



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Meeting

Wednesday, January 11, 2017

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 Hasselbrink

ROLL CALL

PUBLIC COMMENTS

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

2. MINUTES

A. Minutes for the November 9, 2016, Budget and Finance Committee Meeting Sherry Wentz, Clerk of the Authority

Recommended Action:
Approve as submitted.

3. CONSENT 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 January 26, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. First 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 January 26, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

C. Quarterly Status Update Orange County Employees' Retirement System Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:
Receive and file the report.

D. Annual Grant Priorities for 2017 Dave Thomas, Assistant Chief/Operations 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 January 26, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors approve OCFA's Annual Grant Priorities for 2017.

4. DISCUSSION CALENDAR

A. FY 2016/17 Mid-Year Financial Report

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 January 26, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Approve a budget adjustment in the General Fund (Fund 121) increasing expenditures to allocate \$9,814,477 of available unencumbered funds identified in the FY 2015/16 financial audit to OCFA's unfunded pension liability, in accordance with the OCFA's Expedited Pension Payment Plan.
2. Direct staff to return to the Board of Directors in March 2017 for approval of all additional budget adjustments discussed herein for the FY 2016/17 budget.

B. Request for Proposal for Financial Audit and Related Services

Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Review and approve finalization of the scope of work included in the draft Request for Proposals for financial, internal control, and other audit/attest services.

C. Service Delivery Enhancements – Phase Three

Brian Young, Assistant Chief/Organizational Planning Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 26, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Direct staff to include funding for the Phase Three enhancements in the Mid-Year Budget Adjustments that will be submitted to the Board in March, at a partial-year cost of \$684,764.
2. Authorize staff to add 12 firefighter positions to the Master Position Control (four post-positions, with three employees per post-position to cover three shifts for 24/7 coverage).

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, February 8, 2017, 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 5th day of January 2017.

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

UPCOMING MEETINGS:

Claims Settlement Committee Meeting	Thursday, January 26, 2017, 5:00 p.m.
Executive Committee Meeting	Thursday, January 26, 2017, 5:30 p.m.
Board of Directors Meeting	Thursday, January 26, 2017, 6:00 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Meeting

November 9, 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 November 9, 2016, at 12:00 p.m. by Chair Sachs.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Gene Hernandez, Yorba Linda
Joseph Muller, Dana Point
Al Murray, Tustin
Ed Sachs, Mission Viejo
Elizabeth Swift, Buena Park

Absent: Shelley Hasselbrink, Los Alamitos
Tri Ta, Westminster

Also present were:

Fire Chief Jeff Bowman
Assistant Chief Mike Schroeder
Assistant Chief Lori Zeller
Director of Communications Sandy Cooney
General Counsel David Kendig

Assistant Chief Dave Thomas
Assistant Chief Lori Smith
Brigette Gibb, Director of Human Resources
Clerk of the Authority Sherry Wentz

PUBLIC COMMENTS

Chair Sachs opened the Public Comments portion of the meeting. Chair Sachs closed the Public Comments portion of the meeting without any comments from the general public.

2. MINUTES

A. Minutes for the October 12, 2016, Budget and Finance Committee Meeting (F: 12.02B2)

On motion of Director Murray and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to approve the October 12, 2016, Budget and Finance Committee Minutes as submitted. Chair Sachs was recorded as an abstention due to his absence from the meeting.

3. CONSENT CALENDAR

A. Monthly Investment Reports (F: 11.10D2)

On motion of Vice Chair Swift and second by Director Murray, the Budget and Finance Committee voted unanimously by those present to review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of November 17, 2016, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Annual Statement of Investment Policy and Investment Authorization (F: 11.10D)

On motion of Vice Chair Swift and second by Director Murray, the Budget and Finance Committee voted unanimously by those present to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 17, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Review and approve the submitted Investment Policy of the Orange County Fire Authority, to be effective January 1, 2017.
2. Pursuant to Government Code Sections 53601 and 53607, renew delegation of investment authority to the Treasurer for a one-year period, to be effective January 1, 2017.

4. DISCUSSION CALENDAR

A. 2016 Long Term Liability Study& Expedited Pension Payment Plan (F:17.06A)

Assistant Chief Lori Zeller introduced Treasurer Tricia Jakubiak, who presented a PowerPoint presentation on the OCFA Long Term Liability Study 2016, and Expedited Pension Payment Plan.

On motion of Director Hernandez and second by Vice Chair Swift, the Budget and Finance Committee voted unanimously by those present to direct staff to modify the recommendations to include (1) alter the funding target for the Pension Payment Plan from 100% to 85%; (2) after achieving the 85% target, redirect expedited payment dollars to the unfunded Retiree Medical liability; and (3) obtain an actuarial calculation of interest savings achieved by expediting payment of OCFA's pension liability, and direct staff to place the item on the agenda for the Board of Directors meeting of November 17, 2016, with the Budget and Finance Committee's recommendation to approve the recommended actions.

B. Audited Financial Reports for the Fiscal Year Ended June 30, 2016 (F: 15.06)

Assistant Chief Lori Zeller introduced Finance Manager/Auditor Jim Ruane who introduced Rich Kikuchi, of Lance Soll & Lunghard, LLP (LSL), who provided recent OCFA audit results.

Stephen Wontrobski, Mission Viejo resident, addressed the working papers of LSL.

On motion of Director Hernandez and second by Director Murray, the Budget and Finance Committee voted unanimously by those present to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 17, 2016, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Receive and approve the reports.
2. Review the calculations used to determine the fund balance amounts assigned to the capital improvement program and workers' compensation, and confirm the calculations' consistency with the OCFA's Assigned Fund Balance Policy.

C. Community Risk Reduction Fee Development (F: 15.05)

Assistant Chief Lori Smith provided an updated PowerPoint presentation on the Community Risk Reduction Fee Development.

On motion of Director Murray and second by Director Hernandez, the Budget and Finance Committee voted unanimously by those present to:

1. Provide direction to staff regarding desired modifications to the Exemption Policy (if any), for future review by the Board of Directors when the FY 2016/17 Fee Study is submitted for approval.
2. Direct staff to proceed in categorizing the "Pre/Post Plan Review" time as further detailed herein for completion of the FY 2016/17 Fee Study.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS (F: 12.02B4)

Vice Chair Swift reported attending a recent Trauma Intervention Program and noted ECC Dispatcher Kim Knoble was recognized for going above and beyond her duties as a dispatcher.

ADJOURNMENT – Chair Sachs adjourned the meeting at 1:09 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, January 11, 2017, 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
January 11, 2017

Agenda Item No. 3A
Consent Calendar

Monthly Investment Reports

Contact(s) for Further Information

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

Summary

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

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of January 26, 2017, 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

Since the Committee did not meet in December, attached are the final monthly investment reports for the months ending October 31 and November 30, 2016. A preliminary investment report as of December 16, 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 – October 2016/Preliminary Report – November 2016
Final Investment Report – November 2016/Preliminary Report – December 2016

Orange County Fire Authority Monthly Investment Report



Final Report – October 2016

Preliminary Report – November 2016



Monthly Investment Report Table of Contents

<i>Final Investment Report – October 31, 2016.....</i>	<i>1</i>
<i>Executive Summary.....</i>	<i>2</i>
<i>Benchmark Comparison.....</i>	<i>3</i>
<i>Portfolio Size, Yield, & Duration.....</i>	<i>3</i>
<i>Portfolio Summary.....</i>	<i>4</i>
<i>Portfolio Details.....</i>	<i>5</i>
<i>Aging Report.....</i>	<i>8</i>
<i>Notes to Portfolio Management Report.....</i>	<i>9</i>
<i>Local Agency Investment Fund.....</i>	<i>10</i>
 <i>Preliminary Investment Report – November 25, 2016.....</i>	 <i>12</i>
<i>Portfolio Summary.....</i>	<i>13</i>
<i>Portfolio Details.....</i>	<i>14</i>
<i>Aging Report.....</i>	<i>17</i>
<i>Notes to Portfolio Management Report.....</i>	<i>18</i>
 <i>Glossary.....</i>	 <i>19</i>



Orange County Fire Authority

Final Investment Report

October 31, 2016



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of October 2016, the size of the portfolio decreased significantly to \$121.9 million from \$141.2 million. Significant receipts for the month included a cash contract payment, charges for current services and other intergovernmental agency payments totaling \$4.9 million. Significant disbursements for the month included two biweekly payrolls which were approximately \$9.6 million each with related benefits and a total payment of \$2.6 million for 2 Tractor Drawn Aerial Quints. Total October cash outflows amounted to approximately \$25.1 million. The portfolio's balance is expected to increase in November.

In October, the portfolio's yield to maturity (365-day equivalent) increased by 7 basis points to 0.64% while the effective rate of return dropped by 2 basis points to 0.60% for the month and stayed unchanged at 0.61% for the fiscal year-to-date. The average maturity of the portfolio lengthened slightly by 2 days to 107 days to maturity.

Economic News

U.S. economic activity continued to pick up moderately in October 2016, although overall activity remained mixed. Employment conditions stayed solid. There were a total of 161,000 new jobs created in October; however, a consensus had expected a higher number for the month. The unemployment rate improved slightly declining by 1 basis point to 4.9%. While consumer confidence reversed and dropped more than expected in October, retail sales rose better than expected for the month. Manufacturing activity continued to increase slightly in October while the non-manufacturing sector decreased. The CPI (Consumer Price Index) edged up slightly and remained low. Existing home sales reversed and climbed to a much stronger number than expected reaching the highest level in more than 9.5 years. On the other hand, new home sales pulled back for the month. Industrial production stayed unchanged. On November 2, 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% and slightly upgraded its assessment of the economy. Current expectations remain that the Fed will likely raise interest rates at their next scheduled meeting in December.

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

3 Month T-Bill: 0.33%

1 Year T-Bill: 0.66%

6 Month T-Bill: 0.48%

LAIF: 0.65%

OCFA Portfolio: 0.60%

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>	\$121,932,169	\$141,183,986	\$132,679,458
<i>Yield to Maturity (365 day)</i>	0.64%	0.57%	0.37%
<i>Effective Rate of Return</i>	0.60%	0.62%	0.31%
<i>Days to Maturity</i>	107	105	77



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
October 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	5,524,981.10	5,524,981.10	5,524,981.10	4.57	1	1	0.001	0.001
Federal Agency Coupon Securities	29,000,000.00	29,019,260.00	29,000,256.25	24.01	1,024	404	0.973	0.986
Federal Agency Disc. -Amortizing	24,000,000.00	23,992,460.00	23,990,315.28	19.86	96	46	0.310	0.314
Local Agency Investment Funds	62,293,001.91	62,312,065.56	62,293,001.91	51.56	1	1	0.645	0.654
Investments	120,817,983.01	120,848,766.66	120,808,554.54	100.00%	266	107	0.628	0.636
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	979,690.05	979,690.05	979,690.05		1	1	0.000	0.000
Accrued Interest at Purchase		38,341.67	38,341.67					
Subtotal		1,018,031.72	1,018,031.72					
Total Cash and Investments	121,797,673.06	121,866,798.38	121,826,586.26		266	107	0.628	0.636

Total Earnings	October 31 Month Ending	Fiscal Year To Date
Current Year	66,887.97	304,325.00
Average Daily Balance	130,767,193.77	148,077,846.72
Effective Rate of Return	0.60%	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

11/4/16

Cash and Investments with GASB 31 Adjustment:

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

\$ 121,826,586.26

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

\$ 105,582.35

Total

\$ 121,932,168.61

ORANGE COUNTY FIRE AUTHORITY

Portfolio Management

Portfolio Details - Investments

October 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			5,524,981.10	5,524,981.10	5,524,981.10	0.001	0.001	1	
Subtotal and Average			11,912,928.88		5,524,981.10	5,524,981.10	5,524,981.10		0.001	1	
Federal Agency Coupon Securities											
3133EFJP3	889	Federal Farm Credit Bank	Callable Anytime	10/15/2015	10,000,000.00	10,000,000.00	10,000,000.00	1.100	1.054	713	10/15/2018
3134G7FK2	883	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	9,019,260.00	9,000,000.00	1.100	1.065	507	03/23/2018
3134G9JR9	894	Fed Home Loan Mtg Corp	Callable 11-3-16	08/29/2016	10,000,000.00	10,000,000.00	10,000,256.25	1.290	0.848	2	05/03/2019
Subtotal and Average			29,002,054.13		29,000,000.00	29,019,260.00	29,000,256.25		0.986	404	
Federal Agency Disc. -Amortizing											
313384R76	895	Fed Home Loan Bank		08/31/2016	10,000,000.00	9,998,200.00	9,997,416.67	0.300	0.309	31	12/02/2016
313385AS5	896	Fed Home Loan Bank		09/15/2016	5,000,000.00	4,996,600.00	4,995,938.11	0.380	0.391	77	01/17/2017
313384T58	897	Fed Home Loan Bank		09/23/2016	9,000,000.00	8,997,660.00	8,996,962.50	0.270	0.278	45	12/16/2016
Subtotal and Average			25,922,693.91		24,000,000.00	23,992,460.00	23,990,315.28		0.314	46	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			62,293,001.91	62,312,065.56	62,293,001.91	0.654	0.654	1	
Subtotal and Average			63,929,516.88		62,293,001.91	62,312,065.56	62,293,001.91		0.654	1	
Total and Average			130,767,193.77		120,817,983.01	120,848,766.66	120,808,554.64		0.636	107	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
October 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	959,690.05	959,690.05	959,690.05		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		38,341.67	38,341.67			1
				Subtotal		1,018,031.72	1,018,031.72			
Total Cash and Investments			130,767,193.77		121,797,673.06	121,866,798.38	121,826,586.26		0.636	107

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



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

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

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(11/01/2016 - 11/01/2016)	4 Maturities	0 Payments		68,797,673.06	56.49%	68,797,673.06	68,816,736.71
Aging Interval: 1 - 30 days	(11/02/2016 - 12/01/2016)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 31 - 60 days	(12/02/2016 - 12/31/2016)	2 Maturities	0 Payments		19,000,000.00	15.60%	18,994,379.17	18,995,860.00
Aging Interval: 61 - 91 days	(01/01/2017 - 01/31/2017)	1 Maturities	0 Payments		5,000,000.00	4.10%	4,995,936.11	4,996,600.00
Aging Interval: 92 - 121 days	(02/01/2017 - 03/02/2017)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 122 - 152 days	(03/03/2017 - 04/02/2017)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(04/03/2017 - 05/03/2017)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(05/04/2017 - 08/02/2017)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(08/03/2017 - 11/01/2017)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(11/02/2017 - 11/01/2019)	3 Maturities	0 Payments		29,000,000.00	23.81%	29,000,256.25	29,019,260.00
Aging Interval: 1096 days and after	(11/02/2019 -)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
		Total for	10 Investments	0 Payments		100.00	121,788,244.59	121,828,456.71



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 October 31, 2016, OCFA has \$62,293,002 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 September 30, 2016 is 1.000306032. When applied to OCFA's LAIF investment, the fair value is \$62,312,066 or \$19,064 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 October 31, 2016 is included on the following page.



Fair Value Including Accrued Interest	\$	70,467,377,193.24
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Page 11



Orange County Fire Authority

Preliminary Investment Report

November 25, 2016



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
November 25, 2016

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

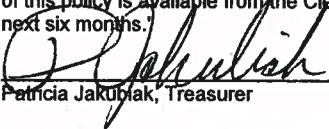
(See Note 1 on page 18)

(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	4,646,091.09	4,646,091.09	4,646,091.09	3.60	1	1	0.001	0.001
Federal Agency Coupon Securities	19,000,000.00	18,924,860.00	19,000,000.00	14.74	1,049	590	1.045	1.059
Federal Agency Disc. -Amortizing	41,000,000.00	40,986,030.00	40,986,933.89	31.79	84	34	0.327	0.331
Local Agency Investment Funds	64,293,001.91	64,312,677.63	64,293,001.91	49.87	1	1	0.645	0.654
Investments	128,939,093.00	128,869,658.72	128,926,026.89	100.00%	182	98	0.579	0.588
<hr/>								
Cash								
Passbook/Checking (not included in yield calculations)	-1,082,926.34	-1,082,926.34	-1,082,926.34		0	0	0.000	0.000
Total Cash and Investments	127,856,166.66	127,786,732.38	127,843,100.55		182	98	0.579	0.588

Total Earnings	November 25 Month Ending	Fiscal Year To Date
Current Year	50,922.02	355,247.02
Average Daily Balance	127,066,246.91	144,528,589.99
Effective Rate of Return	0.59%	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."

 12/11/16
 Patricia Jakubak, Treasurer

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 127,843,100.55
GASB 31 Adjustment to Books (See Note 3 on page 18)	\$ 105,582.35
Total	\$ 127,948,682.90

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
November 25, 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	(See Note 4 on page 18)		4,846,091.09	4,846,091.09	4,846,091.09	0.001	0.001	1	
Subtotal and Average			9,866,778.48		4,846,091.09	4,846,091.09	4,846,091.09		0.001	1	
Federal Agency Coupon Securities											
3133EFJP3	869	Federal Farm Credit Bank	Callable Anytime	10/15/2015	10,000,000.00	9,935,300.00	10,000,000.00	1.100	1.054	688	10/15/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	8,989,580.00	9,000,000.00	1.100	1.065	482	03/23/2018
Subtotal and Average			19,800,005.12		19,000,000.00	18,924,880.00	19,000,000.00		1.060	590	
Federal Agency Disc. -Amortizing											
313384R76	895	Fed Home Loan Bank		08/31/2016	10,000,000.00	9,999,700.00	9,999,500.00	0.300	0.309	6	12/02/2016
313385AS5	896	Fed Home Loan Bank		09/15/2016	5,000,000.00	4,997,200.00	4,997,255.56	0.380	0.391	52	01/17/2017
313384T58	897	Fed Home Loan Bank		09/23/2016	9,000,000.00	8,998,650.00	8,998,650.00	0.270	0.278	20	12/16/2016
313385AS5	898	Fed Home Loan Bank		11/10/2016	10,000,000.00	9,994,400.00	9,995,018.66	0.345	0.355	52	01/17/2017
313385AS5	899	Fed Home Loan Bank		11/14/2016	7,000,000.00	6,998,080.00	6,996,511.67	0.345	0.355	52	01/17/2017
Subtotal and Average			33,747,461.38		41,000,000.00	40,986,030.00	40,986,933.89		0.331	34	
Local Agency Investment Funds											
SYS336	336	Local Agency Investmt Fund			64,293,001.91	64,312,677.63	64,293,001.91	0.654	0.654	1	
Subtotal and Average			63,663,001.91		64,293,001.91	64,312,677.63	64,293,001.91		0.654	1	
Total and Average			127,066,246.91		128,939,093.00	128,869,668.72	128,926,026.89		0.588	98	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
November 25, 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	-1,102,926.34	-1,102,926.34	-1,102,926.34	(See Note 4 on page 18)	0.000	1
		Average Balance	0.00							0
Total Cash and Investments			127,066,246.91		127,856,166.66	127,786,732.38	127,843,100.55		0.588	98

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of November 26, 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	(11/26/2016 - 11/26/2016)	4 Maturities	0 Payments	67,856,166.66	53.08%	67,856,166.66	67,875,842.38
Aging Interval: 1 - 30 days	(11/27/2016 - 12/26/2016)	2 Maturities	0 Payments	19,000,000.00	14.86%	18,998,150.00	18,998,350.00
Aging Interval: 31 - 60 days	(12/27/2016 - 01/26/2017)	3 Maturities	0 Payments	22,000,000.00	17.20%	21,988,783.89	21,987,680.00
Aging Interval: 61 - 91 days	(01/26/2017 - 02/25/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 92 - 121 days	(02/26/2017 - 03/27/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 122 - 152 days	(03/28/2017 - 04/27/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(04/28/2017 - 05/28/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(05/29/2017 - 08/27/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(08/28/2017 - 11/26/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(11/27/2017 - 11/26/2019)	2 Maturities	0 Payments	19,000,000.00	14.86%	19,000,000.00	18,924,860.00
Aging Interval: 1096 days and after	(11/27/2019 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		11 Investments	0 Payments		100.00	127,843,100.55	127,786,732.38



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 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 Monthly Investment Report



Final Report – November 2016

Preliminary Report – December 2016



Monthly Investment Report Table of Contents

<i>Final Investment Report – November 30, 2016.....</i>	<i>1</i>
<i>Executive Summary.....</i>	<i>2</i>
<i>Benchmark Comparison</i>	<i>3</i>
<i>Portfolio Size, Yield, & Duration</i>	<i>3</i>
<i>Portfolio Summary.....</i>	<i>4</i>
<i>Portfolio Details</i>	<i>5</i>
<i>Aging Report.....</i>	<i>8</i>
<i>Notes to Portfolio Management Report.....</i>	<i>9</i>
<i>Local Agency Investment Fund.....</i>	<i>10</i>
 <i>Preliminary Investment Report – December 16, 2016</i>	 <i>12</i>
<i>Portfolio Summary.....</i>	<i>13</i>
<i>Portfolio Details</i>	<i>14</i>
<i>Aging Report.....</i>	<i>17</i>
<i>Notes to Portfolio Management Report.....</i>	<i>18</i>
 <i>Glossary.....</i>	 <i>19</i>



Orange County Fire Authority

Final Investment Report

November 30, 2016



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of November 2016, the size of the portfolio increased by \$11.7 million to \$133.6 million. Significant receipts for the month included the first apportionment of property taxes in the amount of \$22.1 million and various cash contract and intergovernmental agency payments totaling \$9.5 million. Significant disbursements for the month included primarily two biweekly payrolls which were approximately \$8.8 million each with related benefits. Total November cash outflows amounted to approximately \$21.1 million. The portfolio's balance is expected to increase significantly in the following month as the next major apportionments of property taxes are expected in December.

In November, the portfolio's yield to maturity (365-day equivalent) decreased by 6 basis points to 0.58% while the effective rate of return stayed unchanged at 0.60% for the month and at 0.61% for the fiscal year-to-date. The average maturity of the portfolio shortened by 14 days to 93 days to maturity.

Economic News

U.S. economic activity continued to improve in November 2016, albeit mixed activity. Employment conditions strengthened further. There were a total of 178,000 new jobs created in November, although a slightly higher number had been expected for the month. The unemployment rate dropped by 3 basis points to 4.6%. Consumer confidence improved significantly following the U.S. election in November. However, retail sales rose less than expected for the month. Both manufacturing and non-manufacturing activities picked up in November. The CPI (Consumer Price Index) was in line with expectations and remained low. Existing home sales continued to stay strong and came in better than expected. Industrial production, on the other hand, declined. On December 14, 2016, the Federal Open Market Committee met and, as widely expected, voted to increase the federal funds rate to a target range of 0.50% - 0.75%.



BENCHMARK COMPARISON AS OF NOVEMBER 30, 2016

<i>3 Month T-Bill:</i>	<i>0.45%</i>	<i>1 Year T-Bill:</i>	<i>0.74%</i>
<i>6 Month T-Bill:</i>	<i>0.58%</i>	<i>LAIF:</i>	<i>0.68%</i>
<i>OCFA Portfolio: 0.60%</i>			

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>	<i>\$133,595,605</i>	<i>\$121,932,169</i>	<i>\$143,085,788</i>
<i>Yield to Maturity (365 day)</i>	<i>0.58%</i>	<i>0.64%</i>	<i>0.35%</i>
<i>Effective Rate of Return</i>	<i>0.60%</i>	<i>0.60%</i>	<i>0.35%</i>
<i>Days to Maturity</i>	<i>93</i>	<i>107</i>	<i>66</i>



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
November 30, 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	8,419,091.09	8,419,091.09	8,419,091.09	6.34	1	1	0.001	0.001
Federal Agency Coupon Securities	19,000,000.00	18,930,430.00	19,000,000.00	14.32	1,049	585	1.045	1.059
Federal Agency Disc. -Amortizing	41,000,000.00	40,989,160.00	40,988,766.54	30.89	84	29	0.327	0.331
Local Agency Investment Funds	64,293,001.91	64,312,677.63	64,293,001.91	48.45	1	1	0.669	0.678
Investments	132,712,093.00	132,651,358.72	132,700,859.54	100.00%	177	93	0.575	0.582
<hr/>								
Cash								
Passbook/Checking (not included in yield calculations)	789,163.23	789,163.23	789,163.23		1	1	0.000	0.000
Total Cash and Investments	133,501,256.23	133,440,521.95	133,490,022.77		177	93	0.575	0.582

Total Earnings	November 30 Month Ending	Fiscal Year To Date
Current Year	62,785.74	367,110.74
Average Daily Balance	127,712,807.37	144,084,701.75
Effective Rate of Return	0.60%	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

12/2/16

Cash and Investments with GASB 31 Adjustment:

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

\$ 133,490,022.77

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

\$ 105,582.35

Total

\$ 133,595,605.12

ORANGE COUNTY FIRE AUTHORITY

Portfolio Management

Portfolio Details - Investments

November 30, 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			8,419,091.09	8,419,091.09	8,419,091.09	0.001	0.001	1	
Subtotal and Average			8,332,244.45		8,419,091.09	8,419,091.09	8,419,091.09		0.001	1	
Federal Agency Coupon Securities											
3133EFJP3	869	Federal Farm Credit Bank Callable Anytime		10/15/2015	10,000,000.00	9,938,800.00	10,000,000.00	1.100	1.054	683	10/15/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	8,991,630.00	9,000,000.00	1.100	1.065	477	03/23/2018
Subtotal and Average			19,666,670.94		19,000,000.00	18,930,430.00	19,000,000.00		1.059	585	
Federal Agency Disc. -Amortizing											
313384R76	895	Fed Home Loan Bank		08/31/2016	10,000,000.00	10,000,000.00	9,999,916.67	0.300	0.309	1	12/02/2016
313385AS5	896	Fed Home Loan Bank		09/15/2016	5,000,000.00	4,997,700.00	4,997,519.45	0.380	0.391	47	01/17/2017
313384T58	897	Fed Home Loan Bank		09/23/2016	9,000,000.00	8,999,280.00	8,998,987.50	0.270	0.278	15	12/16/2016
313385AS5	898	Fed Home Loan Bank		11/10/2016	10,000,000.00	9,995,400.00	9,995,495.83	0.345	0.355	47	01/17/2017
313385AS5	899	Fed Home Loan Bank		11/14/2016	7,000,000.00	6,996,780.00	6,996,847.09	0.345	0.355	47	01/17/2017
Subtotal and Average			34,954,223.40		41,000,000.00	40,989,160.00	40,988,766.54		0.331	29	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmnt Fund			64,293,001.91	64,312,677.63	64,293,001.91	0.678	0.678	1	
Subtotal and Average			63,759,668.58		64,293,001.91	64,312,677.63	64,293,001.91		0.678	1	
Total and Average			127,712,807.37		132,712,093.00	132,661,368.72	132,700,859.54		0.682	93	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
November 30, 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	769,163.23	769,163.23	769,163.23		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			127,712,807.37		133,501,256.23	133,440,521.95	133,490,022.77		0.582	93

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



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of December 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	(12/01/2016 - 12/01/2016)	4 Maturities	0 Payments	73,501,256.23	55.06%	73,501,256.23	73,520,931.95
Aging Interval: 1 - 30 days	(12/02/2016 - 12/31/2016)	2 Maturities	0 Payments	19,000,000.00	14.23%	18,998,904.17	18,999,280.00
Aging Interval: 31 - 60 days	(01/01/2017 - 01/30/2017)	3 Maturities	0 Payments	22,000,000.00	16.47%	21,989,862.37	21,989,880.00
Aging Interval: 61 - 91 days	(01/31/2017 - 03/02/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 92 - 121 days	(03/03/2017 - 04/01/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 122 - 152 days	(04/02/2017 - 05/02/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(05/03/2017 - 06/02/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(06/03/2017 - 09/01/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(09/02/2017 - 12/01/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(12/02/2017 - 12/01/2019)	2 Maturities	0 Payments	19,000,000.00	14.23%	19,000,000.00	18,930,430.00
Aging Interval: 1096 days and after	(12/02/2019 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		11 Investments	0 Payments		100.00	133,490,022.77	133,440,521.95



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 November 30, 2016, OCFA has \$64,293,002 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 September 30, 2016 is 1.000306032. When applied to OCFA's LAIF investment, the fair value is \$64,312,678 or \$19,676 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 November 30, 2016 is included on the following page.



State of California
Pooled Money Investment Account
Market Valuation
11/30/2016

Description	Carrying Cost Plus		
	Accrued Interest Purch.	Fair Value	Accrued Interest
United States Treasury:			
Bills	\$ 11,349,827,525.09	\$ 11,372,982,500.00	NA
Notes	\$ 20,341,038,812.28	\$ 20,311,892,500.00	\$ 35,486,430.00
Federal Agency:			
SBA	\$ 761,405,131.96	\$ 754,065,685.42	\$ 482,520.99
MBS-REMICs	\$ 50,840,002.73	\$ 53,523,811.20	\$ 240,005.75
Debentures	\$ 975,123,587.82	\$ 971,802,500.00	\$ 1,873,479.25
Debentures FR	\$ -	\$ -	\$ -
Discount Notes	\$ 6,178,470,972.14	\$ 6,191,058,000.00	NA
GNMA	\$ -	\$ -	\$ -
Supranational Debentures	\$ 299,983,841.05	\$ 298,532,000.00	\$ 452,014.00
Supranational Debentures FR	\$ 50,000,000.00	\$ 50,186,500.00	\$ 66,524.31
CDs and YCDs FR	\$ 200,000,000.00	\$ 200,000,000.00	\$ 151,707.17
Bank Notes	\$ 600,000,000.00	\$ 600,134,553.25	\$ 1,801,055.55
CDs and YCDs	\$ 10,250,000,000.00	\$ 10,251,619,276.00	\$ 20,974,777.74
Commercial Paper	\$ 7,533,795,680.52	\$ 7,542,975,347.20	NA
Corporate:			
Bonds FR	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -
Time Deposits	\$ 5,231,440,000.00	\$ 5,231,440,000.00	NA
AB 55 & GF Loans	\$ 6,540,256,000.00	\$ 6,540,256,000.00	NA
TOTAL	\$ 70,362,181,553.59	\$ 70,370,468,673.07	\$ 61,528,514.76

Fair Value Including Accrued Interest

\$ 70,431,997,187.83

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).



