional insured (Attachment 1). Following review with Director Gamble, the investigator contract was further amended to place the responsibility on OCFA staff instead of the primary contractor, for verifying subcontractor insurance. Further, Director Gamble described additional requirements that she believes OCFA should perform. Collectively, the process suggested would include:

1. OCFA's Request for Proposals and contracts should include provisions that require any subcontractors to provide verification of insurance, naming OCFA as an additional insured.
2. OCFA staff is responsible for obtaining and verifying the required subcontractor insurance in all OCFA awarded contracts.
3. All invoices submitted by the primary contractor should list each subcontractor that performed work for the period/milestones covered in that invoice.
4. Finance staff should verify that OCFA has current insurance certificates on file for each subcontractor listed on each invoice prior to paying the invoice.

Staff has implemented requirement #1 listed above, and is now seeking guidance on the additional requirements #2 through #4. ***The primary question surrounds whom to make responsible for verifying subcontractor insurance, the primary contractor or OCFA staff?*** Staff has contacted other agencies to determine the industry standard and concluded that the common practice is to place responsibility on the primary/general contractor for verifying insurance from its subcontractors (Attachment 2).

With the volume of contracts issued by OCFA, each of which results in multiple invoices over the period of performance, the added burden associated with requirements #2 through #4 above would be significant. Staff believes that an additional employee would be necessary to handle the volume of insurance monitoring that would be required.

OCFA has never experienced a situation requiring a claim directly against a subcontractor. That said, we understand that just because it has never happened does not mean it never will; however, the benefit/reward of the added workload burden should be evaluated against the risk exposure by not pursuing these added requirements. Staff is suggesting that we should minimize OCFA's risk exposure by requiring subcontractor insurance, but do so by placing the responsibility to collect and verify the insurance on the primary/General contractor.

Attachment(s)

1. Professional Services Agreement Standard Template Language Recommended by General Counsel – Subcontractor Insurance
2. Survey Feedback – Other City Requirements for Subcontractor Insurance

**Professional Services Agreement
Standard Template Language – Subcontractor Insurance**

Here are the updated contract templates. Please note the changes made to Section 6.1 regarding subcontractor insurance and required endorsements. I also made a minor change to Section 6.2, adding “subcontractors” to the list of persons whose negligence Contractor’s indemnification applies.

6. INSURANCE, INDEMNIFICATION AND BONDS

6.1 Insurance.

Firm shall procure and maintain, at its cost, and submit concurrently with its execution of this Agreement, public liability and property damage insurance against all claims for injuries against persons or damages to property resulting from Firm’s performance under this Agreement. All policies of public liability and property damage insurance shall be primary and any other insurance, deductible, or self-insurance maintained by OCFA, its officials, officers, employees, agents or volunteers, shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions. Firm shall also carry workers’ compensation insurance in accordance with California worker’s compensation laws. Firm agrees to waive and obtain endorsements from its workers’ compensation insurer waiving all subrogation rights under its workers’ compensation insurance policy against the OCFA, its officials, officers, employees, agents and volunteers, and require each of its subcontractors, if any, and each subcontractor’s insurer, to do likewise under their workers’ compensation insurance policies. All required insurance shall be kept in effect during the term of this Agreement and shall not be cancelable without thirty (30) days written notice to OCFA of any proposed cancellation. OCFA’s certificate evidencing the foregoing and designating OCFA, its officials, officers, employees, agents and volunteers as additional named insureds shall be delivered to and approved by OCFA prior to commencement of the services hereunder. The procuring of such insurance and the delivery of policies or certificates evidencing the same shall not be construed as a limitation of Firm’s obligation to indemnify OCFA, its Firms, officers and employees. The amount of insurance required hereunder shall include comprehensive general liability, personal injury and automobile liability with limits of at least one million dollars (\$1,000,000) combined single limit coverage per occurrence and professional liability coverage with limits of at least one million dollars (\$1,000,000). Coverage shall be provided by admitted insurers with an A.M. Best’s Key Rating of at least A-VII. If Firm provides claims made professional liability insurance, Firm shall also agree in writing either (1) to purchase tail insurance in the amount required by this Agreement to cover claims made within three years of the completion of Firm’s services under this Agreement, or (2) to maintain professional liability insurance coverage with the same carrier in the amount required by this Agreement for at least three years after completion of Firm’s services under this Agreement. The Firm shall also be required to provide evidence to OCFA of the purchase of the required tail insurance or continuation of the professional liability policy.