Orange County Fire Authority

Preliminary Investment Report

December 16, 2016



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
December 16, 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	15,374,207.75	15,374,207.75	15,374,207.75	11.01	1	1	0.001	0.001
Federal Agency Coupon Securities	19,000,000.00	18,916,480.00	19,000,000.00	13.61	1,049	569	1.045	1.059
Federal Agency Disc. -Amortizing	41,000,000.00	40,984,460.00	40,987,667.09	29.35	64	30	0.366	0.371
Local Agency Investment Funds	64,293,001.91	64,312,677.63	64,293,001.91	46.04	1	1	0.669	0.678
Investments	139,667,209.66	139,587,825.38	139,654,876.75	100.00%	162	87	0.557	0.565
Cash								
Passbook/Checking (not included in yield calculations)	568,321.83	568,321.83	568,321.83		1	1	0.000	0.000
Total Cash and Investments	140,235,531.49	140,156,147.21	140,223,198.58		162	87	0.557	0.565

Total Earnings	December 16 Month Ending	Fiscal Year To Date
Current Year	36,065.01	403,175.75
Average Daily Balance	147,100,604.27	144,370,230.98
Effective Rate of Return	0.56%	0.60%

"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

12/23/16

Cash and Investments with GASB 31 Adjustment:

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

\$ 140,223,198.58

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

\$ 105,582.35

Total

\$ 140,328,780.93

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
December 16, 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			15,374,207.75	15,374,207.75	15,374,207.75	0.001	0.001	1	
Subtotal and Average			13,760,958.36		15,374,207.75	15,374,207.75	15,374,207.75		0.001	1	
Federal Agency Coupon Securities											
3133EFJP3	869	Federal Farm Credit Bank Callable Anytime		10/15/2015	10,000,000.00	9,940,600.00	10,000,000.00	1.100	1.054	667	10/15/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	8,975,880.00	9,000,000.00	1.100	1.065	461	03/23/2018
Subtotal and Average			19,000,000.00		19,000,000.00	18,916,480.00	19,000,000.00		1.059	569	
Federal Agency Disc. -Amortizing											
313385AS5	896	Fed Home Loan Bank		09/15/2016	5,000,000.00	4,998,050.00	4,998,363.89	0.380	0.391	31	01/17/2017
313385AS5	898	Fed Home Loan Bank		11/10/2016	10,000,000.00	9,996,100.00	9,997,029.17	0.345	0.355	31	01/17/2017
313385AS5	899	Fed Home Loan Bank		11/14/2016	7,000,000.00	6,997,270.00	6,997,920.42	0.345	0.355	31	01/17/2017
313385AN6	900	Fed Home Loan Bank		12/01/2016	9,000,000.00	8,996,940.00	8,997,367.50	0.390	0.401	27	01/13/2017
313385AS5	901	Fed Home Loan Bank		12/01/2016	10,000,000.00	9,996,100.00	9,996,986.11	0.350	0.360	31	01/17/2017
Subtotal and Average			50,046,645.99		41,000,000.00	40,984,460.00	40,987,667.09		0.371	30	
Local Agency Investment Funds											
SYS336	336	Local Agency Investmt Fund			64,293,001.91	64,312,677.63	64,293,001.91	0.678	0.678	1	
Subtotal and Average			64,293,001.91		64,293,001.91	64,312,677.63	64,293,001.91		0.678	1	
Total and Average			147,100,604.27		139,667,209.66	139,687,825.38	139,664,876.75		0.566	87	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
December 16, 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	548,321.83	548,321.83	548,321.83		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			147,100,604.27		140,235,531.49	140,156,147.21	140,223,198.58		0.565	87

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of December 17, 2016

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

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(12/17/2016 - 12/17/2016)	4 Maturities	0 Payments	80,235,531.49	57.22%	80,235,531.49	80,255,207.21
Aging Interval: 1 - 30 days	(12/18/2016 - 01/16/2017)	1 Maturities	0 Payments	9,000,000.00	6.42%	8,997,367.50	8,998,940.00
Aging Interval: 31 - 60 days	(01/17/2017 - 02/15/2017)	4 Maturities	0 Payments	32,000,000.00	22.81%	31,990,299.59	31,987,520.00
Aging Interval: 61 - 91 days	(02/16/2017 - 03/18/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 92 - 121 days	(03/19/2017 - 04/17/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 122 - 152 days	(04/18/2017 - 05/18/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(05/19/2017 - 06/18/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(06/19/2017 - 09/17/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(09/18/2017 - 12/17/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(12/18/2017 - 12/17/2019)	2 Maturities	0 Payments	19,000,000.00	13.55%	19,000,000.00	18,916,480.00
Aging Interval: 1096 days and after	(12/18/2019 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		11 Investments	0 Payments		100.00	140,223,198.58	140,156,147.21



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank 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
January 11, 2017

Agenda Item No. 3B
Consent Calendar

First 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 first quarter of FY 2016/17.

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 January 26, 2017, 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 by type. Revenues and expenditures for the Capital Improvement Program (CIP) funds are also included. Revenues and expenditures for the General and CIP Funds are within budgetary expectations for this reporting period. Any notable items are detailed in the attached newsletter.

Attachment(s)

First Quarter Financial Newsletter – July to September 2016



Orange County Fire Authority

First Quarter Financial Newsletter – July 2016 to September 2016

OVERVIEW

This report covers fiscal activities in the General Fund and CIP Funds through the first quarter of Fiscal Year 2016/17. Budget figures include all budget adjustments authorized by the Board through the end of the first quarter.

GENERAL FUND

With 25% of the year completed, General Fund revenues are 11.1% of budget and expenditures are 22.4% as shown below:

General Fund	YTD Actual	Budget	Percent
Revenues	38,740,406	350,467,516	11.1%
Expenditures	72,046,138	322,216,290	22.4%

Top Five Revenues. The analysis presented below compares the five largest revenue categories received through the first quarter, as compared to the budgetary estimate for this point in the fiscal year. Categories in which the variance is exceeded by 10% or \$1 million, are discussed below the table.

Top Five Revenues	YTD Actual Receipts	Trended Budget Estimate	Variance: Actual to Estimate in Dollars	% Variance
Cash Contracts	28,735,767	28,619,465	116,302	0%
Property Taxes	5,398,304	5,387,389	10,915	0%
State Reimbursements	2,869,910	2,800,000	69,910	2%
Community Risk Reduction Fees	1,519,601	1,510,753	8,848	1%
Federal Reimbursements	302,750	300,000	2,750	1%
Total	38,826,332	38,617,607	208,725	1%

- No variance to report – revenues within expectations for the first quarter

Expenditures. The analysis presented on the following page compares the actual expenditures through the first quarter, as compared to the budgetary estimate for this point in the fiscal year. Categories in which the variance is exceeded by 10% or \$1 million, are discussed below the table.

Expenditures by Department	YTD Actual Expenditures	Trended Budget Estimate	Variance: Actual to Estimate in Dollars	% Variance
Business Services	2,438,616	2,441,706	(3,090)	0%
Community Risk Reduction	3,592,679	2,893,734	698,945	19%
Executive Management	746,225	863,424	(117,199)	-16%
Operations	56,497,398	49,844,087	6,653,311	12%
Organizational Planning	3,084,559	3,239,932	(155,373)	-5%
Support Services	5,686,662	6,001,567	(314,905)	-6%
Total	72,046,139	65,284,450	6,761,689	9%

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

- **Community Risk Reduction.** This department is trending higher than budget estimates by 19%, or approximately \$699,000. This is primarily a result of overtime expenditures for Emergency activity. This is reimbursable to OCFA and will be adjusted at Mid-year.
- **Executive Management.** This department is expending less than estimated by 16% or approximately \$117,000. Less than expected sick and vacation payoff as well as professional and specialized services were expended.
- **Operations.** This department is trending higher than budget estimates by 12% or approximately \$6.7 million. This is due to salary and benefits expenditures for overtime, and MOU increases. Overtime expenditures are largely for Emergency activity and will be reimbursed to OCFA and adjusted at Mid-Year.

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

Expenditures by Type	YTD Actual Expenditures	Trended Budget Estimate	Variance: Actual to Estimate in Dollars	% Variance
Salary & Employee Benefits	65,881,346	58,529,829	7,351,517	11%
Services and Supplies	6,014,532	6,592,897	(578,365)	-10%
Equipment	150,260	161,724	(11,464)	-8%
Tran Interest Expense	-	-	-	N/A
Total	72,046,138	65,284,450	6,761,688	9%

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

- **Salary & Employee Benefits.** This category is trending higher than budget estimates by approximately \$7.4 million or 11%. This is due to salary and benefits expenditures for overtime, and MOU increases. Overtime expenditures are largely for Emergency activity and will be reimbursed to OCFA and adjusted at Mid-Year.
- **Services and Supplies.** Actual expenditures through the first quarter finished approximately \$578,000 or 10% under budget. Departments are spending less than expected in services and supplies due to the timing of projects.

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	172,512	5,991,410	3%

- This Fund receives transfers from the General Fund as its revenue source.
- Expenditures include: pagers, PCs and laptops, mobile data computer systems, network servers and similar IT related maintenance or replacement equipment. Approximately \$4.2 million in projects in this fund were carried over to FY 2016/17, including the \$3.8 million Defibrillator project, which is anticipated for contract award during the third quarter of the fiscal year.

Fire Stations and Facilities

Fund 123	YTD Actual	Budget	Percent
Revenue	526,067	230,774	228.0%
Expenditures	1,188	9,113,686	0.0%

- Revenues exceeded the budget due to the receipt of unbudgeted developer contributions as well as bankruptcy loss recovery.
- Appropriations included funding for replacement of Fire Station 10, US&R warehouse improvements, and the RFOTC power circuit extension which was rebudgeted to FY 2016/17. There were minimal expenditures in the first quarter since contracts for Fire Station 10, US&R warehouse improvements, and RFOTC power circuit extension had not yet been awarded.

Communications & Info. Systems Replacement

Fund 124	YTD Actual	Budget	Percent
Revenue	234,547	330,104	71.1%
Expenditures	-	11,204,599	0.0%

- Revenues are comprised of bankruptcy loss recovery proceeds.
- Appropriations included funding for Audio-Video Digital Media Archive, 800 Mhz System Replacement, Next Generation CAD2CAD, and the Records Management Project. Approximately \$1.6 million in projects were carried over to FY 2016/17, including Audio Video Equipment Upgrades and portions of the Records Management Project. There were no expenditures in the first quarter as the projects were still in various stages of planning, negotiation with vendors, and going out to bid.

Fire Apparatus

Fund 133	YTD Actual	Budget	Percent
Revenue	582,610	1,645,204	35.4%
Expenditures	6,658,346	19,783,394	33.7%

- Actual revenue includes the quarterly Cash Contract payments for vehicle depreciation.
- Expenditures include a lease payment on the helicopters as well as the purchase of ten Type I Engines and nine Chevy Colorado's. Approximately \$7.2 million in vehicle projects were carried over to FY 2016/17, including four Type 1 engines, and two 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
January 11, 2017

Agenda Item No. 3C
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 Relating to Financial Policies/Practices during October – December 2016

OCERS INVESTMENT COMMITTEE MEETING October 26, 2016:

ASSET ALLOCATION REVIEW

The manner in which the OCERS Board chooses to invest portfolio funds (portfolio asset allocation) is closely related to the "rate of return" assumption. The portfolio asset allocation and rate of return assumption is reviewed and updated by the OCERS Board every three years through a formal Triennial Review process. Preliminary steps in that process began with an initial discussion at the OCERS Strategic Planning Workshop in September 2016, and continued at the October meeting of the OCERS Investment Committee. This discussion will continue in the following months and into 2017.

OCERS BOARD OF RETIREMENT MEETING December 19, 2016:

MORTALITY ASSUMPTIONS FOR 2017 EXPERIENCE ANALYSIS

In the summer of 2017, the OCERS Board will begin its Triennial Review of contribution rate assumptions. One of the assumptions that will be under review is the mortality assumption. There have been recent updates to the mortality tables to reflect the fact that people are living longer. Mr. Paul Angelo, of Segal Consulting, presented the implications of longer lives on system costs as background information (Attachment 1).

YEAR-TO-DATE PORTFOLIO RATE OF RETURN

At the December 19, 2016, Board meeting, the CEO verbally reported that the year-to-date return as of November is 7.10%. OCERS is on a calendar year basis and has an assumed rate of return of 7.25%.

CALPERS ACTION – ASSUMED RATE OF RETURN

In response to the recent action taken by CALPERS to gradually adjust the assumed rate of return being used by CALPERS from 7.5% to 7% over three years, OCERS' CEO provided the attached update regarding OCERS' assumed rate of return (Attachment 2).

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

Attachment(s)

1. Segal Consulting Presentation, December 19, 2016 - Advance Discussion of Mortality Assumptions for 2017 Experience Analysis
2. OCERS Update on the Assumed Rate of Return, December 23, 2016



Orange County Employees Retirement System (OCERS)

Advance Discussion of Mortality Assumptions for 2017 Experience Analysis

December 19, 2016

Paul Angelo, FSA, MAAA, FCA, EA

Segal Consulting

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Review from September 2016 discussion

- Actuarial procedures and decisions in 2017
 - Discussed at Strategic Planning Workshop in September 2017
 - That presentation included here as an Appendix for reference
 - Timing of the annual actuarial valuation and triennial experience study
 - Elements of OCERS' actuarial funding policy as used in annual actuarial valuation
 - Economic and non-economic assumptions included in triennial experience study
- Today's topic
 - Discussion of mortality assumptions in advance of 2017 experience analysis

Role of Assumptions and Methods

$$C + I = B + E$$

Contributions + Investment Income
equals

Benefit Payments + Expenses

- Actuarial valuation determines the current or “measured” cost, not the ultimate cost
- Assumptions and funding methods affect only the timing of costs

Selection of Actuarial Assumptions

- Two kinds: demographic and economic
 - Objective, long term
 - Based on triennial experience analysis
 - Consistency among assumptions, especially economic
- Recent experience and/or future expectations
 - Demographic: recent experience
 - Economic: more forward looking and macroeconomic
- Client specific or not
 - For Segal and OCERS all are client specific except price inflation
- Desired long term cost pattern
 - Good assumptions produce level costs
 - Equity among different generation of tax payers
 - Also equity between employer and member contributions
 - Beware “results based” assumption setting

Demographic Assumptions

➤ Rates of “Decrement”

- Termination, disability, retirement, mortality

➤ Termination

- Withdrawal, Deferred vested

➤ Disability (service vs non-service connected)

➤ Retirement (age based vs age-and-service based)

➤ Mortality

- Before and after retirement; service, disability, beneficiary
- Standard tables adjusted to reflect OCERS experience

➤ Other demographic assumptions

- Percent married, Member/Spouse age difference
 - Domestic Partners
- Reciprocity
- Additional cashouts during final salary averaging period

Setting Demographic Assumptions – Mortality

➤ Mortality Rates

- Continuing trend towards longer life expectancies
- The Society of Actuaries periodically publishes mortality tables based on retirement plan experience
 - Most recent is RP-2014, which replaced RP-2000
- The SOA also publishes scales to estimate future mortality improvements:
 - Scale AA - Was standard since around 2000
 - » Does not accurately reflect recent improvements in mortality
 - Scale BB - Interim standard scale issued in 2012
 - Scale MP-2014 – Issued in October 2014
 - Scale MP-2015 – Issued in October 2015
 - Scale MP-2016 – Issued in October 2016
- Annuity values under MP-2016 vs prior MP scales
 - Generally about 1.5% - 2% less than MP-2015
 - Generally about 3% - 5% less than MP-2014

Setting Demographic Assumptions – Mortality

➤ Mortality Rates (continued)

- Current OCERS mortality table, adopted in September 2014:
 - RP-2000 projected to 2020 using Scale BB
 - » With age adjustments for males vs. females
- OCERS mortality table scheduled for review in 2017
 - Using experience from more than 3 years (i.e., including years prior to 2014-16)
 - Base table: RP-2014: headcount weighted (vs. benefit weighted)
 - Static projection or generational mortality

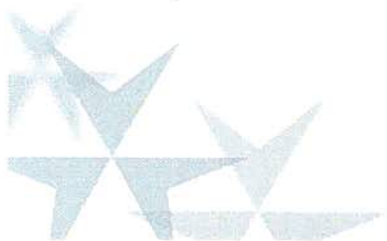
Setting Demographic Assumptions – Mortality

- Two ways to use mortality improvement scales to project future mortality improvements: Static or Generational
- Static projection to a future year - reflect mortality at a future date, not as of today
 - Continued use of static mortality projection but with increased margin (20%) for future mortality improvement
 - Actual deaths during the study period should be around 20% greater than the expected deaths
 - For example, RP-2014 projected 20 years with scale MP-2015
- Current practice moving towards generational mortality
 - Each future year has its own mortality table that reflects projected improvements at every age
 - Younger participants have more future mortality improvement built in than for older participants
 - Other considerations: more robust projection scale, SOA experience studies using public plan experience, etc.



Appendix – Material Prepared for September 15, 2016

Strategic Planning Workshop Looking Ahead to 2017 and Actuarial Assumptions



Actuarial Procedures and Decisions in 2017

- Actuarial valuation (performed every year):
 - Provides recommended employer and employee contribution rates
 - Also funded status, review of recent experience
 - Reconciliation of UAAL, in total and by cost group
 - Reconciliation of employer contribution rates, in total and by cost group
 - Provides accounting and financial reporting information (separate reports)
 - For the plan under GASB Statement No. 67
 - For the employers under GASB Statement No. 68

Actuarial Procedures and Decisions in 2017

➤ Experience analysis (performed every 3 years):

- Provides recommended economic and demographic assumptions
- Previous full study in 2nd half of 2014
 - After the 12/31/2013 valuation and before the 12/31/2014 valuation
 - Using experience from 3-year period: January 1, 2011 to December 31, 2013
 - » With some assumptions using more years of experience
 - Adopted assumptions used in December 31, 2014 valuation
- Next triennial study is scheduled for 2nd half of 2017
 - Conduct after the 12/31/2016 valuation before the 12/31/2017 valuation
 - Using experience from 3-year period: January 1, 2014 to December 31, 2016
 - » With some assumptions using more years of experience
 - Adopted assumptions will be used in December 31, 2017 valuation

Actuarial Procedures and Decisions

➤ Actuarial Funding policy

- Reviewed all policy components in 2013, with changes to amortization policy
- Reviewed every three years, but no substantive changes anticipated

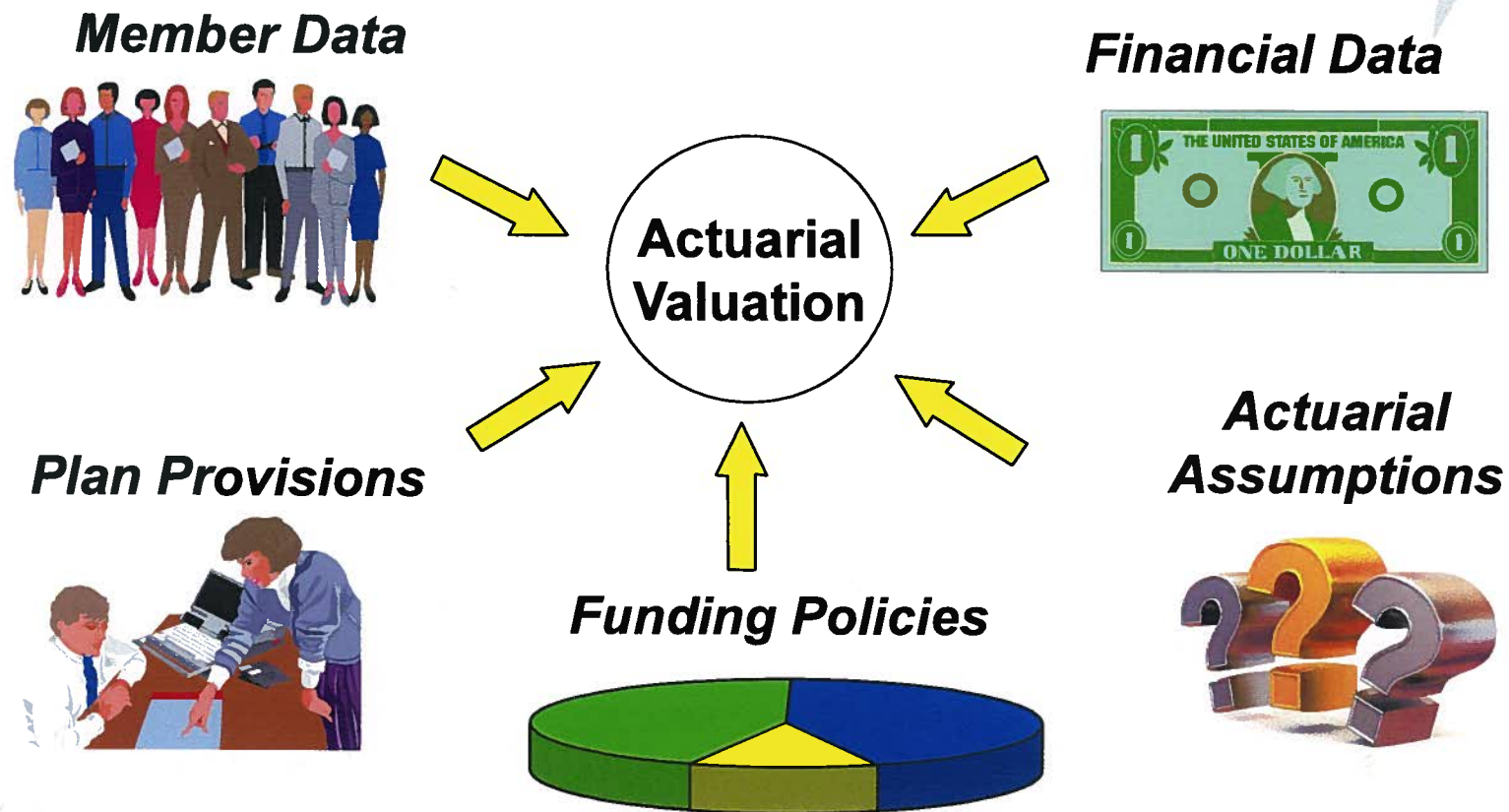
➤ Three policy components

- Actuarial cost method – changed in 2005 (before 12/31/2004 valuation)
 - Entry age method – level percent of pay Normal Cost
- Asset smoothing – full review in 2009 (before 12/31/2008 valuation)
 - 5-year smoothing period (without “market value corridor”)
- Unfunded Actuarial Accrued Liability (UAAL) amortization
 - Single 20-year declining period for all UAAL as of December 31, 2012
 - » 17 years remaining as of December 31, 2016 valuation
 - Layered amortization for UAAL starting with December 31, 2013 valuation
 - » 20-year periods for gains/losses and actuarial assumption changes
 - » 15-year period for plan amendments
 - › Except retirement incentives amortized over period up to 5 years
 - Surplus above 20% amortized over 30 years, subject to PEPRA
 - Level percent of pay amortization

Purpose of the Annual Actuarial Valuation

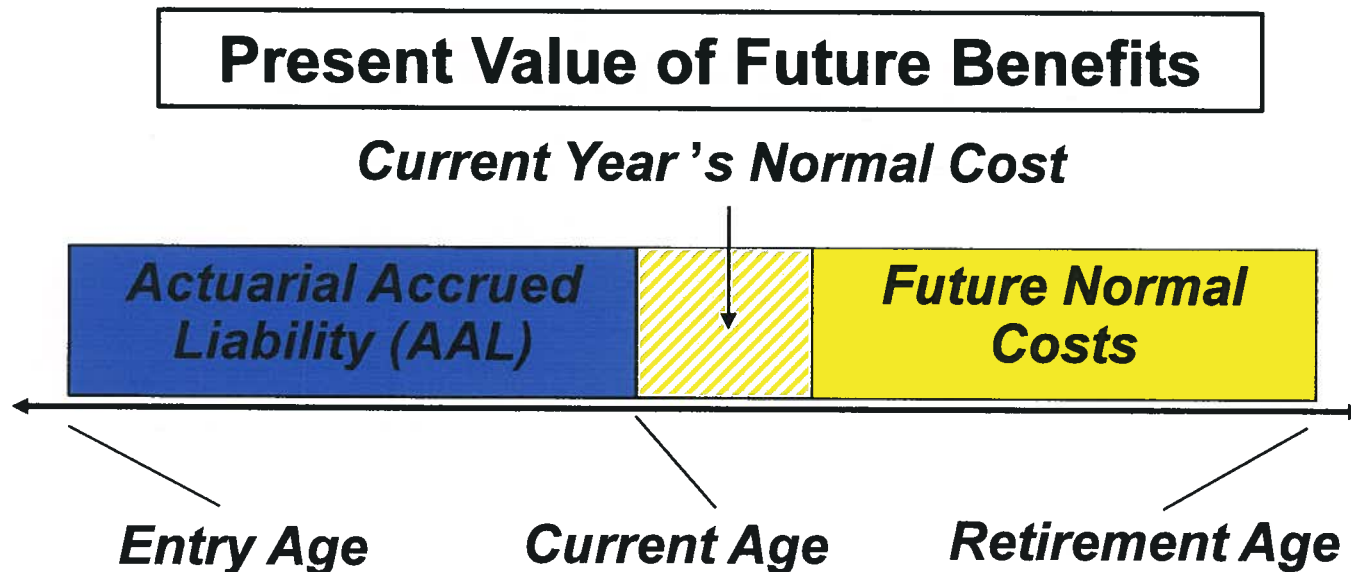
- Next valuation as of December 31, 2016
 - Expected to be delivered in May/June 2017
 - Same assumptions as used in December 31, 2014 and 2015 valuations
- Summarizes the actuarial data used in the valuation
- Analyzes the preceding year's experience
- Determines the funded status
- Establishes contribution requirements for fiscal year 2018/2019
- Provides accounting and financial reporting information for plan and employers (separate reports)

What goes into an Actuarial Valuation?

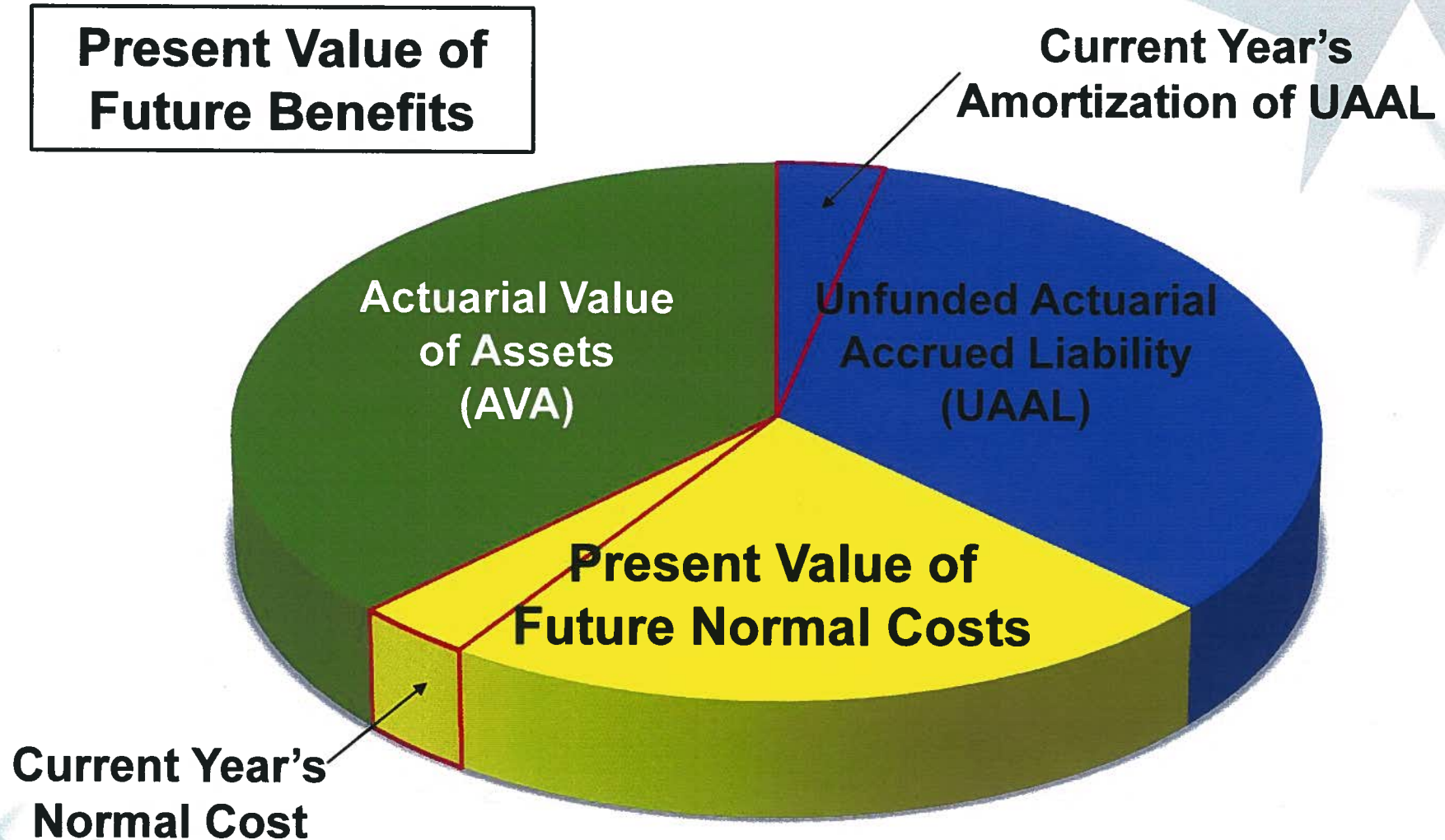


Funding Retirement Benefits—Actuarial Terminology

- **The Normal Cost is the portion of the long term cost allocated to a year of service**—only active members have a current Normal Cost
- **The Actuarial Accrued Liability (AAL) measures the Normal Costs from past years**—for retired members, the AAL is the entire present value of their benefit



Funding Retirement Benefits—Contribution Elements



New to Actuarial Valuation Process

- Sensitivity analyses under alternative economic actuarial assumptions
 - Expanded services requested by the Board starting with the December 31, 2016 annual valuation process
- Impact on UAAL and contributions (rates and dollars) of alternative economic actuarial assumptions
 - Illustrative impact for OCERS as a whole (i.e., not by Rate Group)
 - Assumptions will be determined by the Board upon recommendations from Segal
 - Example: +/- 100 bp change in discount rate (similar GASB 67/68 requirement)
 - Example: 25 bp decrease in inflation assumption
 - Possible timeline: Segal proposes alternative assumptions to the Board in May 2017 and returns with the results in June 2017

Role of Assumptions and Methods

$$\mathbf{C + I = B + E}$$

**Contributions + Investment Income
equals**

Benefit Payments + Expenses

- Actuarial valuation determines the current or “measured” cost, not the ultimate cost
- Assumptions and funding methods affect only the timing of costs

Selection of Actuarial Assumptions

- Two kinds: demographic and economic
 - Objective, long term
 - Based on triennial experience analysis
 - Consistency among assumptions, especially economic
- Recent experience and/or future expectations
 - Demographic: recent experience
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 - Beware “results based” assumption setting

Economic Assumptions

➤ Price inflation (CPI)

- Investment return, salary increases
- Post-retirement COLA

➤ Investment return (investment earnings)

- Components include price inflation, real return, investment and administrative expenses
- Generally based on passive returns

➤ Salary increases

- “Across the board” increases
 - Includes price inflation plus real wage growth
- Merit & Promotional: based on OCERS experience
 - Included with demographic assumptions

Economic Assumptions – Adopted for 12/31/2014 Val.

	<u>December 31 2014</u> <u>Valuation</u>	
	<u>Return</u>	<u>Pay</u>
Price Inflation	3.00%	3.00%
Real Wages	n/a	0.50%
Merit (16+ years)	n/a	Gen'l: 0.75% Safety: 1.50%
Net Real Return	4.25%	n/a
Total	7.25%	Gen'l: 4.25% Safety: 5.00%

Investment Earnings (Return) Assumption

- Used to set the discount rate for measuring costs
 - Sometimes called the assumed interest rate
 - Used for contribution requirements
 - Also for financial reporting (GASB 67 and 68)
 - Affects timing of Plan cost
 - Lower assumed rate means higher current cost
 - Ultimately, actual earnings determine cost
- $C + I = B + E$**
- “Can’t pay benefits with assumed earnings”

Investment Earnings Assumption: 4 components

- Inflation: consistent with salary increase assumption
- Real returns by asset class
 - Weighted by asset allocation
- Reduced by assumed expenses
 - Net of investment expenses
- Reduced by “risk adjustment”
 - Margin for adverse deviation
 - Expressed as confidence level above 50%

OCERS Earnings Assumption

Components of Investment Return Assumption

	Adopted <u>in 2014</u>	Adopted <u>in 2012</u>
Assumed Inflation	3.00%	3.25%
Portfolio Real Rate of Return	5.33%	4.94%
Assumed Expenses	(0.60%)	(0.60%)
Risk Adjustment	<u>(0.48%)</u>	<u>(0.34%)</u>
Assumed Investment Return	7.25%	7.25%
Confidence level	56%	55%
Standard deviation	12.30%	10.30%

Setting the discount rate:

“Level Cost” Model vs. “Market Pricing” Model

- Two competing theories on how to value pension obligations
- The Level Cost Model
 - Based on established funding practices
 - **Discount rate: based on expected return on assets**
 - Cost allocation method: level cost based on projected benefits
- The Market Pricing Model (so called “MVL” or “economic value”)
 - Based on “financial economics”
 - **Discount rate: based on current market yields on low risk bonds**
 - Cost allocation method: increasing cost based on accrued benefits
- Actuarial standards say to consider the purpose of the measurement
 - For public sector plans financial reporting, GASB chose the level cost model
 - Level cost over a career-long employment exchange
 - For public plans funding, similar arguments apply
 - For a withdrawing employer, the market pricing model may be more appropriate

Setting the discount rate: “Level Cost” Model vs. “Market Pricing” Model

- Two models mean two very different arguments for lowering the discount rate
- Some say the discount rate should be based on current very low “risk-free” interest rates
 - Independent of asset allocation or expected return on assets!
 - Based on financial economics and “market pricing” model
 - Generally not part of our review of assumptions
- Some say the discount rate should be based on a lower expected return on assets
 - Still based on asset allocation and “level cost” model, but less optimistic
 - Reflects lower inflation expectations, lower bond returns, etc.
 - This is an essential part of our review of assumptions

New to Economic Assumptions Review Process

- Prior to 2017 experience study
 - Informational session on use of expected arithmetic average returns vs expected geometric average returns as basis for expected return assumption
 - Current approach uses expected arithmetic average returns
- New information on economic assumptions in experience study
 - Empirical sources of information used in inflation rate recommendation
 - Explanation of subjective elements used in the final inflation recommendation
 - Capital market assumptions used in investment return recommendation
 - From each investment consultant included in Segal's survey
 - Nominal return, real return and inflation assumption
 - By asset class, along with investment horizon

Demographic Assumptions

- Rates of “Decrement”
 - Termination, disability, retirement, mortality
- Termination
 - Withdrawal, Deferred vested
- Disability (service vs non-service connected)
- Retirement
- Mortality
 - Before and after retirement; service, disability, beneficiary
 - Standard tables adjusted to reflect OCERS experience
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 - Scale MP-2014 – Issued in October 2014
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 - Scale MP-2016 – To be issued later this year

Setting Demographic Assumptions – Mortality

➤ Mortality Rates (continued)

- Current OCERS mortality table, adopted in September 2014:
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 - » With age adjustments for males vs. females
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 - Each future year has its own mortality table that reflects projected improvements at every age
 - Younger participants have more future mortality improvement built in than for older participants
 - Other considerations: more robust projection scale, SOA experience studies using public plan experience, etc.

New to Demographic Assumptions Review Process

- New information on demographic assumptions
 - May be presented with experience study
- Basis for setting retirement assumptions
 - Informational session on use of age and service based retirement rates
 - If supported by actual OCERS experience

OCERS Update on the Assumed Rate of Return

A number of recent news articles have reported on the efforts of public pension plans to adjust their assumed rate of investment returns. Such news stories are not surprising – all public pension plans routinely review their portfolios, their assumptions, and make changes as the facts may dictate.

Close to home for example, the California Public Employees' Retirement System (CALPERS) has just announced that based on its most recent study of its portfolio asset allocation mix CalPERS will gradually move over the next three years from an assumed annual rate of investment return of 7.5% to 7%. By contrast, the Orange County Employees Retirement System (OCERS) is presently assuming it will earn an average of 7.25% annually on its invested assets, a lower assumption that CalPERS won't reach until 2018.

The OCERS Board of Trustees, while daily monitoring the plan's \$13 billion investment portfolio, also performs a policy-mandated review of the portfolio asset allocation mix and various actuarial assumptions on a triennial basis. That triennial review for OCERS is just getting underway, with full discussion, input from our participating plan sponsors and actuarial reports all to be reviewed and considered in the summer of 2017.

The mix of OCERS investments in stocks, bonds, real estate and other assets differs from those of other public pension plans, including the CalPERS plan, for many reasons – the mix of active members compared to retirees, the size of benefits to be funded, the anticipation of inflation or other economic risks, even the fact that OCERS is one of the few plans nationwide that is still “cash flow positive” – that is, we take in more in contributions and earnings than we pay out in benefits, all of these can play a part in deciding the appropriate asset allocation for OCERS. And with differing investment mixes unique to each pension plan naturally comes differing expectations of investment earnings. What

outcome we will see with regard to OCERS assumptions upon completion of this summer's review is obviously unknown at this time. What we can say is that both OCERS and CalPERS are each prudently reviewing their own plans and unique assumptions on a regular basis to ensure sound and reasonable expectations are in place.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
January 11, 2017

Agenda Item No. 3D
Consent Calendar

Annual Grant Priorities for 2017

Contact(s) for Further Information

Dave Thomas, Assistant Chief Operations Department	davidthomas@ocfa.org	714.573.6012
Sandy Cooney, Communications Director	sandycooney@ocfa.org	714.573.6801
Jay Barkman, Legislative Analyst	jaybarkman@ocfa.org	714.573.6048

Summary

This annual agenda item is submitted to the Budget and Finance Committee for adoption of OCFA's Annual Grant Priorities for 2017.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 26, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors approve OCFA's Annual Grant Priorities for 2017.

Impact to Cities/County

Successful grant applications for staffing and equipment will provide significant benefit to member cities and the county.

Fiscal Impact

If grant funds are awarded for staffing or equipment, these funds will help offset expenses.

Background

An OCFA application for a Federal Emergency Management Agency (FEMA) *Staffing for Adequate Fire and Emergency Response* (SAFER) grant to fund a fourth firefighter position for Buena Park, Tustin, Placentia, and San Clemente was denied in 2016. OCFA also submitted applications in 2016 for FEMA's *Assistance to Firefighters* grants for traffic collision extrication tools, a regional grant for firefighter turnout washers, and a California Office of Traffic Safety grant for extrication tools; however, these applications were also denied.

Having been encouraged by the grantors to re-apply for the above grants, staff is asking for continued Board support of these grant priorities for 2017. The attached document outlines these grants.

Attachment(s)

OCFA's Annual Grant Priorities for 2017



Orange County Fire Authority

Annual Grant Priorities

January 11, 2017

Operations Department/
Communications and
Public Affairs
1 Fire Authority Road
Irvine, CA 92602
(714) 573-6801

Assistance to Firefighters Grant (AFG)**Application Submitted:** November 18, 2016

This Federal Emergency Management Agency (FEMA) grant funds the purchase of firefighting vehicles and safety equipment. Safety equipment applications are accepted for tools, personal protective equipment (PPE), training, wellness and fitness, and station modifications. Departments can submit one application and an additional "regional application," in partnership with one or more other fire departments. OCFA's application for 2016-17 employs this method.

2017 Application - \$391,392

Traffic Collisions-Extrication Tools: OCFA has applied for funds to replace hydraulic tools used to free victims trapped during traffic collisions. Current tools have become outdated for use on new cars that have improved safety features and reinforced construction. New high pressure powered hydraulic sheers, rams, and other tools will reduce extrication times and speed patient treatment.

2017 Regional Application - \$424,574

Firefighter Turnout Washers: OCFA has partnered with six other fire departments (Costa Mesa, Fountain Valley, Fullerton/Brea, Garden Grove, Huntington Beach, and Newport Beach) to apply for a regional grant to fund washers that clean PPE turnouts. These washers will help improve firefighter safety, decrease exposure to carcinogens, and reduce future cancer risks.

California Office of Traffic Safety (OTS)**Application Closes:** January 30, 2017

This grant provides federal funds through California's Office of Traffic Safety (OTS) for local agencies that provide emergency medical services. One type of award is for replacement of extrication tools to free traffic accident victims more quickly and speed patient treatment.

2017 Application - \$225,000

Extrication Tools: OCFA will request funds to replace extrication tools on truck companies that respond to a high volume of traffic collisions. In 2016, OTS only allotted \$450,000 statewide to fund extrication tool replacement applications. Since OTS is likely to make multiple awards in 2017, OCFA is applying for an amount that will fund extrication equipment for up to eight truck companies. These units will be identified based upon their level of response to traffic collisions.

Staffing for Adequate Fire and Emergency Response (SAFER)**Application Opens:**
January 2017

This FEMA grant funds the hiring of “front-line” firefighters. OCFA is eligible to request funding to for new firefighter positions, including the addition of a fourth firefighter on engines to enhance service delivery, improve efficiency, and enhance firefighter safety. In the past, this grant has provided two years of funding, with no local cost share, and no requirement that the positions be maintained after the two year grant period ends.

2017 Application - \$5,348,184

Firefighter Staffing: OCFA will submit an application to fund a fourth firefighter for a single unit in each of the member cities of Buena Park, San Clemente, Placentia, and Tustin. Each city has an engine currently staffed with three firefighters. Adding a fourth firefighter on these units will improve service delivery and enhance firefighter safety.

FEMA Fire Prevention and Safety Grant**Application Opens:** Spring 2017

Categories under this grant cover general education/awareness, arson investigation, and fire code education/awareness. Projects that may be considered include supporting OCFA’s ongoing smoke alarm installations, and wildland safety efforts. OCFA is in need of 600 smoke alarms designed for hearing impaired individuals. These alarms provide a visual strobe light notification, and a physical vibration designed to wake individuals when an audible smoke alarm is activated.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
January 11, 2017

Agenda Item No. 4A
Discussion Calendar

FY 2016/17 Mid-Year Financial Report

Contact(s) for Further Information

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

Summary

This item is submitted to provide a mid-year financial update on the FY 2016/17 budget in accordance with the OCFA's Fiscal Health Plan.

Prior Board/Committee Action

Not applicable.

Recommended Action(s)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 26, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Approve a budget adjustment in the General Fund (Fund 121) increasing expenditures to allocate \$9,814,477 of available unencumbered funds identified in the FY 2015/16 financial audit to OCFA's unfunded pension liability, in accordance with the OCFA's Expedited Pension Payment Plan.
2. Direct staff to return to the Board of Directors in March 2017 for approval of all additional budget adjustments discussed herein for the FY 2016/17 budget.

Impact to Cities/County

Annual increases for cash contract cities are estimated at 4.5% for FY 2017/18 and 4.5% for FY 2018/19 (excluding catch-up provision) based on the Five-Year Financial Forecast.

Fiscal Impact

Financial impact has been presented in the attached report.

Background

The OCFA's Fiscal Health Plan calls for a comprehensive system to monitor OCFA's fiscal performance. This includes a review and comparison of forecasted revenues and expenditures against actual revenues and expenditures, as well as a mid-year budget review. The attached report reviews the current year budget, highlights any potential financial challenges to the OCFA, and previews anticipated FY 2017/18 budget issues, to the extent they are known at this time.

FY 2016/17 Budget Review

Significant changes have occurred since the budget was adopted in May 2016, including increases to budgeted beginning fund balance, increase in property taxes, increases in both revenue and expenditures related to assistance-by-hire emergency responses, increases in expenditures related to newly approved labor agreements, as well as all approved adjustments to-date such as re-budgets and new grant funds. These changes are detailed in the attached Mid-Year Financial Report.

FY 2015/16 Fund Balance Available

As part of the mid-year review, prior year final fund balances were also reviewed. The audited financial statements for the fiscal year ended June 30, 2016 identified approximately \$9.8 million in unencumbered fund balance.

With the invalidation of the Second Amendment to the JPA, the former language relating to Equity in the Amended JPA and the First Amendment became effective again. Specifically, the language states:

Equity. Annually after the conclusion of each fiscal year and consideration of the audited financial statements for that year, and after consideration of the Authority's financial needs, the Board of Directors in its sole discretion shall determine whether sufficient unencumbered funds from that fiscal year are available for additional services or resources to Structural Fire Fund (SFF) members.

In years in which the Board decides to allocate unencumbered funds to SFF members pursuant to this JPA language, the JPA further describes the calculation for determining which SFF members shall be deemed eligible to receive additional services or resources from the allocated funds.

Given that on November 17, 2016, the Board reaffirmed its commitment to allocate unencumbered funds to the OCFA's Expedited Pension Payment Plan until achieving an 85% funding level, staff is recommending that this year's \$9.8 million unencumbered fund balance be allocated to OCFA's pension liability. With support of this recommendation, there would be no allocation this year to SFF members per the JPA language cited above. Additionally, there still remains an unexpended fund balance in the Structural Fire Fund Entitlement Fund (SFFE) from the 2012 distribution, which has not yet been used by qualifying members.

Attachment(s)

Mid-year Financial Report

Exhibit 1 – 2016 Trend Analysis -- Forecast to Actual Comparison

Exhibit 2 – Updated Five-Year Financial Forecast (Summary & Detail)

Exhibit 3 – Five-Year Financial Forecast Assumptions

ORANGE COUNTY FIRE AUTHORITY

Mid-Year Financial Report

January 2017

In November 2013, the Board of Directors approved the updated Fiscal Health Plan and Financial Stability Budget Policies. These documents describe the Authority's strong fiscal policies, a comprehensive system for monitoring OCFA's fiscal performance, and a framework to assure timely and appropriate response to adverse fiscal circumstances. Included in the Fiscal Health Plan is the requirement for a mid-year financial report, which is presented below.

ECONOMIC OUTLOOK

Property tax is OCFA's largest source of revenue; therefore, this section focuses on economic factors impacting property values. The December 2016 Chapman Economic and Business Review forecast estimates a 5.9% median home price increase in Orange County in 2017. Although housing appreciation generally leads to increased property tax, it also makes housing less affordable. Chapman estimates "...that by year-end 2017, median family income in the county will be only 60 percent of that necessary to purchase a median-priced home."

Builders appear to be responding to the unaffordability of housing by building rental housing. Chapman reports "...strength in apartment construction will buoy residential permit valuation...residential permit valuation is projected to increase 4.3 percent and surpass \$3 billion for the first time in the county's history."

CURRENT FISCAL YEAR FINANCES

The following are estimated changes to the General Fund budget that are needed since the adoption of the FY 2016/17 budget in May 2016. Overall the currently proposed changes in the General Fund result in an estimated total revenue increase of approximately \$10.0 million and an estimated total expenditure increase of \$24.3 million, including the one-time proposed use of \$9.8 million unencumbered fund balance for the expedited pension payment plan.

FY 2016/17 Potential Revenue Adjustments - \$10.0 million

Property Taxes: Based on secured tax billings provided by the Auditor/Controller, preliminary projections indicate an approximate \$2.9 million increase over budget. **\$2,861,592**

Assistance by Hire (ABH): ABH is the term used when OCFA responds to requests for assistance to incidents outside our area of responsibility, on a reimbursement basis. Current year activity is \$7.8 million greater than budget due to various out-of-county responses. Staff will be monitoring this source of revenue for additional reimbursements. An expenditure adjustment is also proposed to the overtime/backfill category to cover the costs associated with providing the ABH services. **\$7,805,239**

Miscellaneous: This category of revenue adjustments includes the receipt of revenues from bankruptcy proceeds, and adjusted to estimated interest earned. **(\$589,823)**

FY 2016/17 Potential Expenditure Adjustments - \$24.3 million

Accelerated Pension Pay-down Plan: The FY 2016/17 annual audit identified approximately \$9.8 million of unencumbered fund balance available at the end of the fiscal year. On November 17, 2016 the Board provided preliminary approval for payment of this balance to OCERS to continue the Expedited Pension Payment Plan. **\$9,814,477**

Assistance by Hire/Emergency Incident Costs: As mentioned under Revenue for Assistance by Hire, an adjustment of approximately \$7.3 million is needed for out-of-county responses, primarily in the overtime/backfill category, but also for response-related supplies. **\$7,332,012**

Academy and Training Costs: An additional career firefighter academy was necessary to fill vacancies and has been added to the schedule for this fiscal year. Costs for the academy include overtime for the cadre, pre-employment screening, and supplies for use during the academy and service center costs for turnouts, etc. Included in this category are overtime costs for an upcoming dispatcher academy and Flight safety training for Air Ops. **\$1,923,866**

Personnel: On June 23, and September 1, 2016, the Board approved new MOUs with the Chief Officers Association, and the Orange County Professional Firefighters Association, respectively. These included increases to salaries, which were partially offset by increased employee retirement contributions. Also included in this expenditure category is a correction to the Assistant Fire Training Officer budget and a change to full-time status for an existing part-time Multi-media position. The net impact is an approximately \$5 million ongoing increase to expenditures. **\$5,028,859**

Miscellaneous: This expenditure category includes miscellaneous increases to the budget for Air Ops maintenance, sand, Information Technology licenses, supplies for OC All Hazards Incident Management team, HazMat Multi-Rae Program, Employee relations budget, Zoll monitors extended warranty, and a reduction to the TRAN debt service costs as a TRAN was not issued this fiscal year. **\$239,579**

General Fund and CIP funds – Beginning Fund Balance and Budget Transfer Adjustment

- **Budgeted beginning fund balances:** As part of the annual mid-year adjustment, budgeted beginning fund balances will be adjusted in accordance with the FY 2015/16 year-end audit. These increases resulted primarily from additional revenue received in the fiscal year, as well as salary savings and S&S savings in the General Fund. The beginning fund balance adjustments for Capital Improvement Funds (CIP) largely result from the timing for completion of projects. Funds for projects that did not get completed were carried-over to FY 2016/17.
- **Budget Transfer – Funds 12110 and Fund 123:** To ensure conformance with generally accepted accounting principles, a transfer from Fund 123 – Fire Stations and Facilities, to Fund 12110 – General Fund CIP, in the amount of \$50,000 is necessary to ensure the budget and associated expenditures with the Emerald Bay Station Improvements are properly categorized. These

expenditures were initially budgeted as a Capital Project during Budget development; however, in reviewing the scope with General Accounting staff, the improvements do not fit the criteria for a Capital Project. Therefore, the Project and its associated budget require a transfer to Fund 12110, which is the Fund used for one-time projects that are capital in nature, but don't meet the technical accounting requirement for a Capital Project. Additionally, the revenue budget in Fund 123 will be adjusted to include the receipt of bankruptcy loss recovery funds in the amount of \$22,165.

- **Fund 124 – Communications and Information Systems:** The revenue budget for this fund will be adjusted to reflect receipt of \$37,420 in bankruptcy loss recovery funds.
- **Fund 133 – Fire Apparatus:** Bankruptcy proceeds in the approximate amount of \$22,963 will be recognized in this fund. Additionally, expenditures will be increased by \$1,681,302 to accommodate the early needed replacement of Truck 9, and the costs for additional vehicles for the Administrative Captain positions that were recently restored from funded status.
- **Fund 171 – Structural Fire Fund Entitlement Fund:** The Amended JPA provides for annual review of audited financial statements and Board consideration of whether to allocate a portion of unencumbered fund balance to additional services for eligible structural fire fund members. This review was last performed in January 2012, resulting in a fund balance in the Structural Fire Fund Entitlement Fund (SFFEF), which has not yet been expended by qualifying members in entirety.

Annually, each eligible Structural Fire Fund member city is provided an accounting of the funds remaining available to them from this Fund. During FY 2016/17, the following member cities have the following funds remaining to be used for additional services:

Irvine:	\$530,971.11
Aliso Viejo:	\$ 280.59
Laguna Niguel:	\$ 53,211.97

- **Fund 190 – Self Insurance:** The expenditure budget in Fund 190 is established at the amount reported by an actuarial report conducted twice a year. In the latest report, the actuary has determined that the expenditure budget in Fund 190 can be adjusted downward by \$189,300.

FUTURE FISCAL YEAR FINANCES

Significant factors that are anticipated to influence the FY 2017/18 budget include:

- **Prepayment of OCERS Contributions** – Staff will conduct an analysis of OCFA's cash flow position; we expect to prepay half of the employer contributions to take advantage of an approximately 4.5% discount. This discount has declined in recent years, from 7.25% to 5.8% and now to 4.5%. Although the discount has declined, it still amounts to savings of millions of dollars and is worth taking advantage of.
- **Property Taxes** - Since property tax is the largest source of income for the General Fund at about 64% we have again contracted with Rosenow, Spevacek Group, Inc. (RSG) to update our property tax projections. Updated preliminary information for our FY 2017/18 budget will not be available until February 2017; therefore, in the interim we are continuing to use RSG's prior projection for FYs 2017/18 through 2020/21 of the Five-Year Financial Forecast.

- **Retirement Rates** - The Orange County Employees Retirement System (OCERS) Board has adopted retirement rates for FY 2017/18. Compared to rates used in the Five-Year Cashflow Forecast, employer rates for general employees will remain unchanged and rates for the safety employees will increase by approximately 0.48% after removing the impact of the additional pension liability contributions OCFA has made to OCERS. Consistent with Board direction, we continue to pay the original rates, capturing those savings and increasing payments directly to our unfunded liability.

PENDING ISSUES

- **TRAN** – Staff originally anticipated the need to issue a Tax Revenue Anticipation Note (TRAN) in the current fiscal year. After consulting with financial advisors it was determined this was no longer necessary as sufficient cash would be on hand to bridge the gap between our regular property tax payments from the Auditor-Controller, which typically occur in December and April. Many factors influence the determination of whether a TRAN will be needed including timing of large capital expenditures. The determination of whether we will need to issue a TRAN will be made as we get closer to budget development for the next fiscal year.

MONITORING FINANCIAL HEALTH

Financial Forecast

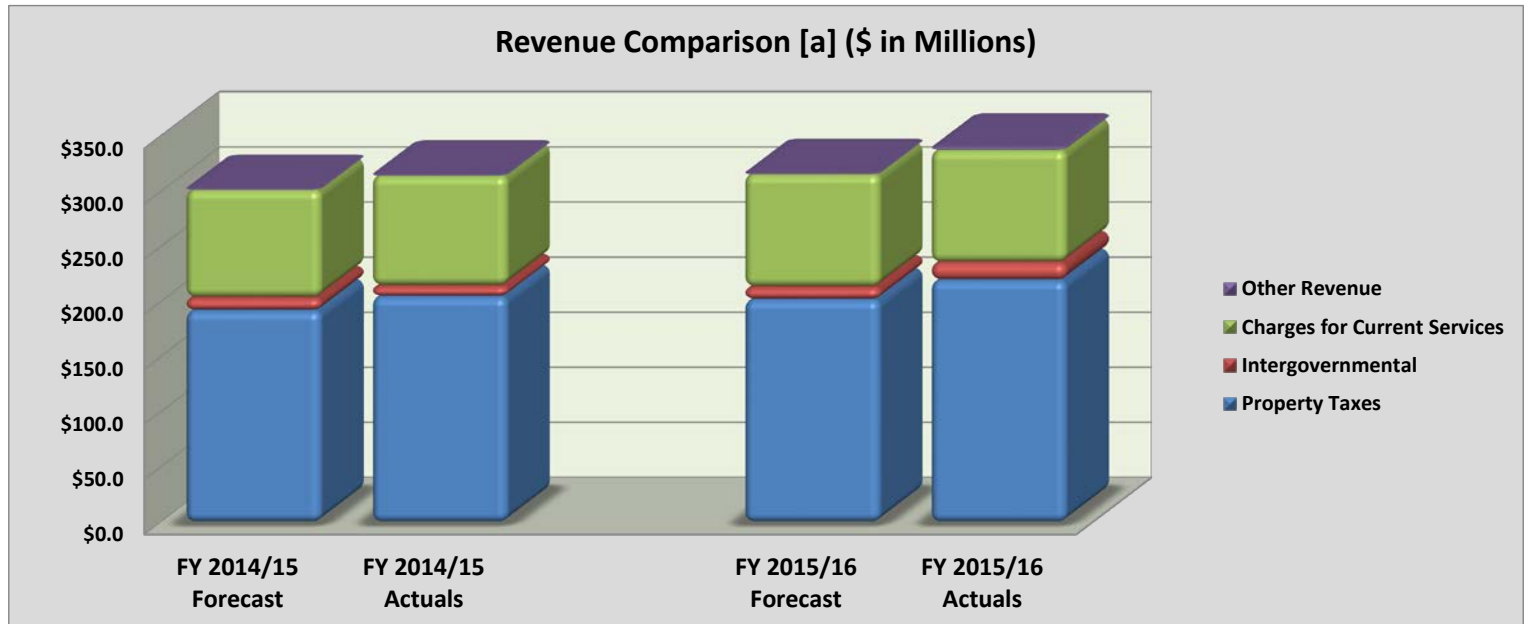
The Fiscal Health Plan directs staff to monitor our financial indicators through frequent updates to the Authority's Five Year Financial Forecast, measuring revenues, expenditures, debt, and committed and uncommitted fund balance. These categories are forecast using all available information, Board actions, and economic conditions (Exhibits 2 and 3).

A trend report has been developed comparing the differences between the forecasted data and actual financial results and is attached to this Review as Exhibit 1.

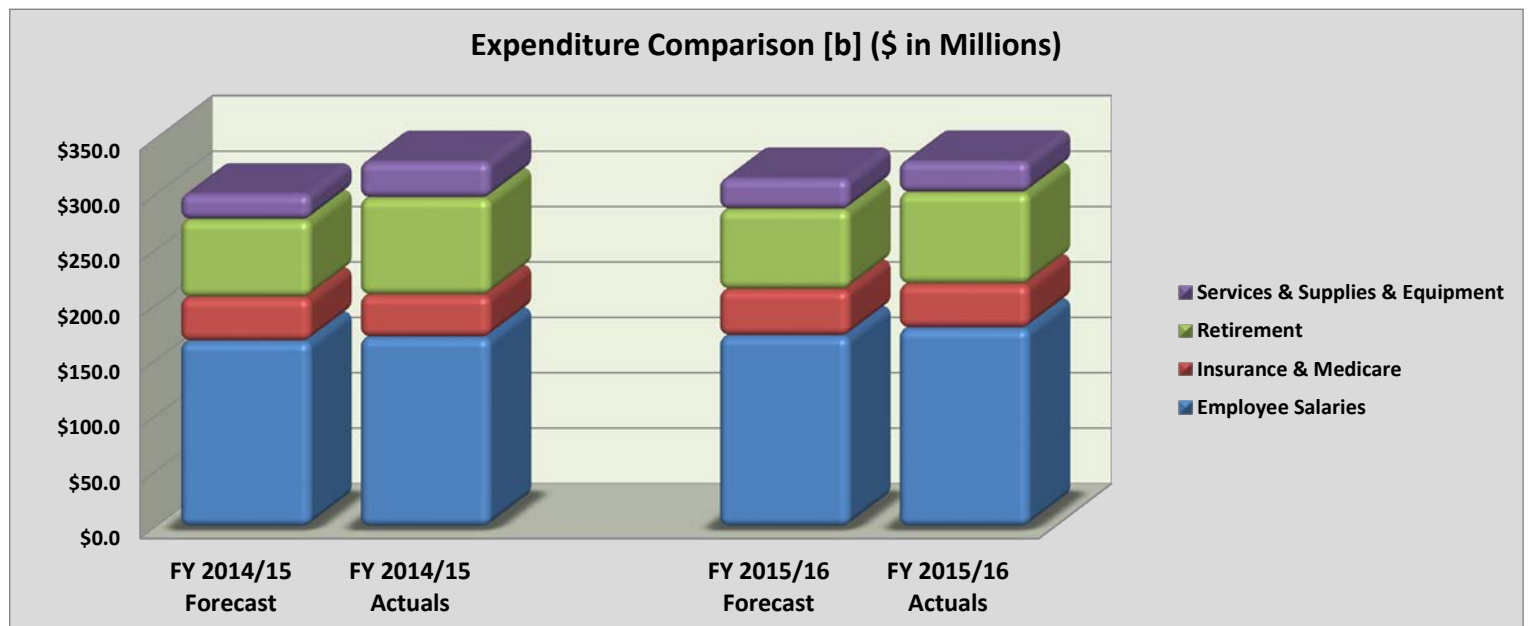
2016 Trend Analysis: Summary of 2-Year Forecast vs. Adjusted Actuals

Comparison of 2014/15 Forecast as Presented in 2013/14 Adopted Budget to 2014/15 Actuals
and

Comparison of 2015/16 Forecast as Presented in 2014/15 Adopted Budget to 2015/16 Actuals



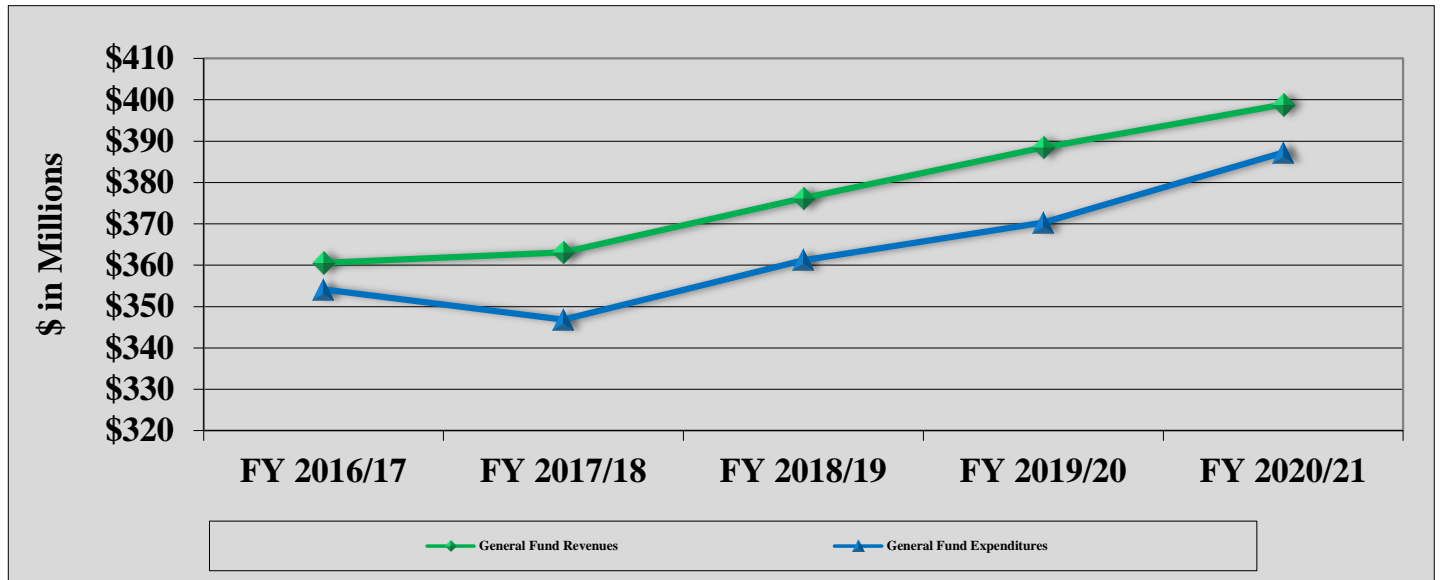
[a] Actual revenue adjusted for one-time sources not forecasted such as assistance by hire revenue, grant revenue, and one-time revenue associated with RDA dissolutions.