In addition, Firm shall be responsible for causing any subcontractor providing work or services under this Agreement to procure and maintain the same types and amounts of insurance, and in compliance with the terms set forth in this Section, including but not limited to adding the OCFA, its officials, officers, employees, agents and volunteers as additional named insureds to their respective policies. Firm shall not allow any subcontractor to commence any work or services relating to this Agreement unless and until it has provided evidence satisfactory

**Professional Services Agreement
Standard Template Language – Subcontractor Insurance**

to OCFA that the subcontractor has secured all insurance required under this Section. Firm agrees to monitor and review all such coverage and assumes all responsibility for ensuring that each subcontractor's insurance coverage is provided and maintained in conformity with the requirements of this Section.

6.2 Indemnification.

The Firm shall defend, indemnify and hold harmless OCFA, its officers and employees, from and against any and all actions, suits, proceedings, claims, demands, losses, costs, and expenses, including legal costs and attorneys' fees, for injury to or death of person or persons, for damage to property, including property owned by OCFA, and for errors and omissions committed by Firm, its officers, employees, subcontractors or agents, arising out of or related to Firm's performance under this Agreement, except for such loss as may be caused by OCFA's own negligence or that of its officers or employees.

**Orange County Fire Authority
Survey Feedback - Other Orange County Agencies**

Attachment 2

Agency	Question 1: Does your agency require the prime contractor to provide a copy of each subcontractors insurance certificate to your agency for review and approval prior to the sub being allowed to perform any work; or	Question 2: Is it the vendor/prime contractor's responsibility to ensure their subs insurance is compliant with your agencies requirements?
City of San Clemente	The City of San Clemente does not review, approve, nor track insurance for sub-contractors.	We rely on vendor/primary contractor.
City of Brea	In Brea, it is the contractor's responsibility to make certain that their subs are covered.	We have a contract with the primary only. They are responsible.
City of Santa Ana	No	Yes. It has been the City's practice, mostly this applies to our Public Works projects, prime contractor is responsible for all aspects of performance and compliance under the contract, including that of any subs. In their bid response the prime must disclose any and all subs to be used. Prior to any work commencing, all documentation (insurance certs, DIR, etc.) for all listed (in bid response) as performing said work must be in order. The insurance compliance is handled by the prime.
Orange County Sanitation District	No	We put the responsibility on the Prime. In our bid docs we state that they need to fill out an Acknowledgment of Insurance form and it is to be completed by the Awarded Prime only. Listed on that form is a section regarding subcontractors which states: 17. SUBCONTRACTOR(S): The Vendor shall be responsible to establish insurance requirements for any subcontractor hired by the Vendor. The insurance shall be in amounts and types reasonably sufficient to deal with the risk of loss involving the subcontractor's operations and work.
City of Orange	No	Yes
City of Garden Grove	No. We used to collect them but when they are using several subs it becomes a lot of work and contracts weren't moving.	Here at Garden Grove we put language into our contracts that puts the responsibility on the General Contractor. Here is the language that we use in our contracts: Subcontractors shall provide the same insurance as required herein of CONTRACTOR, and shall not commence work until all certificates and endorsements have been received and approved. CONTRACTOR shall be responsible to collect and maintain all insurance from Subcontractors, and shall provide the insurance to the CITY upon request.
John Wayne Airport	For the most part the County reserves the right but each contract can be handled independently and variations would require a waiver.	Excerpt from insurance requirements for Public Works contracts: Contractor shall ensure that all subcontractors performing work on behalf of Contractor pursuant to this agreement shall be covered under Contractor's insurance as an Additional Insured or maintain insurance subject to the same terms and conditions as set forth herein for Contractor. Contractor shall not allow subcontractors to work if subcontractors have less than the level of coverage required by County from Contractor under this agreement. It is the obligation of Contractor to provide notice of the insurance requirements to every subcontractor and to receive proof of insurance prior to allowing any subcontractor to begin work. Such proof of insurance must be maintained by Contractor through the entirety of this agreement for inspection by County representative(s) at any reasonable time.