[b] Actual expenditures adjusted for one-time items not forecasted such as grant expenditures.

OCFA Five-Year Forecast, 2% Annual Salary Inc. After MOU Expirations
Orange County Fire Authority
Five-Year Financial Forecast

	Year 1 FY 2016/17	Year 2 FY 2017/18	Year 3 FY 2018/19	Year 4 FY 2019/20	Year 5 FY 2020/21
Beginning Fund Balance	202,123,783	166,839,517	171,027,455	179,619,688	196,253,653
General Fund Revenues	360,544,524	363,122,963	376,167,748	388,392,077	398,811,168
General Fund Expenditures	340,644,902	340,933,639	352,027,851	360,596,651	374,842,394
Paydown of UAAL	13,467,591	5,886,420	9,167,397	9,648,658	12,368,859
Total General Fund Expenditures	354,112,493	346,820,059	361,195,247	370,245,308	387,211,253
Net General Fund Revenue	6,432,031	16,302,904	14,972,501	18,146,769	11,599,915
Less Incremental Increase in 10% GF Op. Cont.	1,193,202	1,058,849	1,109,421	856,880	1,424,574
General Fund Surplus / (Deficit)	5,238,829	15,244,055	13,863,080	17,289,889	10,175,341
Operating Transfer to GF Cashflow	-	-	-	-	-
Operating Transfer to CIP Funds	5,238,829	15,244,055	13,863,080	17,289,889	10,175,341
Draws from GF Fund Balances	-	-	-	-	-
CIP/Other Revenues	19,546,105	30,468,218	30,183,853	34,568,199	26,334,387
CIP/Other Expenses	56,023,574	27,339,130	22,701,040	18,791,114	16,410,355
CIP Surplus / (Deficit)	(36,477,468)	3,129,088	7,482,813	15,777,085	9,924,032
Ending Fund Balance	166,839,517	171,027,455	179,619,688	196,253,653	207,602,260



	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
General Fund Revenues	\$ 360.54	\$ 363.12	\$ 376.17	\$ 388.39	\$ 398.81
General Fund Expenditures	\$ 354.11	\$ 346.82	\$ 361.20	\$ 370.25	\$ 387.21

OCFA Five-Year Forecast, 2% Annual Salary Inc. After MOU

Expirations

	PROJECTED FY 2016/17	PROJECTED FY 2017/18	PROJECTED FY 2018/19	PROJECTED FY 2019/20	PROJECTED FY 2020/21
A. BEGINNING FUND BALANCE	202,123,783	166,839,517	171,027,455	179,619,688	196,253,653
GENERAL FUND REVENUES					
Property Taxes	230,301,459	239,258,085	247,469,483	255,054,418	261,306,416
State Reimbursements	5,286,668	5,286,668	5,286,668	5,286,668	5,286,668
Federal Reimbursements	100,000	100,000	100,000	100,000	100,000
One-Time Grant/ABH/RDA	10,525,710	-	-	-	-
Community Redevelopment Agency Pass-thru	10,006,233	10,265,211	10,532,956	10,824,844	11,059,128
Cash Contracts	92,357,581	95,906,571	100,090,704	104,407,978	108,305,711
Community Risk Reduction Fees	6,448,604	6,448,604	6,448,604	6,448,604	6,448,604
ALS Supplies & Transport Reimbursement	3,929,330	3,929,330	3,929,330	3,929,330	3,929,330
Interest Earnings	348,821	711,346	1,092,856	1,123,087	1,158,163
Other Revenue	1,240,119	1,217,148	1,217,148	1,217,148	1,217,148
Transfers from General Fund Cashflow Fund (OCERS Pre-Pay)	-	-	-	-	-
TOTAL REVENUES	360,544,524	363,122,963	376,167,748	388,392,077	398,811,168
GENERAL FUND EXPENDITURES					
New Positions for New Stations	-	2,967,745	3,030,993	3,095,589	6,885,100
Employee Salaries	189,411,658	198,322,130	206,753,425	211,193,478	215,246,364
Retirement - Regular Annual Payments	67,352,525	68,282,976	67,631,771	68,535,064	71,103,400
Retirement - Paydown of UAAL (Rate Savings)	1,653,114	1,886,420	3,167,397	1,648,658	2,368,859
Retirement - Paydown of UAAL (Unencumb. Funds)	9,814,477	-	-	-	-
Retirement - Paydown of UAAL (\$1M per Year from WC)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Retirement - Paydown of UAAL (\$1M per Year, Increasing)	1,000,000	3,000,000	5,000,000	7,000,000	9,000,000
Workers' Comp Transfer out to Self-Ins. Fund	11,444,465	11,524,340	11,843,838	12,229,153	12,626,028
Other Insurance	26,799,046	29,257,020	31,940,818	34,871,224	38,070,941
Medicare	2,543,391	2,610,168	2,617,747	2,625,473	2,677,224
One-Time Grant/ABH Expenditures	9,046,543	-	-	-	-
Salaries & Employee Benefits	320,065,219	318,850,800	332,985,988	342,198,639	358,977,915
Services & Supplies/Equipment	32,794,061	27,822,235	28,062,235	27,895,235	27,901,885
New Station/Enhancements S&S Impacts	-	147,024	147,024	151,435	331,453
One-Time Grant Expenditures	1,253,213	-	-	-	-
TOTAL EXPENDITURES	354,112,493	346,820,059	361,195,247	370,245,308	387,211,253
NET GENERAL FUND REVENUE	6,432,031	16,302,904	14,972,501	18,146,769	11,599,915
B. Incremental Increase in GF 10% Contingency	1,193,202	1,058,849	1,109,421	856,880	1,424,574
GENERAL FUND SURPLUS / (DEFICIT)	5,238,829	15,244,055	13,863,080	17,289,889	10,175,341
C. Operating Transfers (from) Operating Contingency	-	-	-	-	-
Transfers to CIP Funds					
Transfers to CIP from General Fund Surplus	5,238,829	15,244,055	13,863,080	17,289,889	10,175,341
Total Operating Transfers to CIP	5,238,829	15,244,055	13,863,080	17,289,889	10,175,341
Capital Improvement Program/Other Fund Revenues					
Interest Earnings	1,055,010	1,933,804	1,652,349	1,819,613	2,003,612
State/Federal Reimbursement	-	-	-	-	-
Cash Contracts	1,358,858	1,399,624	1,441,613	1,484,861	1,529,406
Developer Contributions	-	-	1,016,577	1,744,683	-
Workers' Comp Transfer in from GF	11,444,465	11,524,340	11,843,838	12,229,153	12,626,028
Miscellaneous	448,944	366,396	366,396	-	-
Operating Transfers In	5,238,829	15,244,055	13,863,080	17,289,889	10,175,341
Total CIP, W/C, Other Revenues	19,546,105	30,468,218	30,183,853	34,568,199	26,334,387
Capital Improvement Program/Other Fund Expenses					
Fund 12110 - General Fund CIP	5,441,410	1,234,400	1,685,700	1,398,700	1,368,700
Fund 123 - Fire Stations and Facilities	10,023,686	6,700,000	385,000	-	-
Fund 124 - Communications & Information Systems	11,204,599	3,906,511	4,444,367	1,000,000	1,000,000
Fund 133 - Fire Apparatus	21,464,696	7,598,371	7,717,302	7,207,494	4,079,908
Sub-Total CIP Expenses	48,134,391	19,439,282	14,232,369	9,606,194	6,448,608
Fund 171 - SFF Entitlement	584,464	-	-	-	-
Fund 190 - WC Self-Ins. (Cashflow Payments per Actuary)	7,304,719	7,899,848	8,468,671	9,184,920	9,961,747
Total CIP, W/C, Other Expenses	56,023,574	27,339,130	22,701,040	18,791,114	16,410,355
D. CIP SURPLUS/(DEFICIT)	(36,477,468)	3,129,088	7,482,813	15,777,085	9,924,032
ENDING FUND BALANCE (A+B+C+D) [a]	166,839,517	171,027,455	179,619,688	196,253,653	207,602,260
Fund Balances					
Operating Contingency (10% of Expenditures)	33,034,515	34,093,364	35,202,785	36,059,665	37,484,239
Reserve Exceeding Required Contingency	19,493,205	19,493,205	19,493,205	19,493,205	19,493,205
Reserve for Cash Contract City Station Maintenance	405,000	405,000	405,000	405,000	405,000
Donations & Developer Contributions	2,478	2,478	2,478	2,478	2,478
Fund 171 - Structural Fire Fund Entitlement	4,567	12,883	19,988	27,812	36,428
Capital Improvement Program	35,470,337	33,926,231	37,137,808	48,883,883	55,057,076
Fund 190 - WC Self-Insurance	78,429,415	83,094,294	87,358,424	91,381,609	95,123,834
Total Fund Balances	166,839,517	171,027,455	179,619,688	196,253,653	207,602,260

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

Forecast Assumptions – Mid-Year Revised

Basic Assumptions:

The Adopted FY 2016/17 budget, and the Five-Year Capital Improvement Plan approved by the Board of Directors on May 26, 2016 form the basis for this financial forecast with the following adjustments:

- Updated total beginning fund balance from the FY 2015/16 audited financial statements
- All approved budget adjustments that have occurred since the adoption of the budget
- Proposed FY 2016/17 mid-year adjustments

General Fund Revenues:

- ***Secured Property Taxes*** – Rosenow Spevacek Group’s Final 2016 Report provides the growth factors assumed for the forecast. The following are projections of current secured property tax growth:

FY 2016/17	4.57%
FY 2017/18	4.17%
FY 2018/19	3.67%
FY 2019/20	3.27%
FY 2020/21	2.61%
- ***Public Utility, Unsecured, Homeowners Property Tax Relief, and Supplemental Delinquent Taxes*** – All of these categories of property taxes are projected to remain constant during the forecast period.
- ***State Reimbursements*** – State reimbursements are expected to remain constant, pending more details from CAL FIRE.
- ***Federal Reimbursements*** – This revenue is projected to remain constant.
- ***One-Time Grant/ABH/RDA Proceeds*** – These are one-time only revenues that vary significantly from year to year and therefore are not forecasted beyond the current year. Board actions to date and proposed mid-year adjustments will increase the FY 2016/17 adopted budget by \$10.5M for one-time increases in grants and assistance by hire.
- ***Community Redevelopment Agency Pass-thru Revenue*** – RSG completed a Redevelopment Area Excess Revenue Analysis of pass-thru and residual revenues from the dissolution of the redevelopment agencies dated 4/4/2016. The forecast figures come from this report.
- ***Cash Contracts*** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments and year-over-year changes are estimated between 1.40% and 4.5% per year. In addition, this revenue category includes estimated John Wayne Airport contract proceeds with an annual 4% increase cap, which is projected to continue through the forecast period.

- **Community Risk Reduction Fees** – Community risk reduction fees are projected to remain constant through the forecast period, pending any changes approved by the Board.
- **ALS Supplies & Transport Reimbursements** – This revenue is estimated to remain flat, pending any changes approved by the Board.
- **Interest Earnings** – Assumes an annual return of 0.75% for FY 2016/17, 1.50% for FY 2017/18, and 2.25% for FY 2018/19 through FY 2020/21.
- **Other Revenue** – This revenue source includes various items such as reimbursements for training and cost recovery for the firefighter handcrew.

General Fund Expenditures

- **Salaries & Employee Benefits** – S&EB is composed of the following factors:
 - ✓ **New Positions for New Stations** – The forecast also assumes that four positions for a Station 20 Truck will be unfrozen 7/1/2017, one Station 67 engine will become operational on 7/1/2020 and a Station 67 truck will be operational on 7/1/2021.
 - ✓ **Employee Salaries** – Projected salaries reflect increases consistent with the approved labor group MOUs. In addition, annual salary increases of 2% projected for the years that follow expiration of the current MOUs.
 - ✓ **Retirement** – Retirement costs reflecting the projected employer retirement rates are based on the OCERS provided rates for FY 2016/17 that do not include the 3-year phase-in of the impact of a change in economic assumptions on employer contribution rates for Safety Members (“3-Year Phase-In”). The projected employer rates in the outer years of the forecast are based on a study prepared by Segal Consulting and provided by OCERS on 8/25/2016. FY 2017/18 rates are approximately 3.03% higher for safety and 0.60% higher for non-safety compared to FY 2016/17 rates.

FY	Safety	General	Source
2016/17	47.75%	33.20%	Effective rates for FY 2016/17 provided by OCERS without 3-Year Phase-In
2017/18	50.78%	33.80%	Per Segal Study dated August 2016. Effective rates after removing impact of additional OCFA UAAL contributions, assuming 7.25% rate of return for all years.
2018/19	50.79%	34.10%	
2019/20	51.49%	34.60%	
2020/21	52.29%	35.20%	

A FY 2016/17 mid-year adjustment of \$9.8M is proposed for accelerated paydown of OCFA’s Unfunded Actuarial Accrued Liability (UAAL) from unencumbered fund balance carried over from FY 2015/16.

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

- Contributing additional funds each year using projected savings that will be realized under new Public Employees' Pension Reform Act (PEPRA) of \$1.7M in FY 2016/17 and continuing in different amounts until payment is complete.
 - Contributing an additional \$1M each year starting in FY 2016/17 and increasing by \$2M each year until it reaches \$15M and continuing at \$15M thereafter
 - Contributing \$1 million per year from surplus fund balance available in the Workers' Compensation Self Insurance Fund starting in FY 2016/17 for 5 years.
- ✓ **Workers' Compensation** – FY 2016/17 assumes a 50% confidence level for ongoing Workers' Compensation costs. The 50% confidence level is assumed throughout the forecast period. Workers' Compensation costs in the forecast period are based on projected payments in the Rivelle Consulting Services June 2016 Study.
- ✓ **Other Insurance** – Medical insurance rates for firefighters are assumed to grow annually by 9%. For staff members, it is projected to grow by 10% annually. This category also includes \$35,000 for unemployment insurance in FY 2016/17.
- ✓ **Medicare** – Annual amounts are calculated at 1.41% of projected salaries.
- **One-Time Grant/ABH Expenditures** – These are one-time only expenditures that vary significantly from year to year and therefore are not forecasted beyond FY 2016/17.
 - **Services and Supplies (S&S)** – S&S is held flat unless a new fire station is built, specific increases have been identified by section managers, or one-time grant proceeds have been received.

Net General Fund Revenue

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

Incremental Increase in General Fund 10% Contingency:

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

General Fund Surplus/(Deficit):

This figure is equal to the Net General Fund Revenue less the incremental increase in the General Fund 10% Contingency. In years when there is a surplus, the amount is transferred to the CIP funds. In years when there is a deficit, the deficit amount must be drawn from the 10% Contingency, and once those are exhausted, from fund balance for CIP.

Capital Improvement Program/Other Funds Revenue:

- **Interest Earnings** – Assumes an annual return of 0.75% for FY 2016/17, 1.50% for FY 2017/18, and 2.25% for FY 2018/19 through FY 2020/21.
- **State/Federal Reimbursement** – The forecast assumes no State/Federal reimbursement revenue in the forecast period.

- **Cash Contracts** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments.
- **Developer Contributions** – The forecast assumes developer contributions will be used to fund the purchase of various vehicles for Rancho Mission Viejo Station 67 in FY 2018/19 and FY 2019/20.
- **Workers' Compensation Transfer** – These amounts equal the General Fund Workers' Compensation budget.
- **Operating Transfer In** – This figure equals the Operating Transfer Out from the General Fund.

Capital Improvement Program/Other Funds Expenditures:

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

- **Structural Fire Fund Entitlement (Fund 171)** – The forecast period assumes no Structural Fire Fund Entitlement expenditures.
- **Self-Insurance Fund (Fund 190)** – Self-Insurance fund expenditures are based on projected payments in the Rivelle Consulting Services June 2016 Workers' Compensation Actuarial Study.

Fund Balances:

- **Operating Contingency** – Reflects policy of 10% of the General Fund expenditures each year (less one-time expenditures). General Fund deficits (if applicable) are deducted from this category of fund balance once the Cash Flow fund balance is exhausted.
- **Self-Insurance Fund (Fund 190)** – Funding is set aside for Workers' Compensation outstanding claims at the 50% confidence level per Board policy. The required amount is based on the actuarial report for Estimated Outstanding Losses as of the last full fiscal year prior to report issuance. The required funding levels are maintained by retaining funds in fund balance that reflect the difference between the workers' compensation transfer and Fund 190 expenditures.
- **Capital Improvement Program** – This fund balance includes funding for future capital replacements and is reduced annually by the cost of capital assets and increased in years when there are Operating Transfers into the CIP.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
January 11, 2017

Agenda Item No. 4B
Discussion Calendar

Request for Proposal for Financial Audit and Related Services

Contact(s) for Further Information

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Jim Ruane, Finance Manager/Auditor	jimruane@ocfa.org	714.573.6304
Tammie Pickens, General Accounting Manager	tammiepickens@ocfa.org	714.573.6320

Summary

This agenda item is submitted to present the draft Request for Proposals (RFP) for Financial Audit and Related Services.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review and approve finalization of the scope of work included in the draft Request for Proposals for financial, internal control, and other audit/attest services.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

See attached expanded background.

Attachment(s)

Draft Request for Proposals

Background

Pursuant to California Government Code Section 6505, the Orange County Fire Authority's (OCFA) Amended Joint Powers Agreement requires that the records and accounts of OCFA must be audited annually by an independent certified public accountant. The Government Finance Officers Association (GFOA) has published its recommended practices for audit procurement, which include the following:

- **Audit scope** – The scope of the independent audit should encompass the fair presentation of the basic financial statements, as well as the fair presentation of the financial statements of individual funds and component units.
- **Independence** – Governmental entities should require in their audit contracts that the auditors of their financial statements conform to the independence standard stated in the General Accounting Office's Government Auditing Standards.
- **Multi-year agreement** – A multi-year agreement (at least five years) allows for greater continuity and helps to minimize the potential for disruption in connection with the independent audit.
- **Competitive process** – Governmental entities should undertake a full competitive process for the selection of their independent auditor at the end of term of each audit contract. Ideally, auditor independence would be enhanced by a policy requiring that the auditor be replaced at the end of the audit contract, as is often the case in the private sector. However, the frequent lack of firms fully qualified to perform audits in the public sector could make a mandatory auditor rotation policy counterproductive. In such cases, GFOA recommends that a government agency seek the participation of all qualified firms, including the current auditors, in the competitive process.
- **Non-audit services** – Any significant non-audit services performed by an independent auditor should be approved in advance by the government's audit committee. The possibility of alternate service providers should be explored before making a decision to engage the independent auditor to perform significant non-audit services.
- **Quality audit** – The principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case should price be allowed to serve as the sole criterion for the selection of an independent auditor.

Scope of Work Performed by Past and Current Auditors

OCFA currently contracts with Lance, Soll & Lunghard, LLP (LSL) to provide financial and single audit services, as well as "other attest services" including an annual compliance review of the Firefighter Medical Trust and an annual evaluation of OCFA's calculation of the marginal cost for providing advanced and basic life support services to ambulance companies. OCFA also has a separate contract with LSL to complete agreed-upon procedures that periodically review the adequacy of and compliance with various internal control areas. These reviews are designed to review internal controls over both financial and non-financial areas of the organization in greater depth than would normally be required during the annual financial audit.

Prior to 2011, these two contracts were awarded to two different audit firms. During the most recent competitive bid process in 2011, both contracts were awarded to LSL but are overseen by different partners at the firm. The three-year internal control contract with LSL expired on March 31, 2015. The five-year audit services contract with LSL will expire on March 31, 2017. The following table summarizes the scope of work performed by OCFA's current and past auditors, as well as the duration and scope of each contract.

Fiscal Year(s)	# of Years	Firm	Financial and Single Audit Services	Other Attest Services	Internal Control Reviews
1995/96 – 2001/02	7	Moreland & Associates, Inc.	✓	✓	
2002/03 – 2006/07	5	Lance, Soll & Lunghard, LLP	✓	✓	
		Moreland & Associates, Inc.			✓
2007/08 – 2010/11	4	Mayer Hoffman McCann, P.C.	✓	✓	
		Diehl, Evans & Company, LLP			✓
2011/12 – 2015/16	5	Lance, Soll & Lunghard, LLP	✓	✓	✓

OCFA will be seeking proposals from qualified certified public accountant firms to perform financial, internal control, and other audit/attest services commencing with the Fiscal Year 2016/17 financial audit. Because the Budget and Finance Committee serves as OCFA's audit committee, a draft Request for Proposals (RFP) is being provided to the Committee for review and approval of the proposed scope of work before it is finalized (Attachment 1). Staff anticipates returning to the Committee with its evaluation and recommendations for audit firm selections in March or April 2017.

Statement on Auditing Standards No. 130

At the Committee's meeting on November 9, 2016, members expressed interest in completing an audit that would "integrate" the financial audit with an internal control audit. This type of audit is optional for audit periods ending on or after December 15, 2016 (Fiscal Year 2016/17), based on new Statement on Auditing Standards (SAS) No. 130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, that was issued by the Auditing Standards Board in October 2015. An integrated audit performed under SAS No. 130 would require the auditors to examine and report directly (i.e., provide an opinion on) the effectiveness of internal control over financial reporting. Because SAS No. 130 is a new auditing standard, the cost versus benefit of completing this type of audit (as opposed to the current agreed-upon procedures format) is unknown. The draft RFP has been structured in a manner that provides OCFA staff and the Committee with the option of proceeding with a SAS No. 130 audit once proposals submitted by interested firms have been received and evaluated.

Mandatory Audit Partner/Firm Rotation

Mandatory audit firm rotation sets a limit on the number of years a public accounting firm may audit an organization's financial statements. After a predetermined period, an accounting firm is no longer eligible to serve as the organization's auditor for a set time interval (i.e., five years) and a rotation of firms is required. Mandatory firm rotation is distinguished from mandatory audit partner rotation, where the key audit partner(s) are required to rotate off the audit engagement after a given period.

California Assembly Bill 1345 added section 12410.6(b) to California Government Code regarding auditor rotation requirements of public accounting firms providing audit services to local agencies. Commencing with Fiscal Year 2013/14, a local government agency may not employ a public accounting firm to provide audit services if the lead audit partner having primary responsibility for the audit has performed audit services for that agency for six consecutive fiscal years. Although the lead audit partner must be rotated, there is currently no requirement for local government agencies to periodically rotate audit firms.

The Board of Directors was informed at their meeting on November 17, 2016, that the current contract for financial audit services would soon be expiring and that staff would begin a formal RFP process during the upcoming months. Some Directors expressed interest in adopting a mandatory audit firm rotation policy and directed staff to bring this item to the attention of the Budget and Finance Committee prior to issuing the RFP for financial audit services. Following are some of the key arguments both in favor of and against mandatory audit firm rotation.

Arguments in Favor of Mandatory Audit Firm Rotation

- **Objectivity** – In a long-standing auditor/client relationship, auditors may become overly familiar with an organization’s management and risk losing the professional skepticism needed to remain objective. However, knowledge that another firm will soon review the current auditor’s work may reinforce the professional skepticism of an incumbent auditor.
- **Audit Quality** – In order to retain a long-term client, an audit firm may feel pressured to keep its audit fees low and thus risk undermining their commitment to conduct a rigorous and thorough audit process.
- **New Perspective** – A new audit firm conducts the audit with “fresh eyes” and may spot issues than an incumbent audit firm has overlooked.

Arguments Against Mandatory Audit Firm Rotation

- **Audit Quality** – Mandatory firm rotation has not been proven to increase audit quality; in fact, some studies by accounting and audit oversight groups have shown that rotation may adversely affect audit quality, since audit failures are more likely to occur in the first two years of an audit engagement. One advantage of audit firm tenure is that the auditor obtains significant “institutional knowledge” and understanding of an organization over time (i.e., knowledge of the client’s accounting and internal control systems), as well as an awareness of its risks, all of which can enhance audit quality. In addition, mandatory rotation fails to fully reward firms that achieve greater efficiency and audit quality. Audit firms that provide lesser quality services continue to survive in the competitive market because there will constantly be organizations looking for new auditors.
- **Cost and Timing** – Due to the learning curve audit firms face with any new audit, audits can be less efficient at the beginning of an engagement. While audit firms can and do manage transitions effectively, this is not without cost or risk. Both the auditor and the organization incur costs (financial and staff time) in getting up to speed. The cost of mandatory firm rotation may also be compounded due to an organization’s particular circumstances, such as changing an auditor in the midst of a major accounting

transaction or during implementation of a new accounting standard. Such changes can be costly and may impact the timeliness of issuing final financial reports.

- **Industry Specialization** – Mandatory audit firm rotation could make it difficult for some organizations to find auditors with expertise in their industries. This could harm audit quality if an organization is unable to engage another audit firm with sufficient industry expertise. Auditors obtain in-depth knowledge of specific industries (i.e., government) and invest resources to obtain and maintain their expertise. This specialization increases the auditor's ability to perform high-quality audits in an industry sector. Not all audit firms have the same industry expertise, particularly in those industries characterized by complex regulatory and accounting environments.

During the past three competitive processes for auditor selection, OCFA received responses from the following firms:

Firms Responding to RFP Process	2002	2007	2011
Brown Armstrong			✓
Caporicci & Larson	✓		
Charles Z. Fedak & Company		✓	✓
Conrad & Associates	✓		
Mayer Hoffman McCann, P.C.		✓	✓
Diehl, Evans & Company, LLP	✓	✓	
White Nelson Diehl Evans, LLP			✓
Lance, Soll & Lunghard, LLP	✓	✓	✓
Macias Gini & O'Connell LLP	✓		✓
McGladrey & Pullen, LLP			✓
Moreland & Associates, Inc.	✓	✓	
Rogers, Anderson, Malody & Scott, LLP		✓	✓
Tahim and Associates			✓
Teaman, Ramirez & Smith Inc.			✓
Total number of responding firms	6	6	10

Because there have historically been a limited number of responding firms qualified to complete OCFA's financial audit, OCFA has not adopted a mandatory audit firm rotation policy during past RFP processes. This has been consistent with the GFOA best practice recommendation to allow the participation of all qualified firms, including the current auditors, in the competitive process. In addition, OCFA is now requesting proposals to complete a more extensive, integrated internal control audit under SAS No. 130, and it is unknown at this time how many qualified firms will respond to this new type of audit. However, because some members of OCFA's Committee and its full Board of Directors have expressed interest during recent months in adopting a mandatory audit firm rotation policy, the draft RFP precludes OCFA's current audit firm Lance, Soll & Lunghard, LLP, from participating in the current competitive process for financial audit and other attest services.



ORANGE COUNTY FIRE AUTHORITY

Request for Proposal Financial Auditing Services

DATE: January 12, 2017

RFP Number: DC2184

The Orange County Fire Authority (OCFA) is seeking proposals from qualified certified public accountant firms to perform financial, internal control, and other audit/attest services.

Proposals will be received no later than 11:00 A.M., February 7, 2017

Provided that they are received by OCFA Purchasing Department no later than the deadline above, proposals may be hand delivered, overnighted, or mailed to Orange County Fire Authority, Purchasing Department, 1 Fire Authority Road, Building C, Irvine, CA 92602. Alternatively, proposals may be submitted electronically online through Planetbids.

LATE PROPOSALS WILL NOT BE ACCEPTED

A non-mandatory pre-proposal conference is scheduled on **January 31, 2017 at 10:00 a.m.** at the Orange County Fire Authority Regional Operations and Training Center, 1 Fire Authority Road, Classroom 1, Irvine, CA 92602. Please see page 4 for additional options for attending the pre-proposal meeting remotely.

Any questions concerning this RFP can be submitted on-line via the Q&A module available through Planetbids (OCFA's e-procurement system) before **February 2, 2017 at 11:00 a.m.** OCFA will publish a response to all inquiries through the e-procurement system and/or may issue an addendum as a result.

One (1) original hard copy, one (1) duplicate hard copy, and one (1) electronic copy in PDF or Word (on Digital Media), of the proposal shall be sent to the attention of the Purchasing Manager, within said time limit, in a sealed envelope. The words "SEALED PROPOSAL" with the RFP TITLE, RFP NUMBER, PROPOSAL DUE DATE AND TIME, AND OFFEROR'S NAME AND ADDRESS shall be written on the envelope. *If you opt to submit hard copies of the proposal, please submit the Offer/Cost Proposal in a separate sealed envelope marked as such.* Another option is to submit your proposal electronically through the Planetbids website. If you elect to submit your proposal electronically through Planetbids, no additional copies or digital media will be required. There will be no public opening of proposals.

If you have any questions, please contact Debbie Casper, C.P.M., CPPB, Purchasing & Materials Manager, at (714) 573-6641 or via e-mail at: debbiecasper@ocfa.org.

Regards,

A handwritten signature in cursive script that reads "Debbie Casper".

Debbie Casper, C.P.M., CPPB

Purchasing & Materials Manager

Contents

SECTION I: PROPOSAL INFORMATION.....	2
INTRODUCTION.....	3
AGENCY BACKGROUND	3
ESTIMATED RFP SCHEDULE.....	3
TERM OF AGREEMENT.....	4
PRE-PROPOSAL CONFERENCE.....	4
DUE DATE.....	4
GENERAL INFORMATION	4
SECTION II: SCOPE OF WORK	6
SECTION III: GENERAL INSTRUCTIONS TO OFFERORS.....	24
SECTION IV: GENERAL TERMS AND CONDITIONS	33
SECTION V: PROPOSAL REQUIREMENTS.....	36
SECTION VI: EVALUATION OF PROPOSALS AND NEGOTIATIONS.....	41
SECTION VII: ADDITIONAL INFORMATION ABOUT THE EVALUATION PROCESS	42
APPENDIX A – OFFEROR’S INFORMATION.....	44
APPENDIX B-1 – PRICING PAGE (PROPOSAL 1)	45
APPENDIX B-2 – PRICING PAGE (PROPOSAL 2)	47
APPENDIX C – CERTIFICATION OF PROPOSAL	49
APPENDIX D – PARTY AND PARTICIPANT DISCLOSURE FORMS	50
EXHIBIT 1 – <i>SAMPLE PROFESSIONAL SERVICES AGREEMENT</i>.....	57

SECTION I: PROPOSAL INFORMATION

INTRODUCTION

The Orange County Fire Authority (OCFA) is seeking proposals from qualified certified public accountant firms to perform financial, internal control, and other audit/attest services. A successful firm must demonstrate their qualifications in the submitted proposals.

AGENCY BACKGROUND

The Orange County Fire Authority was formed on March 1, 1995, transitioning from the Orange County Fire Department to a Joint Powers Authority (JPA) as allowed by California State Government Code 6500 et seq. The OCFA is an independent organizational entity similar to a special district. The service area includes twenty-three member cities, the unincorporated areas of Orange County, California, including State and Federal Responsibility areas. A twenty-five member Executive Board of Directors governs the OCFA. This Board includes an elected official appointed to represent each of the twenty-three member cities and two representatives from the County Board of Supervisors. The OCFA is managed by an appointed Fire Chief who reports to the Executive Board of Directors.

The OCFA is the largest regional fire service organization in Orange County and one of the largest in California. Emergency response services are provided to a community of over 1.75 million residents in a 575 square mile area. The OCFA's authorized staffing level is 1,372 full-time positions. These personnel provide front-line services, including prevention, education, dispatch, emergency response and technical and administrative support.

The OCFA serves the following jurisdictions:

Aliso Viejo	Lake Forest	Santa Ana
Buena Park	La Palma	Seal Beach
Cypress	Los Alamitos	Stanton
Dana Point	Mission Viejo	Tustin
Irvine	Placentia	Villa Park
Laguna Hills	Rancho Santa Margarita	Westminster
Laguna Niguel	San Clemente	Yorba Linda
Laguna Woods	San Juan Capistrano	County of Orange

ESTIMATED RFP SCHEDULE

Proposal Posting Date	January 12, 2017
Non-Mandatory Pre-Proposal Conference	January 31, 2017 at 10:00 a.m.
Online Q & A	February 2, 2017 at 11:00 a.m.
Due date for Proposals	February 7, 2017 no later than 11:00 a.m.
Tentative Interviews with Finalist (if required)	February/March 2017
Award Contract (Tentative)	March 2017

Proposals submitted will be evaluated by staff based on the criteria listed in the RFP. The recommendation will be referred to the OCFA Executive Committee for approval and award of the contract, if required. It is anticipated the evaluation and negotiations will be completed by the end of **February 2017** and the recommendation for award will be made to the Executive Committee meeting the following month if approval is required.

TERM OF AGREEMENT

The term of the agreement should reflect services and fees for a three-year contract with two (2) optional one year renewals. **Total contract duration is not to exceed five years.** The contract will commence on the date the agreement is approved and awarded by OCFA (the date of contract execution), and conclude when the project is complete, subject to the “Time of Performance” and the “Termination” provisions of the OCFA’s “Pro Forma” Professional Services Agreement (Exhibit 1). The contract is subject to the satisfactory negotiation of terms, including a price acceptable to both the OCFA and the selected firm.

PRE-PROPOSAL CONFERENCE

If a non-mandatory pre-proposal meeting is scheduled, the time, date and location will appear in the schedule above. This informational meeting will be held to allow for questions and clarifications concerning the Authority’s RFP process and subsequent contract award. Offerors should be familiar with the proposal prior to attending the pre-proposal conference. If you will be attending this pre-proposal meeting in person or if you are interested in attending this meeting remotely through GoToMeeting, please contact Marilee Freville via e-mail at: marileefreville@ocfa.org or by telephone at: (714) 573-6640 to reserve your spot. Please note that the call-in space is limited and will be provided on a first come first serve basis.

DUE DATE

Closing time and date: **February 7, 2017 no later than 11:00 a.m.** One (1) original hard copy (marked original), one (1) duplicate hard copy, and one (1) electronic copy in PDF or Word (on CD or DVD) of the proposal must be submitted in sealed envelope marked RFP – RFP Number and submitted to the following address (*unless submitted electronically through Planetbids*):

Delivery Address:

Orange County Fire Authority
Attn: Purchasing Section
1 Fire Authority Road Bldg. C
Irvine, CA 92602

GENERAL INFORMATION

The successful proposal will be one that demonstrates the ability of the consultant to meet the requirements of the solicitation. Sealed proposals will be accepted up to the date and time stated herein. Proposals must be prepared in conformance with the instructions provided.

Only those firms with verifiable experience as it relates to the requirement of this solicitation will be considered during the evaluation process.

To be considered responsive, Offerors must respond to this solicitation in accordance with the requirements, specifications, commercial terms, and provisions as described and set forth herein. Proposals must embrace a concept that the successful Offeror will satisfy all of the objectives and service specifications outlined in this document.

Any Offeror who wishes his/her proposal(s) to be considered is responsible for making certain that the proposal is received in the Purchasing Office by the announced time. No oral, telegraphic, facsimile, or telephonic proposals or modifications will be considered unless specified. Proposals received after the scheduled submittal deadline will be returned unopened. Proposals must bear original signatures when the proposal is not submitted electronically. Please note that there will be no public opening of

proposals. Proposal information shall not be made public until the contract is awarded. At that time the executed contract will become public information. Please direct any questions regarding this proposal to Debbie Casper, C.P.M., CPPB, Purchasing & Materials Manager, via telephone (714) 573-6641 or e-mail: debbiecasper@ocfa.org.

The Orange County Fire Authority reserves the right to negotiate with any Offeror(s) as necessary to serve the best interest of the Authority and negotiate the final contract(s) with the most responsive, responsible Offeror. OCFA reserves the right to waive, at its discretion, any irregularity or informality, which the OCFA deems correctable or otherwise not warranting rejection of the RFP. OCFA reserves the right to reject any and all proposals and to accept any proposal or portion thereof. No obligation, either expressed or implied, exists on the part of the OCFA to make an award or to pay any costs incurred in the preparation or submission of a proposal. All costs associated with the preparation or submission of proposals covered by this RFP, are solely the responsibility of the Offerors.

By submitting an offer, the Offeror acknowledges understanding of the rules as defined in this RFP. Compliance with all of the terms and conditions of the agreement is mandatory for companies providing services to OCFA.

The intent of the OCFA is to award a contract to the respondent that scores the highest in the RFP evaluation process. Please provide your response to all the information requested in this RFP so that the firm you represent can be assessed to the best advantage.

SECTION II: SCOPE OF WORK

OCFA is seeking **two separate proposals**, as identified in the table below, from qualified certified public accountant firms to perform financial, internal control, and/or other audit/attest services. Firms may submit proposals for one or both proposals. **Proposals 1 and 2 may be awarded to the same firm or separate firms.** In addition, Proposal 1 has been divided into two separate parts (Part 1a and Part 1b). OCFA may, at its discretion, opt to forgo awarding Part 1b and eliminate that portion of the project from the awarded scope of work.

Description	Proposal 1	Proposal 2
Financial Statement Audit and Single Audit Services	✓	
Audit of Internal Controls over Financial Reporting (SAS 130)	✓	
Other Audit/Attest Services as Needed, Including: <ul style="list-style-type: none"> • Agreed-Upon Procedures on compliance with the Health Plan Agreement between the OCFA and the Orange County Professional Firefighters Association, Local 3631 (“Firefighter Medical Trust”). • Agreed-Upon Procedures to evaluate the OCFA’s calculation of the marginal costs of providing Advanced Life Support and Basic Life Support services to ambulance companies. • Agreed-Upon Procedures to review the adequacy of, and staff compliance with, OCFA’s internal control structure and procedures and, where necessary or advisable, make recommendations to strengthen said internal controls and procedures. 		✓

MINIMUM QUALIFICATIONS

Offerors must meet the following minimum requirements to be considered responsive. These qualifications may be met by an individual or a combination of a team. Failure to meet these minimum requirements may cause the submitted proposal to be eliminated from further consideration in the evaluation process:

- The firm is independent and properly licensed to practice in California.
- The firm is capable of providing the required services.
- The firm has no conflict of interest with regard to any other work performed by the firm for the OCFA.
- The firm adhered to the instructions in the RFP in preparing and submitting the proposal.
- The firm has already resolved to the sole discretion of OCFA any and all disciplinary actions taken or pending against it by any regulatory body or professional organization.
- The firm is not the incumbent provider of OCFA’s financial and single audit services.

PROJECT BACKGROUND

PROPOSAL 1 – Financial Statement Audit and Single Audit Services; Audit of Internal Controls over Financial Reporting

1. General Information

OCFA is soliciting the services of qualified certified public accountant firms to audit its financial statements for the fiscal year ending June 30, 2017, and the two subsequent fiscal years thereafter, with an option to extend the contract in one-year periods, not to exceed a total of two additional fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals. In addition, the selected firm may be requested to integrate into these audits an audit of the OCFA's internal controls over financial reporting in accordance with Statement on Auditing Standards (SAS) No. 130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*.

2. Scope of Work to Be Performed

a. Part 1a – Financial Statement Audit and Single Audit Services

- **Basic Financial Statements** – OCFA desires the auditor to express an opinion on the fair presentation of the financial statements of its governmental activities, business-type activities, discretely presented component unit(s), each major fund, the aggregate remaining fund information, and the respective changes in financial position and the budgetary comparison for the General Fund, as applicable, as of and for the year ended June 30, and the related notes to the financial statements, which collectively comprise OCFA's basic financial statements. This opinion shall be expressed in conformity with accounting principles generally accepted in the United States of America.
- **Required Supplementary Information** – The auditor is not required to express an opinion or provide any assurance on the management's discussion and analysis or other required supplementary information. However, the auditor is to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, including inquiries of management regarding the methods of measurement and presentation, and comparing the information for consistency with management's responses, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements.
- **Combining and Individual Fund Financial Statements and the Schedule of Expenditures of Federal Awards** – The auditor is to provide an "in-relation-to" opinion on any additional combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards, based on the auditing procedures applied during the audit of the basic financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In addition, the auditor will assist OCFA in submitting the Schedule of Expenditure of Federal Awards and other single audit reporting requirements to the Federal Audit Clearinghouse (FAC), including any required auditor certifications.
- **Introductory and Statistical Sections** – The auditor is not required to audit, express an opinion on, or provide assurance on the introductory and statistical sections of the Comprehensive Annual Financial Report.

b. Part 1b – Audit of Internal Controls over Financial Reporting

OCFA may opt for the auditor to integrate into the financial statement audit (as identified in Part 1a of Proposal 1) an audit of its internal controls over financial reporting. Such audit would require the auditor to examine and report directly on the effectiveness of OCFA's internal control over financial reporting, in accordance with the requirements set forth in Statement on Auditing Standards (SAS) No. 130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*. SAS No. 130 may be implemented for integrated audits for periods ending on or after December 15, 2016. As such, OCFA's audit as of and for the fiscal year ending June 30, 2017, would be the first time this type of audit would potentially be completed for OCFA.

Since 2006, OCFA has elected to engage various certified public accounting firms to conduct separate agreed-upon procedures engagements for its various financial and non-financial internal control cycles. It has been the desire of OCFA staff and the audit committee to ensure that there is a proper segregation of duties, as well as appropriate internal controls and procedures, in order to detect and deter potential misappropriation or loss of funds, embezzlement, or fraud. Past internal control engagements were not conducted based on any suspected or inappropriate activity or concerns about the financial statements, but rather were completed in an abundance of caution to ensure the adequacy of its internal control structure and procedures.

Now that an internal control audit is an available option under SAS No. 130, OCFA is seeking to determine whether such an engagement is a practical and cost-effective option for evaluating its financial internal controls, based on the responses received under Proposal 1, Part 1b. **Should a SAS No. 130 audit of internal controls over financial reporting prove to not be a feasible or desirable option, as determined by OCFA staff and/or its audit committee, OCFA may opt to eliminate Part 1b from the scope of work of Proposal 1, and instead continue to conduct periodic agreed-upon procedures engagements over its financial and non-financial internal control cycles as described herein under Proposal 2.**

3. **Auditing Standards to Be Followed**

To meet the requirements of this request for proposals, the financial statement and single audits shall be performed in accordance with the following standards:

- Auditing standards generally accepted in the United States of America
- Standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States
- Compliance requirements described in the *OMB Compliance Supplement* for each major federal program
- Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)
- Statement on Auditing Standards (SAS) No. 130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements* (as applicable under Proposal 1, Part 1b)

4. **Reports to be Issued**

- a. **Financial and Related Reports**

Following the completion of the audit of the fiscal year's financial statements, including a single audit and internal control audit, if applicable, the auditor shall issue the reports identified in the following table and described in greater detail below.

Reporting Entity	Report	Electronic Format	Approx. Number of Hard Copies
OCFA	Independent Auditor's Report (for CAFR)	PDF	None
	Financial Statements	PDF	50 bound copies
	Single Audit Report	PDF	50 bound copies
	Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	PDF	35 stapled copies
	Auditor Communication Letter	PDF	35 stapled copies
	Internal Control Report (SAS No. 130)	PDF	50 bound copies
OCFA Foundation	Independent Auditor's Report (for Financial Statements)	PDF	None
	Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	PDF	None
	Auditor Communication Letter	PDF	None

- **Comprehensive Annual Financial Report** – OCFA staff prepares the Comprehensive Annual Financial Report (CAFR). The auditor shall issue an *Independent Auditors' Report* for inclusion in the OCFA-prepared CAFR expressing an opinion on the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. The *Independent Auditors' Report* should be provided in a "PDF" electronic format that will allow OCFA staff to easily merge the auditor's opinion with the electronic CAFR document. No hard copies of this report are required.
- **Financial Statements** – Upon approval of the draft CAFR document, OCFA staff will supply the auditor with the electronic files necessary to prepare separate, stand-alone Financial Statements. The auditor is responsible for the final preparation, formatting, review, and issuance of the Financial Statements, which shall include an *Independent Auditors' Report* expressing an opinion on the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. The Financial Statements should be provided in a "PDF" electronic format that will allow OCFA to merge with the Board of Directors electronic agenda distribution package for approval. Approximately 50 bound hard copies of this report are to be provided.
- **Single Audit Report** – The auditor is responsible for the preparation and issuance of the Single Audit Report, which shall include the following:
 - Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

- Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
- Schedule of Expenditures of Federal Awards
- Notes to the Schedule of Expenditures of Federal Awards
- Schedules of Findings and Questioned Costs for the Current and Prior Fiscal Years

The Single Audit Report should be provided in a "PDF" electronic format that will allow OCFA to merge with the Board of Directors electronic agenda distribution package for approval. Approximately 50 bound hard copies of this report are to be provided.

- ***Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*** – The auditor shall issue this report in order to describe the scope and results of testing of internal controls over financial reporting and compliance. It should be provided in a "PDF" electronic format that will allow OCFA to merge with the Board of Directors electronic agenda distribution package for approval. Approximately 35 stapled hard copies of this report are to be provided.
- ***Auditor Communication Letter*** – The auditor shall prepare an Auditor Communication Letter addressed to the Board of Directors describing any significant audit findings and/or other matters, including qualitative aspects of accounting practices; difficulties encountered in performing the audit; corrected and uncorrected misstatements; disagreements with management; management representations; management consultations with other independent accountants; and other audit findings or issues. This report should be provided in a "PDF" electronic format that will allow OCFA to merge with the Board of Directors electronic agenda distribution package for approval. Approximately 35 stapled hard copies of this report are to be provided.
- ***Internal Control Report over Financial Reporting (SAS No. 130)*** – Should OCFA opt to proceed with an audit of its internal controls over financial reporting integrated with its financial statement audit, the auditor shall prepare an Internal Control Report over Financial Reporting in accordance with the requirements set forth in Statement on Auditing Standards (SAS) No. 130. It should be provided in a "PDF" electronic format that will allow OCFA to merge with the Board of Directors electronic agenda distribution package for approval. Approximately 50 bound hard copies of this report shall also be provided.
- ***OCFA Foundation Financial Statements and Related Reports*** – OCFA staff prepares the stand-alone Financial Statements for the OCFA Foundation, a discretely presented component unit of OCFA. The auditor shall issue an *Independent Auditors' Report* for inclusion in the OCFA-prepared Financial Statements expressing an opinion on the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. The auditor shall also prepare and issue a separate ***Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*** and ***Auditor Communication Letter*** (as described above for OCFA) addressed to the separate OCFA Foundation's Board of Directors. All OCFA Foundation reports should be provided in a "PDF" electronic format that will allow OCFA staff to easily merge the auditor's opinion with the electronic Financial Statement document and submit electronically to the OCFA Foundation's Board of Directors. No hard copies of these reports are required.

b. Reporting of Irregularities and/or Illegal Acts

The auditor shall be required to make an immediate, written report of all irregularities and/or illegal acts or indications of illegal acts of which they may become aware of during the course of their work to the following parties:

- Chairman, OCFA Board of Directors
- Chairman, OCFA Budget and Finance Committee
- Fire Chief
- Assistant Chief of Business Services
- Finance Manager/Auditor
- Chairman, OCFA Foundation Board of Directors (if applicable)

c. Reporting to the Budget and Finance Committee / Audit Committee

The Budget and Finance Committee (B&FC), a sub-set of the Board of Directors, meet monthly and advises staff and makes recommendations to the Board of Directors on matters related to financial and budget policies, development of budgets, assignment of fund balances, budget balancing measures, long-term financial planning, investment policies, and purchasing policies. The B&FC has also been designated to serve as OCFA's audit committee. The auditor will engage in direct, two-way communication with the members of the audit committee regarding audit matters in accordance with Statements on Auditing Standards (SAS) No. 114. OCFA's past and current auditors have demonstrated this two-way communication in the following way(s):

- Provide a written and/or oral report or presentation to the B&FC prior to commencing interim audit fieldwork to identify and discuss the auditor's responsibilities and the planned scope and timing of the audit
- Be available to receive feedback or input from B&FC members (i.e., via phone, email, etc.) to incorporate into the planned audit procedures
- At the conclusion of final audit fieldwork, meet with the Chair and Vice Chair of the B&FC to discuss the results of the audit
- When the audit reports are submitted for approval of the B&FC, provide an oral report highlighting the results of the audit and any items identified in the written Auditor Communication Letter
- Be available to provide similar feedback and information to the full Board of Directors, as needed

5. Special Considerations

- a. OCFA has been awarded the *Certificate of Achievement for Excellence in Financial Reporting* from the Government Finance Officers Association of the United States and Canada for the last eighteen consecutive years. It is OCFA's intention to continue to receive this award annually and, thus, will expect the Comprehensive Annual Financial Report to continue to meet the requirements of that award program.
- b. Select Governmental Accounting Standards Board (GASB) Statements with significant impacts to OCFA's financial statement reporting were implemented during the following fiscal years:

No.	Description	Fiscal Year Implemented
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No. 34	<i>Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments</i>	Fiscal Year 2001/02
No. 43	Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans	Fiscal Year 2006/07
No. 45	Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions	Fiscal Year 2007/08
No. 54	<i>Fund Balance Reporting and Governmental Fund Type Definitions</i>	Fiscal Year 2010/11
No. 67	<i>Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25</i>	Fiscal Year 2013/14
No. 68; No. 71	<i>Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27; Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68</i>	Fiscal Year 2014/15
No. 72	<i>Fair Value Measurement and Application</i>	Fiscal Year 2015/16

- c. OCFA anticipates that it will implement GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during Fiscal Year 2016/17 and Fiscal Year 2017/18, respectively.
- d. OCFA was issued an unmodified opinion on its most recent Financial Statements (fiscal year ended June 30, 2016). The auditors did not identify any issues that they considered to be significant deficiencies or material weaknesses.
- e. OCFA currently contracts with Lance, Soll & Lunghard, LLP (LSL) to complete the annual independent audit of its financial statements through the fiscal year ended June 30, 2016. LSL has served as OCFA’s financial auditor since the fiscal year ended June 30, 2012. Based on direction provided by OCFA’s Budget and Finance Committee (Audit Committee) at its meeting on January 11, 2017, the incumbent audit firm is precluded from participating in the proposal process for financial statement audit, single audit, and internal control over financial reporting audit services (Proposal 1).

6. Working Paper Retention and Access to Working Papers

All audit working papers and reports must be retained, at the auditor’s expense, for a minimum of three (3) years, unless the firm is notified in writing by OCFA of the need to extend the retention period. In addition, the firm shall respond to any reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance. Audit working papers remain the sole property of the auditors.

7. Prior Year Reports

OCFA publishes its CAFR and Single Audit Report on its external website at <http://www.ocfa.org/Transparency/Transparency.aspx#financial>. Currently, the CAFR is posted on the website for Fiscal Year 2004/05 through Fiscal Year 2015/16, while the Single Audit Report is posted on the website for Fiscal Year 2005/06 through Fiscal Year 2015/16. Other prior year reports are available upon request. For electronic copies, please contact Tammie Pickens in the OCFA’s Finance Division at (714) 573-6320 or tammiepickens@ocfa.org.

PROPOSAL 2 – Other Audit/Attest Services

1. General Information

OCFA is soliciting the services of qualified certified public accountant firms to perform on an as-needed basis other audits, reviews, and/or agreed-upon procedures engagements that require the issuance of an audit or attest opinion. These services are to be performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants or other applicable standards based upon the scope of work. Additional audit/attest services will be provided at an hourly rate.

2. Scope of Work to Be Performed

OCFA desires the auditor to provide additional services that require an audit/attest opinion on an as-needed basis. OCFA currently contracts with its financial statement auditor Lance, Soll & Lunghard, LLP (LSL) to complete the services described below.

a. Firefighter Medical Trust

OCFA currently engages the auditor to perform agreed-upon procedures evaluating annual (calendar year) compliance by the Orange County Professional Firefighters Association (OCPFA), Local 3631 with the terms of the Health Plan Agreement (“Firefighter Medical Trust”) between OCFA and OCPFA. OCFA anticipates that these procedures will continue to be performed on an annual basis. Procedures may be added, removed, and/or modified, as needed, after the current Health Plan Agreement is renegotiated at the end of calendar year 2016. Procedures may include, but are not limited to, the following:

- Summarizing significant terms of the Health Plan Agreement and obtaining an understanding of the role of the third party used to administer the Firefighter Medical Trust on behalf of the OCPFA.
- Obtaining an understanding of the accounting procedures used by the third party administrator and evaluating those procedures for any significant internal control weaknesses.
- Examining source documents for each receipt and disbursements made to/from the Firefighter Medical Trust, and preparing an annual summary and reconciliation to checking and investment account balances.
- Examining OCFA contributions made to the Firefighter Medical Trust.
- Reviewing all disbursements made from the Firefighter Medical Trust to determine that disbursements were for the sole purpose of providing health, dental and disability benefit plans or administrative costs as allowed per the terms of the agreement.
- Reviewing the Firefighter Medical Trust bank statements, bank reconciliations, investment activities and investment policy.
- Verifying eligibility of plan participants on a sample basis.
- Calculating “excess fund balance” and amount owed, if any, by OCPFA to the OCFA, in accordance with the terms of the Health Plan Agreement and based on review of supporting documentation.

b. Marginal Cost of Providing Advanced Life Support and Basic Life Support Services

OCFA currently engages the auditor to perform agreed-upon procedures evaluating the OCFA's annual (fiscal year) calculation of the marginal costs of providing Advanced Life Support (ALS) and Basic Life Support (BLS) services to ambulance companies. OCFA anticipates that these procedures will continue to be performed on an annual basis. Procedures may include, but are not limited to, the following:

- Reviewing OCFA's ALS and BLS cost calculations for mathematical accuracy and compliance with requirements set forth by the County of Orange Emergency Medical Services Division.
- Comparing amounts used in OCFA's ALS and BLS cost calculations to budget documents, mileage logs, and other supporting documentation.
- Comparing proposed reimbursement rates to OCFA's actual cost to provide services and the maximum rates allowed by the County of Orange.

c. Internal Control Agreed-Upon Procedures

OCFA currently engages the auditor to perform period procedures to review the adequacy of, and staff compliance with, OCFA's internal control structure and procedures and, where necessary or advisable, make recommendations to strengthen said internal controls and procedures. OCFA's goal is to ensure that there is a proper segregation of duties, as well as appropriate internal controls and procedures, in order to detect and deter potential misappropriation or loss of funds, embezzlement, or fraud. OCFA wishes to employ a conservative approach and exercise an abundance of caution to ensure the adequacy of its internal control structure and procedures. This review of internal controls is not based on any suspected inappropriate activity or concerns about the financial administration of the OCFA. Rather, it is considered to be supplemental and independent of such review(s) normally conducted in the course of OCFA's independent annual financial statement audit, in some cases reviewing areas that are not traditionally "financial" in nature and would normally not be reviewed during the normal course of the financial statement audit.

Since 2006, OCFA has elected to engage various certified public accounting firms to conduct thirteen separate agreed-upon procedures engagements for both financial and non-financial internal control cycles. Internal control reports have been issued for the following areas:

	Internal Control Area	Audit Firm	Report Date
1	Staffing System	Moreland & Associates, Inc.	July 7, 2006
2	Purchasing and Procurement	Moreland & Associates, Inc.	July 14, 2006
3	Cash Management and Treasury	Diehl, Evans & Company LLP	October 24, 2007
4	Cash Receipts	Diehl, Evans & Company LLP	May 28, 2008
5	Cash Disbursements	Diehl, Evans & Company LLP	August 15, 2008
6	Workers' Compensation	Diehl, Evans & Company LLP	December 5, 2008
7	Payroll and Human Resources	Diehl, Evans & Company LLP	May 26, 2009
8	Grant Management	Diehl, Evans & Company LLP	December 31, 2009
9	Billing and Revenue Recognition	Lance, Soll & Lunghard, LLP	March 29, 2013
10	Procurement/Disbursement Practices Related to Cal Cards, Travel-Related Activities and Fuel Usage	Lance, Soll & Lunghard, LLP	May 9, 2013
11	Purchasing and Procurement	Lance, Soll & Lunghard, LLP	September 17, 2013
12	Request for Proposals Process	Lance, Soll & Lunghard, LLP	August 25, 2014
13	Fixed/Controlled Assets,	Lance, Soll & Lunghard, LLP	October 22, 2014

	Parts/Supplies and Inventory Procedures		
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In Proposal 1, Part 1b of this request for proposals, OCFA is seeking the services of qualified certified public accountant firms to integrate into its financial statement audit an audit of its internal controls over financial reporting. Such audit would require the auditor to examine and report directly on the effectiveness of OCFA's internal control over financial reporting, in accordance with the requirements set forth in Statement on Auditing Standards (SAS) No. 130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*. **Should such an engagement prove to be a practical and cost-effective option for evaluating its financial internal controls, OCFA anticipates that any additional agreed-upon procedures performed under Proposal 2 of this request for proposals would be limited to those areas that are non-financial in nature on an as-needed basis.** However, should a SAS No. 130 audit of internal controls over financial reporting prove to not be a feasible or desirable option, as determined by OCFA staff and/or its audit committee, OCFA may opt to eliminate Part 1b from the scope of work of Proposal 1, and instead continue to conduct periodic agreed-upon procedures engagements over both its financial and non-financial internal control cycles as described herein under Proposal 2.

If a separate SAS No. 130 audit of internal controls over financial reporting is not conducted, OCFA anticipates that it will request an agreed-upon procedures review of one to two internal control areas each year over a five-year period. Areas to review are selected based on input from OCFA staff, the external audit firm, and OCFA's Budget and Finance Committee. Future areas could potentially include, but are not limited to, the following:

- Staffing System
- Purchasing and Procurement
- Cash Management and Treasury
- Cash Receipts
- Cash Disbursements
- Payroll and Human Resources
- Billing and Revenue Recognition
- Budget Development
- Financial System Access and Security
- Service Center Warehousing Procedures
- Other areas as identified by management or OCFA's Budget and Finance Committee

For each area identified for review, procedures may include, but are not limited to, the following:

- Reviewing OCFA's written policies, procedures and practices
- Interviewing OCFA management and staff
- Performing tests of transactions and reviewing system-generated reports on a sample basis to determine if the internal controls and practices are operating as intended
- Recommending best practices

3. **Auditing Standards to Be Followed**

These services are to be performed in accordance with the applicable attestation standards established by the American Institute of Certified Public Accountants or other applicable standards based upon the scope of work

4. **Reports to be Issued**

a. Agreed-Upon Procedures Reports

For each other audit/attest services project, an Agreed-Upon Procedures Report should be issued by the auditor which clearly identifies each procedure performed, the results of those procedures, and any recommended actions, if applicable. Ongoing/annual reports for the Firefighter Medical Trust and the Marginal Cost of Providing Advanced Life Support and Basic Life Support Services should include the same areas previously reviewed, updated as needed based on input from OCFA staff and/or contractual changes as previously discussed. Internal control reports shall include, but are not limited to, the following:

- Identify the internal control area reviewed, including a general overview/background of the area and its organizational structure within the OCFA.
- Identify the written Authority policies and procedures utilized by the auditor and provide a summary of those written procedures that were identified as being relevant to the test work performed by the auditor.
- Provide a summary (including a flowchart when practical) of the internal control cycle and practices currently performed by OCFA, as understood by the auditors based on their test work.
- Identify the types of transactions and reports tested, including the auditor's methodology for sample selection and size.
- Provide the factual results noted for each area tested (both "positive" and "negative" results of procedures performed). Any instances of noncompliance with OCFA's written policies that are noted in the auditor's results shall site and reference the section of the applicable OCFA policy.
- Communicate any deficiencies, significant deficiencies, or material weaknesses in the OCFA's internal control structure.
- Identify strengths, weaknesses, and opportunities for improvement in the internal control structure and practices, including identification of properly and improperly segregated duties.
- For each weakness or opportunity for improvement, include suggestions or recommendations for improvement.
- Include cost benefit analysis of implementing the recommendations, if appropriate or applicable.
- Provide an opportunity for OCFA staff to formally respond to suggestions or recommendations.

b. Reporting of Irregularities and/or Illegal Acts

The auditor shall be required to make an immediate, written report of all irregularities and/or illegal acts or indications of illegal acts of which they may become aware of during the course of their work to the following parties:

- Chairman, OCFA Board of Directors
- Chairman, OCFA Budget and Finance Committee
- Fire Chief

- Assistant Chief of Business Services
- Finance Manager/Auditor

c. Reporting to the Budget and Finance Committee / Audit Committee

The auditor will meet with OCFA's Budget and Finance Committee, which serves as OCFA's audit committee, after contract award and biannually thereafter in order to achieve the following:

- Determine internal control areas to be included in the annual scope of work each year
- Report back on the final results of the completed procedures
- Report back on any follow-up reviews of prior areas tested in order to highlight corrective actions implemented or additional action considered necessary

5. Special Considerations

OCFA currently contracts with Lance, Soll & Lunghard, LLP to complete all other audit/attest services. Based on direction provided by OCFA's Budget and Finance Committee (Audit Committee) at its meeting on January 11, 2017, the incumbent audit firm is precluded from participating in the proposal process for other audit/attest services (Proposal 2). The Fiscal Year 2016/17 budget includes \$36,000 identified specifically for the review of internal controls.