**Orange County Fire Authority
Survey Feedback - Other Orange County Agencies**

Attachment 2

Agency	Question 1: Does your agency require the prime contractor to provide a copy of each subcontractors insurance certificate to your agency for review and approval prior to the sub being allowed to perform any work; or	Question 2: Is it the vendor/prime contractor's responsibility to ensure their subs insurance is compliant with your agencies requirements?
Orange County Transportation Authority	We do not ask for a copy of the subs certificates, only receive certificates from the prime contractors.	OCTA's contract requires that the prime contractor flow down the same insurance requirements to the subs. The prime is responsible for ensuring the subs have the proper insurance.
City of Anaheim	Purchasing does not require the prime contractor to provide a copy of the subcontractor's insurance certificates showing proof that the sub meets our insurance requirements.	The T&Cs from our purchase orders (attached) and the T&Cs from our RFBs (excerpt below) do not specifically state that subs are required to provide insurance either (see Insurance and Additional Insurance Requirements). However, the Hold Harmless and Indemnification clauses in both the PO and the RFB T&Cs have the "arising out of vendor's (including vendor's employees, representatives, products and subcontractors) performance." Of course, the HH&I do not equal additional insurance, but it does help to cover us via the prime contractor.
City of Newport Beach	No	The way our contracts are worded shifts the onus onto the Vendor or Prime. Our CIP formal contract language has the following: "The subcontractors authorized by City, if any, to perform the Work on this Project are identified in the Contractor's Proposal and are attached as part of the Contract Documents. Contractor shall be fully responsible to City for all acts and omissions of any subcontractors. Nothing in this Contract shall create any contractual relationship between City and subcontractor, nor shall it create any obligation on the part of City to pay or to see to the payment of any monies due to any such subcontractor other than as otherwise required by law. City is an intended beneficiary of any Work performed by the subcontractor for purposes of establishing a duty of care between the subcontractor and City. Except as specifically authorized herein, the Work to be performed under this Contract shall not be otherwise assigned, transferred, contracted or subcontracted out without the prior written approval of City" Also, in our standard Insurance Requirements: C. Right to Review Subcontracts. Contractor agrees that upon request, all agreements with subcontractors or others with whom Contractor enters into contracts with on behalf of City will be submitted to City for review. Failure of City to request copies of such agreements will not impose any liability on City, or its employees. Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City is an additional insured on insurance required from subcontractors. For CGL coverage, subcontractors shall provide coverage with a format at least as broad as CG 20 38 04 13.

**Orange County Fire Authority
Survey Feedback - Other Orange County Agencies**

Attachment 2

Agency	Question 1: Does your agency require the prime contractor to provide a copy of each subcontractors insurance certificate to your agency for review and approval prior to the sub being allowed to perform any work; or	Question 2: Is it the vendor/prime contractor's responsibility to ensure their subs insurance is compliant with your agencies requirements?
City of Irvine	The City only receives and tracks our prime contractor's insurance documents	<p>It's our prime contractor's responsibility to ensure their subs insurance is compliant. Our contracts read:</p> <p>Without limiting Contractor's indemnification obligations, Contractor shall procure and maintain, at its sole cost and for the duration of this Agreement, insurance coverage as provided below, against all claims for injuries against persons or damages to property which may arise from or in connection with the performance of the work hereunder by Contractor, its agents, representatives, employees, and/or subcontractors. In the event that Contractor subcontracts any portion of the work in compliance with Section 1.8 of this Agreement, the contract between the Contractor and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the contractor is required to maintain pursuant to this Section 2.1.</p>