6. Working Paper Retention and Access to Working Papers

All audit working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the OCFA of the need to extend the retention period. In addition, the firm shall respond to any reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance. Audit working papers remain the sole property of the auditors.

7. Prior Year Reports

All prior year reports for the projects identified in Proposal 2 are available upon request. For electronic copies, please contact Tammie Pickens in the OCFA's Finance Division at (714) 573-6320 or tammiepickens@ocfa.org.

OCFA'S OPERATIONAL ACCOUNTING INFORMATION

1. Fund Structure

OCFA uses the following fund types for external financial reporting:

Fund Type	Funds for Financial Reporting	Funds with Legally Adopted Annual Budgets	Funds in the General Ledger
General Fund	1	4 *	5 *
Capital Projects Fund	3	3	3
Pension Trust Funds	1	0	1
Discretely Presented Component Unit	1	0	1

** The General Fund consists of one fund for external financial reporting purposes, but consists of four funds for internal budgeting purposes and five funds for internal general ledger accounting purposes.*

2. Budgetary Basis of Accounting

Budgets for the General Fund and capital projects funds are adopted on a basis consistent with generally accepted accounting principles. The modified accrual basis of accounting is employed in the preparation of the budget. Budget appropriations lapse at fiscal year-end, with the exception of encumbered appropriations, which are effectually re-appropriated in the ensuing year's budget.

3. Federal Financial Assistance

Sources of grant-funded revenue may vary each fiscal year; however, the National Urban Search and Rescue (US&R) Response System program is typically OCFA's most significant, ongoing annual federal grant. For the fiscal year ended June 30, 2016, OCFA expended federally-funded grant awards received from the following sources (received directly and/or passed through local governments):

Federal CFDA Number	Federal Grantor / Program Title	Federal Program Expenditures
U.S. Department of Homeland Security:		
97.025	National Urban Search and Rescue (US&R) Response System	\$1,281,424
97.044	Assistance to Firefighters Grant	43,022
97.067	Homeland Security Grant Program	326,498

4. Pension Plan

OCFA and its full-time employees participate in the Orange County Employees Retirement System (OCERS), a cost-sharing, multiple-employer, defined benefit pension plan system. OCFA also administers an Extra Help Retirement Plan, a single-employer defined benefit pension plan that provides retirement benefits for its part-time employees.

5. Other Post-Employment Benefit (OPEB) Plans

OCFA provides a single-employer, defined benefit Retiree Medical Plan for its full-time employees hired prior to January 1, 2007. The Plan's assets are held in an irrevocable trust that is administered by OCERS. OCFA also provides an employer-sponsored, defined contribution healthcare expense reimbursement plan for its full-time employees hired on or after January 1, 2007.

6. Component Units

OCFA management has not identified any blended component units for inclusion in OCFA's financial statements. OCFA management has identified the OCFA Foundation as a discretely presented component units for inclusion in OCFA's financial statements. The OCFA Foundation was established by the Authority Board of Directors as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The purpose of the Foundation is to support the OCFA with additional resources needed to provide an enhanced level of fire prevention, suppression, and emergency medical services to the citizens of Orange County. The Foundation's Board of Directors may consist of members of the public, OCFA employees, and/or past or current OCFA Board members.

7. Financial Operations

Staff in the Finance Division serve as the primary auditor contact(s) for the projects described within these proposals. The Finance Division is headed by the Finance Manager/Auditor and consists of 25 positions, 3 of which are currently frozen and vacant. The Finance Manager/Auditor reports to the Assistant Chief of Business Services. The Finance Division is responsible for financial reporting, financial audits, payroll, accounts payable, accounts receivable, cash collection, cost accounting, and other general accounting functions. The Finance Manager/Auditor has been appointed by the Board of Directors to serve as OCFA's "Auditor"; however, OCFA does not currently have an active internal audit function.

Other financial activities that are not the responsibility of the Finance Division are assigned as follows:

- The Treasury & Financial Planning Division is headed by the Treasurer and consists of 6 positions. The Treasurer reports to the Assistant Chief of Business Services. The Treasury & Financial Planning Division is responsible for providing cash management, budget development, and administrative support.
- The Purchasing and Materiel Management Division is headed by the Purchasing Manager and consists of 20 positions, including those in the Purchasing office and the Service Center warehouse. The Purchasing Manager reports to the Assistant Chief of Business Services. Purchasing and Materiel Management administers all centralized procurement for OCFA; administers the procurement card program; and provides other services such as warehousing, mail delivery, equipment repair, surplus disposition, etc.

SCHEDULE TIMELINES - DUE DATES FOR SERVICES

1. Proposal 1 – Financial Statement Audit and Single Audit Services; Audit of Internal Controls over Financial Reporting

OCFA's management personnel will be available to meet with the firm's personnel after Board approval of the contract, which is anticipated to occur in **March 2017**. OCFA will have all records ready for financial audit/single audit fieldwork as follows:

- May 2017 – interim fieldwork
- August 21, 2017 – final fieldwork

2. Proposal 2 – Other Audit/Attest Services

Internal Control Agreed-Upon Procedures for Fiscal Year 2016/17 are anticipated to occur any time after the award and signing of the contract. Other audit/attest procedures are anticipated to occur after the award and signing of the contract, typically with the following timeline for fieldwork:

- April 2017 – ALS/BLS rates agreed-upon procedures (for Fiscal Year 2017/18 rates)
- July 2017 – Firefighter Medical Trust agreed-upon procedures (for calendar year 2016)

3. Schedule for the Fiscal Year 2016/17 Financial and Single Audit

Each of the following should be completed by the auditor no later than the dates indicated. (A similar schedule will be developed for financial and single audits in subsequent years.)

a. GASB 74/75 Implementation Planning Meeting with OCERS Personnel

In anticipation of implementing GASB Statement No. 74 and No. 75 in Fiscal Year 2016/17 and Fiscal Year 2017/18, respectively, OCFA and OCERS personnel have already conducted an initial planning meeting to discuss implementation strategy. The initial planning meeting held on November 2, 2016, included representatives from OCERS' audit firm. It is anticipated that a

second planning meeting will be held shortly after the approval of the contract and prior to the commencement of interim fieldwork, based on a mutually agreed upon date and time between OCFA, OCERS, and both audit firm personnel.

b. Communication with Audit Committee

In accordance with professional auditing standards, the audit **Partner** will provide to OCFA's Budget and Finance Committee information about auditor responsibilities and information related to the planned scope and timing of the OCFA's audit. This two-way communication between the auditor and the Budget and Finance Committee (which serves as the OCFA's audit committee), shall occur in the form of a written staff report (prepared by OCFA staff) and an oral and/or written presentation (prepared by the auditor), to be presented at a regularly scheduled Budget and Finance Committee meeting prior to the commencement of interim audit fieldwork (April 12, 2017 or May 10, 2017 at Noon).

c. Entrance Conference

An entrance conference will be held between the auditor and the key audit personnel of the OCFA at a mutually agreed upon date and time but no later than May 22, 2017. The purpose of this meeting will be to discuss the prior year's audit, items of audit significance that have occurred thus far, and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for workspace and other needs of the auditor. In past years, this meeting has typically taken place on the first day of interim fieldwork.

d. Interim Fieldwork

The OCFA's interim fieldwork has typically been completed in April or May. The auditor shall complete all interim fieldwork no later than June 17, 2017. Prior to the end of interim fieldwork, the in-charge auditor and/or management team will communicate with Finance Division management the status of fieldwork and any potential findings or issues.

e. Detailed Audit Plan

The auditor shall provide the OCFA by June 30, 2017, both a detailed audit plan and a list of all schedules to be prepared by OCFA personnel for the final portion of the audit fieldwork.

f. Final Fieldwork

OCFA's final fieldwork has typically been completed the third and/or fourth weeks of August. The auditor shall complete all final year-end fieldwork no later than September 1, 2017.

g. Exit Conferences

Prior to the end of final fieldwork, the in-charge auditor and/or management team will communicate with Finance Division management the status of fieldwork and any potential findings or issues.

The audit Partner will conduct a more formal exit conference to summarize the results of the fieldwork and to review significant findings no later than two weeks after the completion of the audit fieldwork. Attendees at that meeting will include Finance Division management, the Fire Chief, Assistant Chief of Business Services, and the Chair and Vice Chair of the Budget and Finance Committee. During that meeting, OCFA personnel will be excused so that the audit team may have direct communication with the Chair and Vice Chair of the Budget and Finance

Committee. This meeting is typically scheduled for the morning of the September Budget and Finance Committee's regularly scheduled meeting (September 13, 2017), or at another date and time that is mutually agreed upon by all required attendees.

h. Draft and Final Reports

Draft and final reports will be issued and reviewed according to the timeline identified below. This timeline is intended to be a guide to identify key dates in the report issuance process and is subject to change, as needed.

Activity	Area	Planned Due Date
OCFA will send draft Foundation Financial Statement files to auditors for review.	Foundation	9/14/17 Thu
Auditors will send draft Single Audit Report to OCFA for review.	Single Audit	9/18/17 Mon
OCFA will send draft CAFR to auditors for review.	CAFR	9/20/17 Wed
OCFA will return comments on Single Audit Report to auditors and give OK to finalize report.	Single Audit	9/21/17 Thu
Auditors will return comments on Foundation Financial Statements to OCFA. After changes are implemented by OCFA, auditors will provide audit opinion to include in report.	Foundation	9/28/17 Thu
Auditors will return comments on CAFR to OCFA. OCFA will implement changes and provide revised pages for review.	CAFR	10/2/17 Mon
OCFA will provide electronic files from CAFR to auditors to assist in compilation of stand-alone Financial Statements.	Financial Statements	10/5/17 Thu
Auditors will provide signed audit opinion for CAFR.	CAFR	10/10/17 Tue
Auditors will provide draft Financial Statements to OCFA. OCFA will review report and give OK to finalize report.	Financial Statements	10/11/17 Wed
Auditors will issue Financial Statements, Single Audit Report, and all other related audit reports (electronic).	Financial Statements; Single Audit; Other Reports	10/12/17 Thu
Auditors will issue Financial Statements, Single Audit Report, and all other related audit reports (hard copies).	Financial Statements; Single Audit; Other Reports	10/17/17 Tue

i. Presentation of Final Reports

The audit Partner shall be prepared to present the audit results and final reports at the November meeting of the Budget and Finance Committee (November 8, 2017 at Noon). The Partner shall also be available to attend the November meeting of the Board of Directors (November 16, 2017 at 6:00 PM), although a presentation is generally not required for this meeting.

j. Data Collection Form

Upon approval of the Single Audit Report to OCFA's Board of Directors, OCFA staff will prepare and submit the Data Collection form to the Federal Audit Clearinghouse. The auditors will then complete their online certification. The Data Collection Form submission and certification process is typically completed within the first two weeks of December.

OCFA STAFF RESPONSIBILITIES AND ASSISTANCE TO THE AUDITOR(S)

1. Finance Division Assistance

The Finance Division staff and management personnel will be available during the audit to assist the auditor(s) by providing direction to needed sources of information, documentation, and explanations. The preparation of confirmations will be the responsibility of OCFA.

2. Information Technology Assistance

Information Technology staff will be available to assist the auditor, if needed. Personnel will also be available to provide systems documentation and explanations pertaining to the financial audit.

3. Work Area, Telephones, Photocopying, and Fax Machines

OCFA will provide the auditor with reasonable workspace, desks, and chairs. The auditor will also be provided with access to telephone lines, photocopying facilities, and fax machines for purposes related to completing the OCFA audit. Toll calls should not be charged to OCFA unless it is an OCFA-related call.

4. Work Location and Hours

OCFA's administrative offices are located at the Regional Fire Operations Training Center (RFOTC), 1 Fire Authority Road, Irvine, California 92602. The RFOTC's core business hours are 8 AM – 5 PM, Monday through Friday. The auditor may make arrangements with Finance personnel to work 6:30 AM – 5:30 PM, if needed. The RFOTC is closed every other Friday (i.e., 1/13/2017, 1/27/2017, etc.)

5. Statements and Schedules to be Prepared by OCFA Staff

OCFA staff prepares and/or compiles an extensive list of "prepared by client" (PBC) items for both the interim and final portions of the financial and single audits. PBC items typically include, but are not limited to, the following:

- "Permanent" agreements and documents for indebtedness, leases, employee memorandum of understanding, retirement plans, etc.
- Written policies and procedures for each major financial cycle
- Form 700's for Board Members and Executive Management
- Trial balances
- General ledger detail
- Minutes of the Board of Directors and all sub-committees
- Lead schedules for all balance sheet items, as presented in the CAFR
- Lead schedules and analysis for revenue items, as presented in the CAFR

- Lead schedules and analysis for expenditure items, as presented in the CAFR
- Lead schedules for interfund transfers and payables, if applicable
- Bank/investment reconciliations and statements
- Capital asset listings and depreciation by major asset type
- Beginning equity reconciliations
- Lead schedules for budgeted revenues, expenditures, and interfund transfers
- Schedules for various footnote disclosures, including investments, pensions, other post-employment benefit plans, operating leases, commitments and contingencies, short-term debt, etc.
- GASB 34 conversion entries and draft CAFR schedules
- Schedule of expenditures of federal awards

The majority of the above-listed documents are provided in electronic format whenever possible. In some cases, original hard copies may be provided to the auditor for review when an electronic version is not available or practical.

6. Report Preparation

Report preparation, editing, and printing shall be the responsibility of the auditor, with the exception of the Comprehensive Annual Financial Report and the filing of the annual financial transactions report with the California State Controller's Office.

7. Tax Return Preparation

Preparation of all tax returns relating to the OCFA Foundation shall be the responsibility of the OCFA.

SECTION III: GENERAL INSTRUCTIONS TO OFFERORS

ACCEPTANCE PERIOD

Unless otherwise specified herein, proposals are firm for a period of one hundred eighty (180) days.

AMENDMENT OF REQUEST FOR PROPOSAL

The Offeror shall acknowledge receipt of a Request for Proposal Amendment by signing and returning the document by the specified due date and time. Amendments (addendums) may be obtained from the OCFA website at: www.ocfa.org. It is the Offeror's responsibility to obtain a copy of any amendment relevant to this solicitation. Any interested Offerors without Internet access may obtain a copy of this solicitation by calling (714) 573-6640, or a copy may be picked up during regular business hours. OCFA takes no responsibility for informing recipients of changes to the original solicitation document. Failure to submit signed amendments with the proposal response may be grounds for deeming submittal non-responsive.

RESERVATION OF RIGHTS

Notwithstanding any other provision of the Request for Proposal, OCFA reserves the right to:

1. Conduct pre-award discussion or pre-award negotiations with any or all responsive proposals; or
2. Request that the offeror furnish additional information; or
3. Accept or reject any or all proposals, or portions thereof; or
4. Issue multiple awards, if it is in the best interest of the agency; or
5. Limit and/or determine the actual contract services to be included in the contract; or
6. Reissue the Request for Proposal.

The OCFA reserves the unilateral right to modify or amend this RFP in writing at any time for any reason the OCFA determines to be in its best interest. The OCFA also reserves the right to cancel or reissue the RFP at its sole discretion. OCFA reserves the right to accept or reject any or all proposals and the right to waive minor irregularities in any proposal. Waiver of one irregularity does not constitute waiver of any other irregularities.

AWARD SELECTION PROCESS

A response to this Request for Proposal is an offer to contract with OCFA based upon the terms, conditions and scope of work contained in OCFA's Request for Proposal. Proposals do not become contracts unless and until they are executed by the OCFA. A contract has its inception in the award, eliminating a formal signing of a separate contract. All of the terms and conditions of the contract are contained in the Request for Proposal, unless any of the terms and conditions are modified by a Request for Proposal amendment, a Contract Amendment, or by mutually agreed upon terms and conditions in the Contract documents. Award will be made to the Offeror(s) submitting the most advantageous proposal(s) after consideration of all Evaluation Criteria set forth in this solicitation. An Evaluation Committee will be established by the OCFA. The Committee will evaluate all proposals received in accordance with the Evaluation Criteria. OCFA reserves the right to establish weight factors that will be applied to the criteria depending upon order of importance. The award will be made in the best interests of OCFA after all factors have been evaluated.

Selection of qualified Offerors will be based on the following: quality and completeness of submitted proposal; understanding of project objectives; project approach; price proposal; support and services; qualifications and experience with similar types of efforts; and references. Additional questions may be asked of Offerors and demonstrations may be conducted. Offerors will be notified of any additional required information or demonstrations after the written proposals have been evaluated. The

recommendation will be made to the Executive Board of Directors, once the contract(s) are approved, the Offeror(s) selected will enter into contract with the OCFA.

CAMPAIGN CONTRIBUTIONS DISCLOSURE

In conformance with the statutory requirements of the State of California Government Code Section 84308, part of the Political Reform Act and Title 2, California Code of Regulations 18438 through 18438.8, regarding campaign contributions to members of appointed Boards of Directors, Offeror is required to complete the Party and Participant Disclosure Forms provided in Appendix F of this RFP and submit as part of the proposal, if applicable. Offeror is required to submit only one copy of the completed form(s) as part of its proposal. This/these form(s) should be included in the original proposal. The Offeror and subcontractors must complete the form entitled "Party Disclosure Form". Lobbyists or agents representing the Offeror in this procurement must complete the form entitled "Participant Disclosure Form". Reporting of campaign contributions is a requirement from the proposed submittal date up and until the OCFA Board of Directors takes action.

CANCELLATION OF SOLICITATION

The OCFA may cancel this solicitation at any time.

CERTIFICATION

By signature on the Offer/Price Page, Certification of Submittal page, solicitation Amendment(s), or cover letter accompanying the submittal documents, Offeror certifies:

- A. The submission of the offer did not involve collusion or other anti-competitive practices.
- B. The Offeror shall not discriminate against any employee or applicant for employment in violation of Federal or State law.
- C. The Offeror has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, meal or service to a public servant in connection with the submitted offer.
- D. The Offeror hereby certifies that the individual signing the submittal is an authorized agent for the Offeror and has the authority to legally bind the Offeror to the Contract.
- E. The Offeror hereby certifies, its principal and their named subcontractors are not debarred, suspended or otherwise excluded by the United States Government.

CONFIDENTIAL INFORMATION

All responses to this RFP become the property of OCFA and will be kept confidential until such time as recommendation for award of a contract has been announced. Thereafter, proposals are subject to public inspection and disclosure under the California Public Records Act. If a respondent believes that any portion of its proposal is exempt from public disclosure, such portion may be marked "confidential." OCFA will use reasonable means to ensure that such confidential information is safeguarded but will not be held liable for inadvertent disclosure of such materials, data and information. Proposals marked "confidential" in their entirety will not be honored and OCFA will not deny public disclosure of all or any portion of proposals so marked. By submitting information with portions marked "confidential", the respondent represents it has a good faith belief that such material is exempt from disclosure under the California Public Records Act and agrees to reimburse OCFA for, and to indemnify, defend and hold harmless OCFA, its officers, fiduciaries, employees and agents from and against: (a) any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses including, without limitation, attorneys' fees, expenses and court costs of any nature whatsoever (collectively, "Claims") arising from or relating to OCFA's non-disclosure of any such designated portions of a proposal if disclosure is deemed required by law or court order. Additionally, OCFA may request that the bidder/respondent directly defend any action for disclosure of any information marked confidential.

COMPLIANCE WITH LAWS

All proposals shall comply with current federal, state, and other laws relative thereto.

DEBARMENT / SUSPENSION POLICY

In order to prohibit the procurement of any goods or services ultimately funded by Federal awards from debarred, suspended or otherwise excluded parties, each Offeror will be screened at the time of RFP response to ensure respondent, its principal and their named subcontractors are not debarred, suspended or otherwise excluded by the United States Government in compliance with the requirements of 7 Code of Federal Regulations (CFR) 3016.35, 28 CFR 66.35, 29 CFR 97.35, 34 CFR 80.35, 45 CFR 92.35 and Executive Order 12549.

OCFA will verify respondent, its principal and their named subcontractors are not on the Federal debarred, suspended or otherwise excluded list of vendors located at www.sam.gov.

DISCUSSIONS

The OCFA reserves the right to conduct discussions with Offerors for the purpose of eliminating minor irregularities, informalities, or apparent clerical mistakes in the proposal in order to clarify an offer and assure full understanding of, and responsiveness to, solicitation requirements.

DISQUALIFICATION OF OFFEROR(S)

If there is reason to believe that collusion exists among the Offerors, OCFA may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to an Offeror, or who has quoted prices on materials to an Offeror, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Offerors. Reasonable grounds for believing that any Offeror is interested in more than one Proposal for the same work will cause the rejection of all Proposals for the work in which a Firm is interested. If there is reason to believe that collusion exists among the Firms, OCFA may refuse to consider Proposals from participants in such collusion. Firms shall submit as part of their Proposal documents the completed Non-Collusion Affidavit provided herein.

DISPUTES RELATING TO PROPOSAL PROCESS AND AWARD

In the event a dispute arises concerning the proposal process prior to the award of the contract, the party wishing resolution of the dispute shall submit a request in writing to the Purchasing Manager. Firm may appeal the recommended award or denial of award, provided the following stipulations are met:

1. Appeal must be in writing.
2. Appeal must be submitted within seven (7) calendar days of the date of notification of recommended award or denial of award.
3. An appeal of a denial of award can only be brought on the following grounds:
 - a. Failure of OCFA to follow the selection procedures and adhere to the requirements as specified in the RFP or any addenda or amendments.
 - b. A violation of conflict of interest as provided by California Government Code Section 87100 et seq.
 - c. A violation of State or Federal law.

EXECUTION OF CONTRACT

The RFP, the Offeror's proposal, and the resulting purchase order will become incorporated as the complete contract. The Successful Offeror(s) shall execute the contract, including but not limited to signing all necessary documents and submitting all required evidences of insurance, within ten (10) days after personal delivery of the notice or within fifteen (15) days after such notice has been deposited in the United States mail. One copy of the contract will be returned to the Offeror(s) after the OCFA executes the contract(s). In case of failure of the Offeror(s) to execute and return the contract and all required

documents within the time allowed, the OCFA may, at its option, consider that the Offeror(s) has/have abandoned the contract.

EXPERIENCE AND COMPETENCY

The successful Offeror(s) shall be skilled and regularly engaged in the general class or type of work called for under the contract. The successful Offeror(s) shall also have **no less than three (3) years' experience in the magnitude and character of the work proposal**. Each Offeror shall provide information about experience with the proposal. To determine the degree of responsibility to be credited to the Offeror, OCFA will weigh any evidence that the Offeror has performed satisfactorily other contracts of like nature, magnitude, and comparable difficulty and comparable rates of progress. In selecting the most responsive and responsible Offeror(s), consideration will be given not only to the financial standing, but also to the general competency of the Offeror for the performance of the work specified in the contract documents.

FAMILIARIZATION OF SCOPE OF WORK

Before submitting a proposal, each Offeror shall familiarize themselves with the scope of work, laws, regulations and other factors affecting contract performance. The Offeror shall be responsible for fully understanding the requirements of the subsequent Contract and otherwise satisfy themselves as to the expense and difficulties accompanying the fulfillment of contract requirements. The submission of a proposal will constitute a representation of compliance by the Offeror. There will be no subsequent financial adjustment, other than that provided by the subsequent Contract, for lack of such familiarization.

INDEMNIFICATION

Offeror shall protect and indemnify the OCFA, the Board of Directors, and all of its or their officers, agents and servants against any claim or liability arising from or based on Offeror's violation of any existing or future state, federal, and local laws, ordinances, regulations, orders or decrees pertaining to Offeror's submittal.

Offeror agrees to protect, defend, indemnify, save and hold harmless the OCFA and its officers, officials, employees and volunteers from any and all claims, liabilities, expenses, or damages of any nature, including attorney fees, for injury to or death of any person (Offeror's employees included), and for injury to any property, including consequential damages of any nature resulting there from, arising out of or in any way connected with the performance of this contract, except that the indemnity obligation of Offeror shall be reduced by an amount proportional to the active negligence of the OCFA, if any.

Offeror shall comply with all of the provisions of the workers' compensation insurance laws and safety in employment laws of the State of California, including the applicable provisions of Divisions 4 and 56 of the California Labor Code and all amendments thereto and regulations promulgated pursuant thereto, and all similar state, federal, or local laws applicable; and contractor shall indemnify and hold harmless the OCFA from and against all claims, liabilities, expenses, damages, suits, actions, proceedings and judgments, or every nature and description, including attorney fees, that may be presented, brought or recovered against the OCFA for or on account of any liability under or failure to comply with any of said laws which may be incurred by reason of any work performed under this contract by Offeror or any subcontractor or others performing on behalf of Offeror.

The OCFA does not, and shall not, waive any rights against Offeror which it may have by reason of the above hold harmless agreements, because of the acceptance by the OCFA or the deposit with the OCFA by contractor of any or all of the required insurance policies.

The hold harmless agreements by Offeror shall apply to all liabilities, expenses, claims, and damages of every kind (including but not limited to attorney fees) incurred or alleged to have been incurred, by

reason of the operations of Offeror or any subcontractor or others performing on behalf of Offeror, whether or not such insurance policies are applicable.

Offeror shall require any and all subcontractors to afford the same degree of indemnification to the OCFA and its elected and appointed boards, officers, agents, and employees that is required of Offeror(s) and shall incorporate identical indemnity provisions in all contracts between Offeror and his/her subcontractors.

In the event that Offeror and the OCFA are sued by a third party for damages caused or allegedly caused by negligent or other wrongful conduct of Offeror, or by a dangerous condition of the OCFA's property created by Offeror or existing while the property was under the control of Offeror, Offeror shall not be relieved of its indemnity obligation to the OCFA by any settlement with any such third party unless that settlement includes a full release and dismissal of all claims by the third party against the OCFA.

INDEPENDENT CONTRACTOR

Contractor covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. Contractor further covenants that, in the performance of this contract, no subcontractor or person having such an interest shall be employed. Contractor certifies that to the best of his knowledge, no one who has or will have any financial interest under this contract is an officer or employee of OCFA. It is expressly agreed by Contractor that in the performance of the services required under this contract, Contractor, and any of its subcontractors or employees, shall at times be considered independent Contractors and not agents of OCFA.

INQUIRIES

Any question related to the Request for Proposal shall be directed to the Purchasing Manager, Debbie Casper, C.P.M., CPPB. Questions and comments regarding this solicitation must be submitted in writing, either by mail, facsimile or e-mail to the Purchasing Manager, Orange County Fire Authority, 1 Fire Authority Road Bldg. C, Irvine, California, 92602, faxed to (714) 368-8845 or e-mailed to: debbiecasper@ocfa.org, no later than ten (10) days before the Submittal Deadline. The questioner's company name, address, phone and fax number, and contact person must be included with the questions or comments. Any correspondence related to a solicitation should refer to the appropriate Request for Proposal number, page and paragraph number. An envelope containing questions should be identified as such; otherwise it may not be opened until after the official proposal due date and time. Oral interpretations or clarifications will be without legal effect. Only questions answered by a formal written amendment to the Request for Proposal will be binding. Answers will be sent to all known proposal holders.

INSURANCE

Offeror shall not commence work under this contract until he/she has obtained all insurance required under this section and the insurance has been approved by the OCFA as to form, amount, and carrier, nor shall Offeror allow any subcontractor to commence any work until all similar insurance required of the subcontractor has been obtained and approved. All insurance documents need to be provided 10 days prior to the start of work so there is enough time for review and resolution of any issues to preclude delay of the testing. Neither the failure of Offeror to supply specified insurance policies and coverage, nor the failure of the OCFA to approve same shall alter or invalidate the provisions of this contract. The Offeror agrees to:

1. Obtain insurance coverage of the type and amount required and keep such insurance coverage in force throughout the life of this contract. All policies will contain an endorsement providing that written notice of termination, cancellation or policy changes will be delivered in accordance with the policy provisions.

2. The comprehensive general liability insurance will include the OCFA as an additional insured with respect to liability arising out of the performance of this contract. Comprehensive automobile liability insurance is also required. The contractor agrees that the insurance hereunder will be primary and that any insurance carried by the OCFA will be excess and not contributing.
3. Provide and maintain minimum insurance limits as applicable.

Offeror will present to the OCFA written evidence (Certificates of Insurance and the Additional Insured Endorsement) of compliance with Items 1, 2 and 3 above. Said evidence shall be to the OCFA's Risk Management satisfaction.

INSURANCE - WORKERS' COMPENSATION INSURANCE

Offeror shall obtain and maintain during the life of this contract workers' compensation insurance and, if any work is sublet, Offeror shall require all subcontractors to obtain workers' compensation insurance. Workers' Compensation must have a limit of at least \$1,000,000 each accident/\$1,000,000 each employee for disease. A Waiver of Subrogation is required.

All workers' compensation insurance policies shall provide that the insurance must notify OCFA of cancellation or changes in the policy and notice will be delivered in accordance with the policy provisions. Offeror is aware of the provision of Section 3700 of the Labor Code, which requires every employer to be insured against liability for Workman's Compensation or undertake self-insurance in accordance with the provisions of that Code, and will comply, with such provisions before commencing the performance of the work of this contract.

If your firm doesn't have any employees, a letter attesting to that fact must be provided to OCFA.

INSURANCE - LIABILITY INSURANCE COVERAGE

Offeror shall obtain and maintain during the life of this contract the following insurance coverage:

1. General Liability including operations, products and completed operations with a limit of \$1,000,000 each occurrence for bodily injury, personal injury and property damage/\$2,000,000 aggregate. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project or the general aggregate limit shall be twice the required occurrence limit. For those businesses that are self-insured, a written declaration by the principal of the business should be provided.
2. Automobile liability, including owned, hired, and non-owned vehicles with a limit of \$1,000,000 each accident; \$1,000,000 uninsured motorist.

Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:

- Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG0001)
- Insurance Service Office (ISO) Business Auto Coverage (Form CA 0001) covering any auto.

Coverage shall be provided by admitted insurers with an A.M. Best's Key Rating of at least A-VII.

1. Professional Liability with a limit of \$1,000,000 each occurrence/\$2,000,000 aggregate. If a firm provides claims made professional liability insurance, firm shall also agree in writing to purchase tail coverage in the amount required by the agreement to cover claims made within three years of the completion of firm's services under the agreement, or maintain professional liability insurance with the same carrier in the amount required by the agreement for at least three years after completion of firm's services under the agreement and evidence of such must be provided to OCFA.

Endorsements to the policies providing the above insurance shall be obtained by Offeror, adding the following three provisions:

1. Additional Insureds (for commercial general liability only)

“OCFA, its officers, officials, employees, and volunteers are to be covered as additional insureds with respect to the subject project and agreement.”

2. Other Insurance

“Any other insurance maintained by the Orange County Fire Authority shall be excess and not contributing with the insurance provided by this policy.”

All insurance carriers utilized by the Offeror or any subcontractor under this contract shall be approved by the California Department of Insurance to transact business in the State of California. The types of services provided under this contract may further require Offeror’s insurance carrier(s) to be admitted insurers in the State of California.

INTERPRETATION OF CONTRACT DOCUMENTS

If any person is in doubt as to the true meaning of any part of the specifications or other contract documents, or finds discrepancies or omissions in the specifications, he/she may submit to the Orange County Fire Authority a written request for an interpretation or correction. Requests for interpretations shall be made in writing and delivered to OCFA Purchasing Section Attn: Debbie Casper, Purchasing Manager, by mail at: 1 Fire Authority Road Bldg. C, Irvine, California, 92602, by e-mail debbiecasper@ocfa.org, or by facsimile to (714) 368-8845 at least ten (10) days before the Submittal Deadline. The requesting party is responsible for prompt delivery of any requests. When OCFA considers interpretations necessary, interpretations will be in the form of an addendum to the contract documents, and when issued, will be sent as promptly as is practical to all parties recorded by OCFA as having received contract documents. All such addenda shall become a part of the contract. Oral and other interpretations or clarifications shall be without legal or contractual effect. It is the responsibility of each Contractor to ensure the OCFA has their correct business name and address on file. Any prospective Contractor who obtained a set of contract documents from anyone other than OCFA is responsible for advising OCFA that they have a set of contract documents and wish to receive subsequent Addenda.

KEY PERSONNEL

It is essential that the contractor provide adequate experienced personnel, capable of and devoted to the successful accomplishment of work to be performed under this contract. The Contractor must agree to assign specific individuals to the key positions.

- A. The Contractor agrees that, once assigned to work under this contract, key personnel shall not be removed or replaced without written notice to OCFA.
- B. If key personnel are not available for work under this contract for a continuous period exceeding thirty calendar days, or are expected to devote substantially less effort to the work than initially anticipated, the Contractor shall immediately notify OCFA, and shall, subject to the concurrence of OCFA, replace such personnel with personnel of substantially equal ability and qualifications.

LATE PROPOSALS

Late proposals will be rejected and not opened.

NEGOTIATIONS

Exclusive or concurrent negotiations may be conducted with responsible Offeror(s) for the purpose of altering or otherwise changing the conditions, terms and price of the proposed contract unless prohibited. Offerors shall be accorded fair and equal treatment in conducting negotiations and there shall be no disclosure of any information derived from proposals submitted by competing Offerors. Exclusive or concurrent negotiations shall not constitute a contract award nor shall it confer any property rights to the successful Offeror. In the event the OCFA deems that negotiations are not progressing, OCFA may

formally terminate these negotiations and may enter into subsequent concurrent or exclusive negotiations with the next most qualified firm(s).

NOTICE OF INTENT TO AWARD

A notification of Intent to Award will be sent to the Offeror(s) selected.

OBJECTIONS

Any objections as to the structure, content or distribution of this RFP must be submitted in writing to Purchasing Manager less than five (5) working days before the RFP due date. Objections must be as specific as possible, and identify the RFP section number and title, as well as a description and rationale for the objection.

OFFER AND ACCEPTANCE PERIOD

In order to allow for an adequate evaluation, OCFA requires an offer in response to this solicitation to be valid and irrevocable for one hundred and eighty (180) days after the proposal due date and time.

PRE-PROPOSAL CONFERENCE

If scheduled, the date and time of a Pre-Proposal conference is indicated on the cover page of this document. Written minutes and/or notes will not be available, therefore attendance is encouraged. If an Offeror is unable to attend the Pre-Proposal Conference, questions may be submitted in writing. Offerors are encouraged to submit written questions, via electronic mail or facsimile, at least five days prior to the Request for Proposal due date to the Purchasing Manager. The purpose of this conference will be to clarify the contents of this Request for Proposal in order to prevent any misunderstanding. Any doubt as to the requirements of this Request for Proposal or any apparent omission or discrepancy should be presented to OCFA at this meeting. OCFA will then determine the appropriate action necessary, if any, and may issue a written amendment to the Request for Proposal. Oral statements or instructions will not constitute an amendment to this Request for Proposal.

PREPARATION OF PROPOSAL

- A. All proposals shall incorporate the forms provided in this Request for Proposal package. It is permissible to copy these forms as required. Facsimiles or electronic mail proposals shall not be considered.
- B. The Proposal form and any solicitation amendments must be signed and returned with the proposal. The forms submitted shall be signed by a person authorized to submit an offer. An authorized signature on the Proposal form, Proposal Amendment(s), or cover letter accompanying the proposal documents shall constitute an irrevocable offer to provide services specified herein. Offeror shall submit any additional requested documentation, signifying intent to be bound by the terms of the agreement.
- C. The authorized person signing the proposal shall initial erasure, interlineations or other modifications on the proposal.
- D. Periods of time, stated as a number of days, shall be in calendar days.
- E. It is the responsibility of all Offerors to examine the entire Request for Proposal package and seek clarification of any requirement that may not be clear and to check all responses for accuracy before submitting a proposal. Negligence in preparing a proposal confers no right of withdrawal after due date and time.
- F. OCFA shall not reimburse the cost of developing, presenting, submitting or providing any response to this solicitation.
- G. Offeror must list any subcontractors to be utilized in the performance of the services specified herein. For each subcontractor, details on respective qualifications must be included.

PROPOSAL OPENING AND RESULTS

Please note that there will be no public opening of proposals. The list of firms participating in the solicitation will be available when the recommendation for award(s) is made to the Executive Committee.

PROPOSAL/ SUBMITTAL FORMAT

One (1) original hard copy original, one (1) duplicate hard copy, and one (1) electronic copy in PDF or Word (on Digital Media), of each proposal should be submitted as specified in the RFP. The original copy of the proposal should be clearly labeled "Original". The material should be in sequence according to the RFP. The sections of the submittal should be clearly identifiable, including all the items listed in the Proposal Requirements, the completed Offer Form, and all signed Amendments if required. Failure to include the requested information may have a negative impact on the evaluation of the Offeror's proposal.

PUBLIC RECORD

All proposals submitted in response to this Request for Proposal shall become the property of OCFA and shall become a matter of public record available for review subsequent to the award notification.

WHERE TO SUBMIT PROPOSALS

In order to be considered, the Offeror must complete and submit its proposal to OCFA Purchasing Office at the location indicated, prior to or at the exact date and time indicated on the Notice of Request for Proposal page. The Offeror's proposal shall be submitted in a sealed envelope. The words "SEALED PROPOSAL" with the REQUEST FOR PROPOSAL TITLE, REQUEST FOR PROPOSAL NUMBER, PROPOSAL DUE DATE AND TIME and OFFEROR'S NAME AND ADDRESS shall be written on the envelope.

WITHDRAWAL OF PROPOSAL

At any time prior to the specified solicitation due date and time, an Offeror may formally withdraw the proposal by a written letter, facsimile or electronic mail from the Offeror or a designated representative. Telephonic or oral withdrawals shall not be considered.

SECTION IV: GENERAL TERMS AND CONDITIONS

ASSIGNMENT OF RIGHTS OR OBLIGATIONS

Except as noted hereunder, successful Offeror may not assign, transfer or sell any rights or obligations resulting from this solicitation without first obtaining the specific written consent from the OCFA.

ATTORNEY FEES

In the event a lawsuit or action is instituted in connection with any controversy arising out of this contract, the prevailing party shall be entitled to receive, in addition to its costs, such sum as the court may adjudge reasonable as to attorney's fees and costs.

AUTHORITY OF ORANGE COUNTY FIRE AUTHORITY

Subject to the power and authority of the OCFA as provided by law in this contract, the OCFA shall in all cases determine the quantity, quality, and acceptability of the work, provided under this contract. The OCFA shall decide the questions that may arise relative to the fulfillment of the contract or the obligations of the Firm hereunder.

CANCELLATION OF THE CONTRACT

Without cause, the OCFA may cancel this contract at any time with thirty (30) days written notice to the supplier/contractor. With cause, the OCFA may cancel this contract at any time with ten (10) days written notice to the Firm. Cancellation for cause shall be at the discretion of the OCFA and shall be, but is not limited to, failure to supply the materials, equipment or service specified within the time allowed or within the terms, conditions or provisions of this contract. The successful Offeror may not cancel this contract without prior written consent of the Purchasing Manager.

CHANGES IN WORK

The OCFA may, at any time work is in progress, by written order and without notice to the sureties, make alterations in the terms of work as shown in the specifications, require the performance of extra work, decrease the quantity of work, or make such other changes as the OCFA may find necessary or desirable. The Offeror shall not claim forfeiture of contract by reasons of such changes by the OCFA. Changes in work and the amount of compensation to be paid to the Offeror for any extra work as so ordered shall be determined in accordance with the unit prices of Offeror's proposal.

COMPLIANCE OR DEVIATION TO SCOPE OF WORK/SERVICES

Offeror hereby agrees that the material, equipment or service offered will meet all the requirements of the specifications in this solicitation unless deviations from them are clearly indicated in the Offeror's response. Offeror may submit an attachment entitled "Exceptions to Specifications", which must be signed by Offeror's authorized representative. An explanation must be made for each item in which an exception is taken, giving in detail the extent of the exception and the reason for which it is taken. Proposals failing to comply with this requirement will be considered non-responsive.

CONTRACT INCORPORATION

This contract embodies the entire contract between the OCFA and the Offeror. The parties shall not be bound by or be liable for any statement, representation, promise, inducement or understanding of any kind or nature not set forth herein. No changes, amendments, or modifications of any of the terms or conditions of the contract shall be valid unless reduced to writing and signed by both parties. The complete contract shall include the entire contents of the RFP solicitation, all addenda, all of Offeror's successful submittal, supplemental agreements, change orders, and any and all written agreements which alter, amend or extend the contract. Offeror's signed proposal and the OCFA's written acceptance shall constitute a binding contract.

FORCE MAJEURE

If execution of this contract shall be delayed or suspended and if such failure arises out of causes beyond the control of and without fault or negligence of the Offeror, the Offeror shall notify the OCFA, in writing, within twenty-four (24) hours, after the delay. Such causes may include but are not limited to acts of God, war, acts of a public enemy, and acts of any governmental entity in its sovereign or contractual capacity, fires, floods, epidemics, strikes and unusually severe weather. Neither party to the agreement shall be held responsible for delay or default for causes shown above which is beyond that party's reasonable control. The OCFA may terminate the agreement upon written notice after determining such delay or default will reasonably prevent successful performance of the agreement.

LACK OF FUNDING

The OCFA may cancel any additional terms of this contract without further obligation in the event that budgetary funding has been discontinued. The Offeror(s) shall receive written notification or either condition as soon as practically possible, but no later than thirty (30) days prior to termination.

LAWS - ADHERENCE TO ALL LOCAL, STATE, AND FEDERAL LAWS AND REQUIREMENTS

The Offeror shall adhere to all current applicable federal, state, and local laws, codes and ordinances, including, but not limited to, those promulgated by CAL-OSHA, FED-OSHA, EPA, and the California State Department of Health Services.

LAWS GOVERNING CONTRACT

This contract shall be in accordance with the laws of the State of California. The parties stipulate that this contract was entered into in the County of Orange, in the State of California. The parties further stipulate that the County of Orange, California, is the only appropriate forum for any litigation resulting from a breach hereof or any questions risen here from.

SEVERABILITY

If any provisions or portion of any provision, of this contract are held invalid, illegal or unenforceable, they shall be severed from the contract and the remaining provisions shall be valid and enforceable.

SPECIFICATIONS, CHANGES TO

The parties shall not be bound by or be liable for any statement, representation, promise, inducement or understanding of any kind or nature not set forth herein or by written amendment. No changes, amendments, or modifications of any of the terms or conditions of the specification shall be valid unless reduced to writing and signed by both parties.

SUBCONTRACTING

If any Offeror(s) submits a proposal with subcontracting portions of the engagement, that fact must be clearly identified in the proposal and the name of the proposed subcontracting firm must be provided. Following the award of the actuarial services contract, no additional subcontracting will be allowed without the express prior written consent of the OCFA.

TERMINATION OF CONTRACT

This Contract may be terminated at any time by mutual written consent, or by the OCFA, with or without cause, upon giving thirty (30) days written notice. The OCFA, at its convenience, by written notice, may terminate this Contract, in whole or in part. If this Contract is terminated, the OCFA shall be liable only for payment under the payment provisions of this Contract for services rendered and accepted material received by the OCFA before the effective date of termination.

The OCFA reserves the right to terminate the whole or any part of this Contract due to the failure of the Firm to carry out any term or condition of the Contract. The OCFA will issue a written ten (10) day notice of default to the Firm for acting or failing to act as specified in any of the following:

In the opinion of the OCFA, the Firm provides personnel that do not meet the requirements of the Contract;

In the opinion of the OCFA, the Firm fails to perform adequately the stipulations, conditions or services/specifications required in this Contract;

In the opinion of the OCFA, the Firm attempts to impose personnel, materials, products or workmanship of an unacceptable quality;

The Firm fails to furnish the required service and/or product within the time stipulated in the Contract;

In the opinion of the OCFA, the Firm fails to make progress in the performance of the requirements of the Contract;

The Firm gives the OCFA a positive indication that the Firm will not or cannot perform to the requirements of the Contract.

Each payment obligation of the OCFA created by this Contract is conditioned upon the availability of funds that are appropriated or allocated for the payment of such an obligation. If funds are not allocated by the OCFA and available for the continued purchase of the services and/or materials provided under this Contract, this Contract may be terminated by the OCFA at the end of the period for which funds are available.

The OCFA will endeavor to notify the Firm in the event that continued service will or may be affected by non-appropriation. No penalty shall accrue to the OCFA in the event this provision is exercised, and the OCFA shall not be obligated or liable for any future payments due or for any damages as a result of termination under this paragraph.

UNFORESEEN DIFFICULTIES

All loss or damage arising out of the nature of the work to be done under the contract, or from any unforeseen obstructions or difficulties which may be encountered during the progress of the work and in the prosecution of the same, or from encumbrances on the line of work, shall be sustained by the Offeror, except as may be otherwise specifically provided by the contract documents.

SECTION V: PROPOSAL REQUIREMENTS

To achieve a uniform review process and obtain the maximum degree of comparability, it is required that the proposals be organized in the manner specified. Proposals will only be accepted from Offerors that meet the minimum qualifications. All Offerors are expected to provide detailed answers to the proposal requirements listed below. The answers provided will be relevant in the evaluation process of the proposal. Additional information, if provided, should be separately identified in the proposal. Proposals (submittals) shall include, at a minimum, the following:

TECHNICAL PROPOSAL

1. General Requirements

- a. Indicate the proposal number(s) for which your firm is submitting a technical proposal.
- b. The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit or other review of OCFA in conformity with the requirements of this request for proposal. As such, the substance of the proposal will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.
- c. The Technical Proposal should address all the points outlined in the request for proposals (***excluding any cost information which should only be included in the dollar cost proposal***). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. The Technical Proposal should include the following:
 - ***Title Page*** – Title page showing the request for proposals subject; the firm's name; the name, address, telephone number, and e-mail of the contact person; and the date of the proposal.
 - ***Table of Contents*** – Include a clear identification of material by section and by page number.
 - ***Transmittal Letter*** – A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for three months.
 - ***Detailed Technical Proposal*** (see details below)

2. Detailed Technical Proposal

While additional data may be provided, the subjects identified below in must be included in the detailed technical proposal. They represent the criteria against which the proposal will be evaluated.

a. Independence

In conformance with the statutory requirements of the State of California Government Code Section 84308, part of the Political Reform Act and Title 2, California Code of Regulations 18438 through 18438.8, regarding campaign contributions to members of appointed Boards of Directors, Offeror is required to complete the Party and Participant Disclosure Forms (pages 52 and 55) provided in Appendix D (pages 50-56) and submit as part of the proposal, if applicable.

The firm shall provide an affirmative statement that it is independent of the Orange County Fire Authority as defined by generally accepted auditing standards/the U.S. General Accounting Office's Government Auditing Standards (1994). The firm shall also provide an affirmative statement that it is independent of the component units of the Orange County Fire Authority as defined by those same standards.

The firm should list and describe the firm's (or any proposed subcontractor's) professional relationships involving the Orange County Fire Authority or any of its component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

The firm should also identify any current personal relationships between audit engagement team members and OCFA personnel, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

b. Firm Qualifications and Experience

The proposer shall state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis. An affirmative statement should be included indicating that the firm and all assigned key professional staff, where applicable, are properly registered/licensed to practice in California.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium shall be separately identified and the firm that is to serve as the principal auditor shall be noted, if applicable.

The firm is required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

c. Partner, Supervisory, and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience, and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

The proposer shall identify the extent to which staff to be assigned to the audit reflect the Orange County Fire Authority's commitment to Affirmative Action.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm. These personnel may also be changed for other reasons with the express prior written permission of OCFA. However, in either case, OCFA retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of OCFA, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

d. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

e. Specific Audit Approach

The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in **Section II "Scope of Work"** of this request for proposal. In developing the work plan, reference shall be made to such sources of information as the OCFA's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. Proposers will be required to provide the following information on their audit approach:

- Proposed segmentation of the engagement
- Level of staff and number of hours to be assigned to each proposed segment of the engagement
- Sample size and the extent to which statistical sampling is to be used in the engagement
- Type and extent of analytical procedures to be used in the engagement
- Approach to be taken to gain and document an understanding of OCFA's internal control structure
- Approach to be taken in determining laws and regulations that will be subject to audit test work
- Approach to be taken in drawing audit samples for purposes of tests of compliance
- Approach to be taken in implementing new standards issued by the Governmental Accounting Standards Board

f. Discussion of Relevant Accounting Issues

The proposal shall identify and describe recent changes in accounting principles and pronouncements and their impact on the presentation, scope, and disclosure of OCFA's financial reports.

g. "Prepared By Client" (PBC) List

The proposal shall include a list of standard client-prepared audit schedules the firm anticipates OCFA staff to provide.

h. Ability to Serve

Proposals must address all items set forth in **Section II “Scope of Work”**. Additional information which, should be included, in the opinion of the proposing firm, must be clearly identified. The items must be addressed in the order in which they appear in the RFP.

i. References

Each firm must include the following references:

- List similar services performed for up to five additional organizations and when performed. Show names of organizations, and names and telephone numbers of persons who can provide us with verification with regard to the services you provided.
- List additional references if desired, and include the addresses, telephone numbers and names of contact persons.
- List five similar public agencies lost by the firm in the last three years. Show names of organizations and names and telephone numbers of persons who can be contacted.

COST PROPOSALS

Please note that the cost proposal should be **submitted separately** so that the technical proposal can be evaluated without the consideration of cost. OCFA reserves the right to negotiate with any Offeror(s) as necessary to serve the best interest of OCFA and negotiate the final contract(s) with the most responsive, responsible Offeror(s).

1. General Requirements

- a. Indicate the proposal number(s) for which your firm is submitting a cost proposal.
- b. The dollar cost proposal for auditing services shall contain all pricing information relative to performing the audit engagement for each of the three contract years as described in this request for proposal. The total all-inclusive maximum price to be proposed is to contain all direct and indirect costs including all out-of-pocket expenses. All proposals are to include any and all applicable taxes.
- c. OCFA will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost proposal. Such costs shall not be included in the proposal.
- d. Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost proposal. Interim billing shall cover a period of not less than a calendar month.

2. Detailed Dollar Cost Proposals

The Dollar Cost Proposals should include the following:

- a. **Appendix A: Offeror's Information** showing the date of the proposal, proposal number(s), and firm contact information.

- b. **Appendix B: Pricing Page** including the **Total All-Inclusive Maximum Price, Hourly Rates**, and/or **Out-of-Pocket Expenses**, as applicable, in the format provided in the appendices:
- Proposal 1 – See **Appendix B-1**
 - Proposal 2 – See **Appendix B-2**
- c. **Appendix C: Certification of Proposal** that the person signing the proposal is entitled to represent the firm, is empowered to submit the proposal, and is authorized to sign a contract with the Orange County Fire Authority.

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SECTION VI: EVALUATION OF PROPOSALS AND NEGOTIATIONS

Proposals must fully address the evaluation factors; contain references and data to verify qualifications and experience that address the Firm's ability to provide services and deliverables as outlined in the scope of work. All proposals will be reviewed by an evaluation committee comprised of OCFA staff for compliance with the scope of work including documented capability to perform the prescribed work in a satisfactory manner. Respondents should respond to all requirements in the order in which they are presented. Proposals, which appear to be compliant, will be evaluated in accordance with the following:

A. Method of Approach (maximum points 40) - This set of criteria assesses how well the Offeror responds to and demonstrates understanding of the RFP. It assesses how well the service meets the required specifications and objectives in the solicitation including the quality and completeness of the proposal.

- Overall responsiveness and completeness of the proposal
- Thoroughness of responses and demonstrated understanding of the requirements
- How well the proposal meets the needs of the OCFA
- Adequacy of proposed staffing plan for various segments of the engagement
- Time commitment responsive to OCFA's needs
- Adequacy of sampling techniques
- Adequacy of analytical procedures
- Adequacy of new accounting standard implementation
- Proposed work plan schedule submitted with the firm's proposal

B. Qualifications & Experience (maximum points 35) - The Offeror's history of performance and demonstrated ability in providing the service will be assessed in addition to the qualifications and experience of key-personnel assigned to the project team and relevant experience of the firm.

- The firm's past experience, performance, and demonstrated ability in providing comparable private/government engagements
- The experience and quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
- Firm's ability to communicate effectively and demonstrate success in similar past projects

Cost proposals will not be reviewed until the initial review for A & B have been completed.

C. Proposed Costs (maximum points 25) - The lowest price proposal will not necessarily be selected. OCFA is looking for the best value versus the lowest price. While cost is important, other criteria are also significant and the OCFA may not select the lowest cost proposal. The objective is to choose the proposal that offers the highest quality services and will achieve the project's goals and objectives within a reasonable budget.

Because this proposal is negotiable, all pricing data will remain confidential until after award is made, and there will be no public opening and reading of proposals. OCFA may request a best and final offer from the top ranking firms for further evaluation and consideration. Overall responsiveness to the Request for Proposals is an important factor in the evaluation process.

SECTION VII: ADDITIONAL INFORMATION ABOUT THE EVALUATION PROCESS

A. **Shortlist:**

OCFA reserves the right to shortlist the Offerors on all of the stated criteria. OCFA may determine that short listing is not necessary.

B. **Interviews:**

OCFA reserves the right to conduct interviews and/or demonstrations with some or all of the Offerors at any point during the evaluation process. However, OCFA may determine that interviews/demonstrations are not necessary. In the event interviews are conducted, information provided during the interview/demonstration process shall be taken into consideration when evaluating the stated criteria. OCFA shall not reimburse the Offeror for the costs associated with the interview process. The Firm's key project team members will be invited to attend the interview. The interviews will last approximately 60 minutes, with the time allocated between firm's presentation and question and answer period. The firms should be prepared to discuss at the interview, their specific experience providing services similar to those described in the RFP, project approach, estimated work effort, available resources, and other pertinent things that distinguish your firm from others. There will be an additional 40 points available in the interview process.

The score achieved from the interview will be combined with the scoring for the initial evaluation, for a total. It is OCFA's intent to commence negotiations with the Offeror(s) deemed most advantageous. OCFA reserves the right to re-evaluate the written proposal in light of any additional information provided in the interview process.

C. **Additional Investigations:**

OCFA reserves the right to make such additional investigations as it deems necessary to establish the competence and financial stability of any Offeror submitting a proposal.

D. **Prior Experience:**

Previous experiences with the proposer may be taken into consideration when evaluating qualifications and experience.

E. **Overall Evaluation of the Proposal Response:**

The overall completeness, accuracy and quality of the proposal may be taken into consideration when evaluating the qualifications and experience.

F. **Post-Proposal Discussions with Offerors:**

OCFA reserves the right to conduct post-proposal discussions with any Offeror(s).

NOTICE OF INTENT TO AWARD/EXECUTION OF CONTRACT

Following the interviews and final contract negotiations, a notification of OCFA's intent to award contract ("Notice of Intent to Award") will be sent to the successful Offeror(s). Following receipt of the Notice of Intent to Award, no more than ten (10) days prior to submittal of the recommendation for award of contract to the Executive Committee or Board of Directors, the successful Offeror(s) shall submit the following items to the Purchasing & Materials Manager or designee:

- a. Two (2) hard copy signed original of the Professional Services Agreement ("PSA"), in a form approved by OCFA General Counsel, signed by an individual(s) duly authorized to bind the Offeror.
- b. Evidence of insurance coverage consisting of certificates of insurance and original endorsements as required per the PSA (see Exhibit 1).

In case of failure of the Offeror(s) to execute and return the PSA and all required documents within the time allowed, the OCFA may, at its option, consider that the Offeror(s) has/have abandoned the contract.

Following the Board of Directors' acceptance and approval of the award of contract, OCFA shall return one fully executed copy of the PSA to Offeror(s).

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APPENDIX A – OFFEROR’S INFORMATION

Please complete and/or provide all requested information. If the proposal is submitted by a corporation, please provide an additional attachment that states the names of the officers who can sign an agreement on behalf of the corporation and whether more than one officer must sign. If the proposal is by a partnership or a joint venture, state the names and addresses of all general partners and joint venture parties. If the respondent is a sole proprietorship or another entity that does business under a fictitious name, the proposal shall be in the real name of the respondent with a designation following showing “DBA (the fictitious name),” provided however, that no fictitious name shall be used unless there is a current registration with the Orange County Recorder.

The undersigned, as respondent, declares that all documents regarding this proposal have been examined and accepted and that, if awarded, will enter into a contract with the Orange County Fire Authority.

Proposal Date	Proposal Number (Check All That Apply)
	<input type="checkbox"/> Proposal 1 <i>Financial Statement Audit and Single Audit Services; Audit of Internal Controls over Financial Reporting</i> <input type="checkbox"/> Proposal 2 <i>Other Audit/Attest Services</i>

Firm's Legal Name:	
Firm Parent or Ownership:	
Address:	
Firm Telephone No.	Firm Fax No.
Firm's Tax I.D. Number:	Incorporated: YES _____ NO _____
Legal form of company: (partnership, corporation, joint venture)	
Length of time your firm has been in business:	Length of time at current location:
Number of employees and Number of Current Clients	

Management person responsible for direct contact with the Orange County Fire Authority and service required for this Request for Proposal (RFP).

Name:	Title:
Telephone No.:	E-mail:

Person responsible for the day-to-day servicing of the account:

Name:	Title:
Telephone No.:	E-mail:

Please indicate if you are subject to the Party and Participant disclosure requirements. Yes No
If yes, you are required to submit form/s (see Appendix D).

***For additional information please see page 25 “Campaign Contribution Disclosure”.**

APPENDIX B-1 – PRICING PAGE (PROPOSAL 1)

Proposal Costs - The fee information is relevant to a determination of whether the fee is fair and reasonable in light of the services to be provided. This section shall include the proposed costs to provide the services as described in your proposal. OCFA will not separately reimburse costs not included in the proposal.

Part 1a – Financial Statement Audit and Single Audit Services

Part 1b – Audit of Internal Controls over Financial Reporting

Cost Proposal						
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	Total
Financial Statement Audit	\$	\$	\$	\$	\$	\$
Single Audit	\$	\$	\$	\$	\$	\$
Part 1a Subtotal	\$	\$	\$	\$	\$	\$
Part 1a Hours						
Audit of Internal Controls over Financial Reporting	\$	\$	\$	\$	\$	\$
Part 1b Subtotal	\$	\$	\$	\$	\$	\$
Part 1b Hours						
All-Inclusive Maximum Price	\$	\$	\$	\$	\$	\$
% change	N/A	%	%	%	%	%
Total Hours						

Schedule of Professional Fees and Expenses								
Position	Number of Hours	Hourly Rate	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	Total
Partner(s)		\$	\$	\$	\$	\$	\$	\$
Manager(s)		\$	\$	\$	\$	\$	\$	\$
Supervisory		\$	\$	\$	\$	\$	\$	\$
Staff		\$	\$	\$	\$	\$	\$	\$
Other		\$	\$	\$	\$	\$	\$	\$
Part 1a Subtotal		N/A	\$	\$	\$	\$	\$	\$
Partner(s)		\$	\$	\$	\$	\$	\$	\$
Manager(s)		\$	\$	\$	\$	\$	\$	\$
Supervisory		\$	\$	\$	\$	\$	\$	\$
Staff		\$	\$	\$	\$	\$	\$	\$
Other		\$	\$	\$	\$	\$	\$	\$
Part 1b Subtotal		N/A	\$	\$	\$	\$	\$	\$
Personnel Costs		N/A	\$	\$	\$	\$	\$	\$
Out-of- Pocket Expenses *	N/A	N/A	\$	\$	\$	\$	\$	\$
All- Inclusive Maximum Price	N/A	N/A	\$	\$	\$	\$	\$	\$

* Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the prevailing rates used by OCFA for its employees. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

Any additional information you would like OCFA to consider.

Term of Offer: It is understood and agreed that this offer may not be withdrawn for a period of one hundred eighty days (180) from the Proposal Submittal Deadline, and at no time in case of successful Offeror.

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APPENDIX B-2 – PRICING PAGE (PROPOSAL 2)

Proposal Costs - The fee information is relevant to a determination of whether the fee is fair and reasonable in light of the services to be provided. This section shall include the proposed costs to provide the services as described in your proposal. OCFA will not separately reimburse costs not included in the proposal.

Other Audit/Attest Services

Hourly Rates by Position	
Position	Hourly Rate
Partner(s)	\$
Manager(s)	\$
Supervisory	\$
Staff	\$
Other	\$

Hourly Rates and Total Price by Project – Firefighter Medical Trust								
Position	Number of Hours	Hourly Rate	Calendar Year 2016	Calendar Year 2017	Calendar Year 2018	Calendar Year 2019	Calendar Year 2020	Total
Partner(s)		\$	\$	\$	\$	\$	\$	\$
Manager(s)		\$	\$	\$	\$	\$	\$	\$
Supervisory		\$	\$	\$	\$	\$	\$	\$
Staff		\$	\$	\$	\$	\$	\$	\$
Other		\$	\$	\$	\$	\$	\$	\$
Total		N/A	\$	\$	\$	\$	\$	\$
% change	N/A	N/A	N/A	%	%	%	%	%

Hourly Rates and Total Price by Project – Marginal Cost of Providing ALS and BLS Services								
Position	Number of Hours	Hourly Rate	Fiscal Year 2017/18	Fiscal Year 2018/19	Fiscal Year 2019/20	Fiscal Year 2020/21	Fiscal Year 2021/22	Total
Partner(s)		\$	\$	\$	\$	\$	\$	\$
Manager(s)		\$	\$	\$	\$	\$	\$	\$
Supervisory		\$	\$	\$	\$	\$	\$	\$
Staff		\$	\$	\$	\$	\$	\$	\$
Other		\$	\$	\$	\$	\$	\$	\$
Total		N/A	\$	\$	\$	\$	\$	\$
% change	N/A	N/A	N/A	%	%	%	%	%

Hourly Rates and Total Price by Project – Internal Control Agreed Upon Procedures								
Position	Number of Hours	Hourly Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Partner(s)		\$	\$	\$	\$	\$	\$	\$
Manager(s)		\$	\$	\$	\$	\$	\$	\$
Supervisory		\$	\$	\$	\$	\$	\$	\$
Staff		\$	\$	\$	\$	\$	\$	\$
Other		\$	\$	\$	\$	\$	\$	\$
1st Area		N/A	\$	\$	\$	\$	\$	\$
Partner(s)		\$	\$	\$	\$	\$	\$	\$
Manager(s)		\$	\$	\$	\$	\$	\$	\$
Supervisory		\$	\$	\$	\$	\$	\$	\$
Staff		\$	\$	\$	\$	\$	\$	\$
Other		\$	\$	\$	\$	\$	\$	\$
2nd Area		N/A	\$	\$	\$	\$	\$	\$
Total		N/A	\$	\$	\$	\$	\$	\$

Any additional information you would like OCFA to consider.

Term of Offer: It is understood and agreed that this offer may not be withdrawn for a period of one hundred eighty days (180) from the Proposal Submittal Deadline, and at no time in case of successful Offeror.

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APPENDIX C – CERTIFICATION OF PROPOSAL

In responding to **RFP DC2184**, the undersigned Offeror(s) agrees to provide services for OCFA per the specifications. Offeror further agrees to the terms and conditions specified herein the following terms and conditions that are a part of this proposal and any resulting contract. **If there are any exceptions they must be stated in an attachment included with the offer.**

- A. The Offeror hereby certifies that the individual signing the submittal is an authorized agent for the Offeror and has the authority to legally bind the Offeror to the Contract. Signature below verifies that the Offeror has read, understands, and agrees to the conditions contained herein and on all of the attachments and agenda.
- B. The submission of the offer did not involve collusion or other anti-competitive practices.
- C. The Offeror has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, meal or service to a public servant in connection with the submitted offer.
- D. **The Offeror has submitted the Party, Participant (Agent) Disclosure Form if applicable.**
- E. The Offeror shall not discriminate against any employee or applicant for employment in violation of Federal or State law.
- F. The Offeror complies fully with the Federal Debarment Certification regarding debarment suspension, ineligibility and voluntary exclusion.

Independent Price Determination: I certify that this offer is made without prior understanding, arrangement, agreement, or connection with any corporation, firm or person submitting an offer for the same services, and is in all respects fair and without collusion or fraud. I certify that I have not entered into any arrangement or agreement with any Orange County Fire Authority public officer. I understand collusive bidding is a violation of State and Federal law and can result in fines, prison sentences, and civil damage awards. I agree to abide by all conditions of this offer and certify that I am authorized to sign this agreement for the Offeror.

TO THE ORANGE COUNTY FIRE AUTHORITY:

The Undersigned hereby offers and shall furnish the services in compliance with all terms, scope of work, conditions, specifications, and amendments in the Request for Proposal which is incorporated by reference as fully set forth herein. The representations herein are made under penalty of perjury.

Name of Firm

Address

City

State

Zip

Signature of Person Authorized to Sign

Date

Printed Name

Title

APPENDIX D – PARTY AND PARTICIPANT DISCLOSURE FORMS

ORANGE COUNTY FIRE AUTHORITY - PARTY DISCLOSURE

The attached Party Disclosure Form must be completed and submitted by the Offeror and subcontractors with the proposal by all firms subject to the campaign contribution disclosure requirements stated on page 14 of this solicitation.

The Participant Disclosure Form must be completed by lobbyists or agents representing the Offeror in this procurement.

It is anticipated that a recommendation for award of this contract will be presented to the Board of Directors of the OCFA for approval. (Please see next page for definitions of these terms.)

IMPORTANT NOTICE

Basic Provisions of Government Code Section 84308

- A. If you are an applicant for, or the subject of, any contract award, you are prohibited from making a campaign contribution of more than \$250 to any board member or his or her alternate. This prohibition begins on the date the solicitation is initiated, and the prohibition ends three months after a final decision is rendered by the Board of Directors. In addition, no board member or alternate may solicit or accept a campaign contribution of more than \$250 from you during this period.
- B. These prohibitions also apply to your agents, and, if you are a closely held corporation, to your majority shareholder as well. These prohibitions also apply to your subcontractor(s), joint venturer(s), and partner(s) in this proceeding. Also included are parent companies and subsidiary companies directed and controlled by you, and political action committees directed and controlled by you.
- C. You must file the attached disclosure form and disclose whether you or your agent(s) have in the aggregate contributed more than \$250 to any board member or his or her alternate during the 12-month period preceding the contract award.
- D. If you or your agent have in the aggregate contributed more than \$250 to any individual board member or his/or her alternate during the 12 months preceding the decision on the contract award or proceeding, that board member or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the board member or alternate returns the campaign contribution within 30 days from the time the director knows, or should have known, about both the contribution and the fact that you are a party in the proceeding. The Party Disclosure Form should be completed and filed with your proposal, or with the first written document you file or submit after the proceeding commences.

A proceeding involving "a license, permit, or other entitlement for use" includes all business, professional, trade and land use licenses and permits, and all other entitlements¹ for use, including all entitlements for land use, all contracts² (other than competitively bid, labor or personal employment contracts), and all franchises.

- E. Your "agent" is someone who represents you in connection with a proceeding involving a license, permit or other entitlement for use. If an individual acting as an agent is also acting in his or her capacity as an employee or member of a law, architectural, engineering, consulting

firm, or similar business entity, both the business entity and the individual are "agents."

- F. To determine whether a campaign contribution of more than \$250 has been made by you, campaign contributions made by you within the preceding 12 months must be aggregated with those made by your agent within the preceding 12 months or the period of the agency, whichever is shorter. Contributions made by your majority shareholder (if a closely held corporation), your subcontractor(s), your joint venturer(s), and your partner(s) in this proceeding must also be included as part of the aggregation. Campaign contributions made to different directors or their alternates are not aggregated.
- G. A list of the members and alternates of the Board of Directors is attached.

This notice summarizes the major requirements of Government Code Section 84308 of the Political Reform Act and 2 Cal. Adm. Code Sections 18438-18438.8 as it relates to contract awards.

¹ *Entitlement for the purposes of this form refers to contract award.*

² *All Contracts for the purposes of this form refer to the contract award of this specific solicitation.*

ORANGE COUNTY FIRE AUTHORITY
PARTY DISCLOSURE FORM

Party's Name: _____

Party's Address: _____

Party's Telephone: _____

Solicitation Title and Number: _____

Based on the party disclosure information provided, are you or your firm subject to party disclosures?

No ☐ If no, check the box and sign below. Yes ☐ If yes, check the box, sign below and complete the form.

Date: _____

Signature of Party and/or Agent

To be completed only if campaign contributions have been made in the preceding twelve (12) months. Attach additional copies if needed.

Board Member(s) or Alternate(s) to whom you and/or your agent made campaign contributions and dates of contribution(s) in the preceding 12 months:

Name of Member: _____

Name of Contributor (if other than Party): _____

Date(s): _____

Amount(s): _____

Name of Member: _____

Name of Contributor (if other than Party): _____

Date(s): _____

Amount(s): _____

Name of Member: _____

Name of Contributor (if other than Party): _____

Date(s): _____

Amount(s): _____

ORANGE COUNTY FIRE AUTHORITY PARTICIPANT (AGENT) DISCLOSURE

The Participant Disclosure Form must be completed by lobbyists or agents representing the Offeror in this procurement. (Please see next page for definitions of these terms.)

It is anticipated that a recommendation for award of this contract will be presented to the Board of Directors of the OCFA for approval.

IMPORTANT NOTICE

Basic Provisions of Government Code Section 84308

- A. If you are a participant in a proceeding involving any contract award, you are prohibited from making a campaign contribution of more than \$250 to any board member or his or her alternate. This prohibition begins on the date you begin to actively support or oppose an application for contract award pending before the OCFA or any of its affiliated agencies, and continues until three months after a final decision is rendered on the application or proceeding by the Board of Directors.

No board member or alternate may solicit or accept a campaign contribution of more than \$250 from you and/or your agency during this period if the board member or alternate knows or has reason to know that you are a participant.

- B. The attached disclosure form must be filed if you or your agent has contributed more than \$250 to any board member or alternate for the OCFA or any of its affiliated agencies during the 12-month period preceding the beginning of your active support or opposition (The disclosure form will assist the board members in complying with the law).

If you or your agent have made a contribution of more than \$250 to any board member or alternate during the 12 months preceding the decision in the proceeding, that board member or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the member or alternate returns the campaign contribution within 30 days from the time the director knows, or should have known, about both the contribution and the fact that you are a participant in the proceeding

The Participant Disclosure Form should be completed and filed with the proposal submitted by a party, or should be completed and filed the first time that you lobby in person, testify in person before, or otherwise directly act to influence the vote of the board members of the OCFA or any of its affiliated agencies.

1. An individual or entity is a "participant" in a proceeding involving an application for a license, permit or other entitlement for use if:
 - a. The individual or entity is not an actual party to the proceeding, but does have a significant financial interest in the Authority's or one of its affiliated agencies' decisions in the proceeding.

AND

- b. The individual or entity, directly or through an agent, does any of the following:
 - (2) Communicates directly, either in person or in writing, with a board member or alternate of the OCFA or any of its affiliated agencies for the purpose of influencing the member's vote on the proposal;
 - (3) Communicates with an employee of the OCFA or any of its affiliated agencies for the purpose of influencing a member's vote on the proposal; or
 - (4) Testifies or makes an oral statement before the Board of Directors of the OCFA or any of its affiliated agencies.
2. A proceeding involving "a license, permit, or other entitlement for use" includes all business, professional, trade and land use licenses and permits, and all other entitlements for use, including all entitlements for land use; all contracts (other than competitively bid, labor, or personal employment contracts) and all franchises.
3. Your "agent" is someone who represents you in connection with a proceeding for this proposed involving a contract award. If an agent acting as an employee or member of a law, architectural, engineering, or consulting firm, or a similar business entity or corporation, both the business entity or corporation and the individual are agents.
4. To determine whether a campaign contribution of more than \$250 has been made by a participant or his or her agent, contributions made by the participant within the preceding 12 months shall be aggregated with those made by the agent within the preceding 12 months or the period of the agency, whichever is shorter. Campaign contributions made to different members or alternates are not aggregated.
5. A list of the members and alternates of the Board of Directors is attached.

This notice summarizes the major requirements of Government Code Section 84308 and 2 Cal. Adm. Code Sections 18438-18438.8.

ORANGE COUNTY FIRE AUTHORITY
PARTICIPANT DISCLOSURE FORM

To be completed only if campaign contributions have been made in the preceding twelve (12) months. Attach additional copies if needed.

Prime's Firm Name: _____

Party's Name: _____

Party's Address: _____

Party's Telephone: _____

Solicitation Title and Number: _____

Date: _____

Signature of Party and/or Agent

Board Member(s) or Alternate(s) to whom you and/or your agent made campaign contributions and dates of contribution(s) in the preceding 12 months:

Name of Member: _____

Name of Contributor (if other than Party): _____

Date(s): _____

Amount(s): _____

Name of Member: _____

Name of Contributor (if other than Party): _____

Date(s): _____

Amount(s): _____

Name of Member: _____

Name of Contributor (if other than Party): _____

Date(s): _____

Amount(s): _____

ORANGE COUNTY FIRE AUTHORITY

Board of Directors

Gene Hernandez, Chairman

City of Yorba Linda

Dave Harrington, Director

City of Aliso Viejo

Joseph Muller, Director

City of Dana Point

Michele Steggell, Director

City of La Palma

Laurie Davies, Director

City of Laguna Niguel

Leah Basile, Director

City of Lake Forest

Ed Sachs, Director

City of Mission Viejo

Carol Gamble, Director

City of Rancho Santa Margarita

***TBD**

City of San Juan Capistrano

***TBD**

City of Seal Beach

Al Murray, Director

City of Tustin

Tri Ta, Director

City of Westminster

Todd Spitzer, Director

County of Orange

Elizabeth Swift, Vice Chairman

City of Buena Park

Rob Johnson, Director

City of Cypress

Jeffrey Lalloway, Director

City of Irvine

Don Sedgwick, Director

City of Laguna Hills

Noel Hatch, Director

City of Laguna Woods

Shelley Hasselbrink, Director

City of Los Alamitos

Craig Green, Director

City of Placentia

Bob Baker, Director

City of San Clemente

Vicente Sarmiento, Director

City of Santa Ana

David John Shawver, Director

City of Stanton

Bill Nelson, Director

City of Villa Park

Lisa Bartlett, Director

County of Orange

* New Board members to be determined

EXHIBIT 1 – *SAMPLE PROFESSIONAL SERVICES AGREEMENT*

DRAFT

**ORANGE COUNTY FIRE AUTHORITY
PROFESSIONAL SERVICES AGREEMENT**

THIS AGREEMENT FOR PROFESSIONAL SERVICES ("Agreement") is made and entered into this _____ day of _____, 201____, by and between the Orange County Fire Authority, a public agency, hereinafter referred to as "OCFA", and _____, a _____, hereinafter referred to as "Firm".

RECITALS

WHEREAS, OCFA requires the services of a firm for the _____, hereinafter referred to as "Project"; and

WHEREAS, Firm has submitted to OCFA a proposal dated _____, a copy of which is attached hereto as Exhibit "A" and is incorporated herein by this reference; and

WHEREAS, based on its experience and reputation, Firm is qualified to provide the necessary services for the Project and desires to provide such services; and

WHEREAS, OCFA desires to retain the services of Firm for the Project.

NOW, THEREFORE, in consideration of the promises and mutual agreements contained herein, OCFA agrees to employ and does hereby employ Firm and Firm agrees to provide professional services as follows:

AGREEMENT

1. PROFESSIONAL SERVICES

1.1 Scope of Services.

In compliance with all terms and conditions of this Agreement, Firm shall provide those services specified in the "Proposal" attached hereto as Exhibit "A." Firm warrants that all services shall be performed in a competent, professional and satisfactory manner in accordance with all standards prevalent in the same profession in the State of California. Firm represents and warrants that it and all employees, subconsultants and subcontractors providing any services pursuant to this Agreement shall have a sufficient skill and experience to perform the Project Services. All Project Services shall be completed to the reasonable satisfaction of the OCFA. In the event of any inconsistency between the terms contained in Exhibit "A" and the terms set forth in the main body of this Agreement, the terms set forth in the main body of this Agreement shall govern.

1.2 Compliance with Law.

All services rendered hereunder shall be provided in accordance with all laws, ordinances, resolutions, statutes, rules, and regulations of OCFA and any federal, state or local governmental agency of competent jurisdiction.

1.3 Licenses and Permits.

Firm shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement.

1.4 Familiarity with Work.

By executing this Agreement, Firm warrants that Firm (a) has thoroughly investigated and considered the work to be performed, (b) has investigated the site of the work and become fully acquainted with the conditions there existing, (c) has carefully considered how the work should be performed, and (d) fully understands the facilities, difficulties and restrictions attending performance of the work under this Agreement. Should the Firm discover any latent or unknown conditions materially differing from those inherent in the work or as represented by OCFA, Firm shall immediately inform OCFA of such fact and shall not proceed with any work except at Firm's risk until written instructions are received from the Contract Officer.

1.5 Care of Work.

Firm shall adopt and follow reasonable procedures and methods during the term of the Agreement to prevent loss or damage to materials, papers or other components of the work, and shall be responsible for all such damage until acceptance of the work by OCFA, except such loss or damages as may be caused by OCFA's own negligence.

1.6 Additional Services.

Firm shall perform services in addition to those specified in the Proposal when directed to do so in writing by the Contract Officer, provided that Firm shall not be required to perform any additional services without compensation. Any additional compensation not exceeding ten percent (10%) of the original Agreement sum must be approved in writing by the Contract Officer. Any greater increase must be approved in writing by _____.

2. TIME FOR COMPLETION

The time for completion of the services to be performed by Firm is an essential condition of this Agreement. Firm shall prosecute regularly and diligently the work of this Agreement according to the schedules set forth in Firm's proposal. Firm shall not be accountable for delays in the progress of its work caused by any condition beyond its

control and without the fault or negligence of Firm. Delays shall not entitle Firm to any additional compensation regardless of the party responsible for the delay.

3. COMPENSATION OF FIRM

3.1 Compensation of Firm.

For the services rendered pursuant to this Agreement, Firm shall be compensated and reimbursed, in accordance with the terms set forth in Exhibit "A," in an amount not to exceed \$_____.

3.2 Method of Payment.

In any month in which Firm wishes to receive payment, Firm shall no later than the first working day of such month, submit to OCFA in the form approved by OCFA's Director of Finance, an invoice for services rendered prior to the date of the invoice. OCFA shall pay Firm for all expenses stated thereon which are approved by OCFA consistent with this Agreement, within thirty (30) days of receipt of Firm's invoice.

3.3 Changes.

In the event any change or changes in the work is requested by OCFA, the parties hereto shall execute an addendum to this Agreement, setting forth with particularity all terms of such addendum, including, but not limited to, any additional fees. Addenda may be entered into:

A. To provide for revisions or modifications to documents or other work product or work when documents or other work product or work is required by the enactment or revision of law subsequent to the preparation of any documents, other work product or work;

B. To provide for additional services not included in this Agreement or not customarily furnished in accordance with generally accepted practice in Firm's profession.

3.4 Appropriations.

This Agreement is subject to and contingent upon funds being appropriated therefore by the OCFA Board of Directors for each fiscal year covered by the Agreement. If such appropriations are not made, this Agreement shall automatically terminate without penalty to OCFA.

4. PERFORMANCE SCHEDULE

4.1 Time of Essence.

Time is of the essence in the performance of this Agreement.

4.2 Schedule of Performance.

All services rendered pursuant to this Agreement shall be performed within the time periods prescribed in Firm's proposal, attached hereto as Exhibit "A". The extension of any time period specified in Exhibit "A" must be approved in writing by the Contract Officer.

4.3 Force Majeure.

The time for performance of services to be rendered pursuant to this Agreement may be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Firm, including, but not restricted to, acts of God or of a public enemy, acts of the government, fires, earthquakes, floods, epidemic, quarantine restrictions, riots, strikes, freight embargoes, and unusually severe weather if the Firm shall within ten (10) days of the commencement of such condition notify the Contract Officer who shall thereupon ascertain the facts and the extent of any necessary delay, and extend the time for performing the services for the period of the enforced delay when and if in the Contract Officer's judgment such delay is justified, and the Contract Officer's determination shall be final and conclusive upon the parties to this Agreement.

4.4 Term.

Unless earlier terminated in accordance with Section 8.5 of this Agreement, this Agreement shall continue in full force and effect until satisfactory completion of the services but not exceeding _____ from the date hereof, unless extended by mutual written agreement of the parties.

5. COORDINATION OF WORK

5.1 Representative of Firm.

The following principal of the Firm is hereby designated as being the principal and representative of Firm authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

_____.

It is expressly understood that the experience, knowledge, capability and reputation of the foregoing principal is a substantial inducement for OCFA to enter into this Agreement. Therefore, the foregoing principal shall be responsible during the term of this Agreement for directing all activities of Firm and devoting sufficient time to personally supervise the services hereunder. The foregoing principal may not be changed by Firm without the express written approval of OCFA.

5.2 Contract Officer.

The Contract Officer shall be designated in writing by OCFA. It shall be the Firm's responsibility to keep the Contract Officer fully informed of the progress of the performance of the services and Firm shall refer any decisions that must be made by OCFA to the Contract Officer. Unless otherwise specified herein, any approval of OCFA required hereunder shall mean the approval of the Contract Officer.

5.3 Prohibition Against Subcontracting or Assignment.

5.3.1 No Subcontracting Without Prior Approval. The experience, knowledge, capability and reputation of Firm, its principals and employees, and the Firm Representative were a substantial inducement for OCFA to enter into this Agreement. Therefore, Firm shall not contract with any other entity to perform in whole or in part the Project Services required hereunder without the express written approval of OCFA.

5.3.2 Provisions in the Event Subcontractor(s) Are Authorized. If Firm is authorized to subcontract any part of the Project Services as provided in Section 4.3.1, Firm shall be responsible to OCFA for the acts and omissions of its subcontractor(s) and subconsultant(s) in the same manner as it is for persons directly employed. For purposes of this Agreement, all persons engaged in the performance of Project Services will be considered employees of Firm. OCFA will deal directly with and will make all payments to Firm. Nothing contained in this Agreement shall create any contractual relationships between any subcontractor and OCFA. Firm shall ensure that all subcontractor insurance requirements set forth in Section 5 below (including its subsections) are complied with prior to commencement of services by each subcontractor.

5.3.2.1 Withholding Payment for Non-Authorized Subcontractors. OCFA shall have the right to withhold payment from Firm for services performed by any subcontractor or subconsultant performing Project Services but not authorized in writing by OCFA, or regarding which the insurance or other requirements under this Agreement have not been satisfied.

5.3.3 Assignments. Neither this Agreement nor any interest herein may be assigned, transferred, conveyed, hypothecated, or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of OCFA. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Firm, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release Firm or any surety of Firm from any liability hereunder without the express written consent of OCFA.

5.4 Independent Contractor.

Neither OCFA nor any of its employees shall have any control over the manner, mode or means by which Firm, its agents or employees, perform the services required herein, except as otherwise set forth herein. Firm shall perform all services required herein as an independent Firm of OCFA and shall remain at all times as to OCFA a wholly independent contractor with only such obligations as are consistent with that role. Firm shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of OCFA.

6. INSURANCE AND INDEMNIFICATION

6.1 Compliance with Insurance Requirements. Firm shall obtain, maintain, and keep in full force and effect during the term of this Agreement, at its sole cost and expense, and in a form and content satisfactory to OCFA, all insurance required under this section. Firm shall not commence any Project Services under this Agreement unless and until it has provided evidence satisfactory to OCFA that it has secured all insurance required under this section. If Firm's existing insurance policies do not meet the insurance requirements set forth herein, Firm agrees to amend, supplement or endorse the policies to meet all requirements herein.

6.2 Types of Insurance Required. Without limiting the indemnity provisions set forth in this Agreement, Firm shall obtain and maintain in full force and effect during the term of this Agreement, including any extension thereof, the following policies of insurance:

6.2.1 Professional Liability/Errors and Omissions Insurance ("PLI"). If Minimum PLI Limits are set forth in the solicitation, then Firm shall obtain and maintain PLI insurance applicable to each licensed profession practiced by Firm. Firm shall maintain PLI insurance with per-claim and aggregate limits no lower than the Minimum PLI Limits designated. Covered professional services shall specifically include all Project Services to be performed under the Agreement and the policy shall be endorsed to delete any exclusions that may exclude coverage for claims within the Minimum PLI Limits for the Project Services to be performed under this Agreement.

6.2.1.1 The PLI policy shall be endorsed to delete any Contractual Liability Exclusion. The PLI shall include contractual liability coverage applicable to this Agreement. The policy must "pay on behalf of" the insured, and include a provision establishing the insurer's duty to defend the insured.

6.2.1.2 If the PLI policy of insurance is written on a "claims-made" basis, the policy shall be continued in full force and effect at all times during the term of this Agreement, and for a period of three (3) years from the date of the completion of all Project Services provided hereunder (the "PLI Coverage Period"). If any PLI policy is replaced, cancelled, non-renewed, discontinued, or otherwise

terminated, or if the limits of a PLI policy are reduced or the available coverage depleted below the required minimum coverage amounts for any reason during the PLI Coverage Period, Firm shall immediately obtain replacement PLI coverage meeting the requirements of this Section 5.2.1. Such replacement coverage shall satisfy all requirements herein, and shall include coverage for the prior acts or omissions of Firm during the time period during which any Project Services were performed. The coverage shall be evidenced by either a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier or other insurance arrangements providing for complete coverage, either of which shall be subject to the written approval by the OCFA.

6.2.1.3 If the PLI policy is written on an "occurrence" basis, the policy shall be continued in full force and effect during the term of this Agreement, or until completion of the Project Services provided for in this Agreement, whichever is later. In the event of termination of the PLI policy during this period, new coverage shall immediately be obtained, and written evidence of the policy shall be immediately provided to OCFA, to ensure PLI coverage during the entire course of performing the Project Services.

6.2.1.4 Firm shall not perform any Project Services at any time during which required types or amounts of PLI insurance are not in effect, and OCFA shall have no obligation to pay Firm for Project Services performed while required PLI insurance is not in effect.

6.2.2 Commercial General Liability Insurance. If Minimum CGL Coverage Limits are set forth in the solicitation, then Firm shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of CGL Insurance. CGL insurance shall be provided on an occurrence-based coverage form; a "claims made" CGL policy is not acceptable. Firm shall maintain CGL insurance with per-claim, aggregate and products and operations completed limits no lower than the Minimum CGL Coverage Limits designated in the Terms, Conditions and Phrases. Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions limiting coverage for any of the following: (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) any other exclusion contrary to this Agreement.

6.2.3 Automobile Liability Insurance. If Minimum Auto Liability Coverage Limits are set forth in the Key Terms, Conditions and Phrases, then Firm shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Automobile liability insurance. Auto liability insurance shall be provided on an occurrence-based coverage form; a "claims made" auto liability policy is not acceptable. Firm shall maintain Auto liability insurance with per-claim and aggregate limits for bodily injury and property damage no lower than the Minimum Auto Liability Coverage Limits designated in the Terms, Conditions and Phrases. Defense costs shall be paid in addition to the policy limits. The policy shall specifically include coverage for owned,

non-owned, leased, and hired automobiles, and be endorsed to eliminate any exclusion applicable to any of them.

6.2.4 Workers' Compensation Insurance. If required by the solicitation, then Firm shall obtain and maintain, in full force and effect throughout the term of this Agreement, a policy of Workers' Compensation Insurance in at least the minimum statutory amounts, and in compliance with all other statutory requirements applicable in the State of California. Firm hereby waives on its own behalf, and shall obtain an endorsement from its workers' compensation insurer waiving on the insurance company's behalf, all rights of subrogation against the OCFA, its board members, officials, officers, employees, agents and volunteers.

6.2.4.1 If subconsultants or subcontractors are used, Firm shall require each of its subconsultants and subcontractors, if any, to waive all rights of subrogation, and to obtain endorsements from the subconsultants'/subcontractors' workers' compensation insurers waiving all rights of subrogation, against the OCFA, its board members, officials, officers, employees, agents and volunteers.

6.2.4.2 If Workers' Compensation Insurance is required under Section 6.2.4, Firm and each of its subconsultants and subcontractors shall also maintain, in full force and effect throughout the term of this Agreement, Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000.00) per injury or illness.

6.3 Acceptability of Insurers. Each insurance policy required by this section shall be issued by a licensed company authorized to transact business by the Department of Insurance for the State of California with a current rating of A:VII or better (if an admitted carrier), or a current rating of A:X or better (if offered by a non-admitted insurer listed on the State of California List of Approved Surplus Line Insurers (LASLI)), by the latest edition of A.M. Best's Key Rating Guide, except that the OCFA will accept workers' compensation insurance from the State Compensation Fund. In the event the OCFA determines that the Project Services to be performed under this Agreement creates an increased or decreased risk of loss to the OCFA, the Firm agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the OCFA.

6.3.1 Firm shall immediately replace any insurer whose A.M. Best rating drops below the levels specified herein with an insurer that meets the minimum requirements herein.

6.4 Specific Insurance Provisions and Endorsements. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the OCFA for written approval. Required insurance policies shall contain the following provisions, or Firm shall provide endorsements on forms approved by the OCFA to add the following provisions to the insurance policies:

6.4.1 CGL and Auto Liability Endorsements. The policy or policies of insurance required by this Agreement for CGL and Automobile Liability Insurance shall be endorsed as follows:

6.4.1.1 Additional Insured: The OCFA, its board members, officials, officers, employees, agents and volunteers, shall be additional insureds; and

6.4.1.1.1 Additional Insured Endorsements: Additional insured endorsements shall not (1) be restricted to "ongoing operations", (2) exclude "contractual liability", (3) restrict coverage to "sole" liability of Firm, (4) contain any other exclusions contrary to the Agreement; or (5) contain special limitations on the scope of protection afforded to additional insureds.

6.4.1.2 Primary, Non-Contributing. Each CGL and Auto Liability insurance policy shall be endorsed to be primary and any other insurance, deductible, or self-insurance maintained by the OCFA, its board members, officials, officers, employees, agents or volunteers, shall not contribute with the primary insurance.

6.4.2 Notice of Cancellation: Each policy of any type shall be endorsed to provide that coverage shall not be suspended, voided, cancelled, or modified, or reduced in coverage or in limits, except after thirty (30) days prior written notice has been provided to the OCFA. Notwithstanding the foregoing, if coverage is to be suspended, voided, or cancelled because of Firm's failure to pay the insurance premium, the notice provided by the insurer to OCFA shall be by not less than ten (10) days prior written notice. (A statement that notice will be provided "in accordance with the policy terms" or words to that effect is inadequate to meet the requirements of this Section).

6.4.2.1 Pre-Payment of Policy Premium. If for any reason an insurer declines to issue an endorsement certifying that it will notify OCFA in accordance with section 6.4.2, Firm shall either obtain insurance from another insurer who will provide the required notice endorsement or shall provide evidence satisfactory to OCFA that the entire policy premium for the full term of that policy has been pre-paid such that the risk of non-payment of premiums during the term of the policy has been eliminated.

6.4.3 ACORD Forms Will Not Be Accepted in Lieu of Endorsements. By executing this Agreement, Firm certifies that it has – prior to execution of this Agreement - confirmed that its insurance company will issue each of the endorsements required by this Agreement. Firm also certifies that it understands that "ACORD" Certificate of Liability Insurance forms will not be accepted in lieu of required endorsements.

6.5 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be approved in writing by the OCFA in advance. The decision whether to approve or withhold approval of a deductible or self-insured retention shall be made by the OCFA in the OCFA's sole and absolute discretion. (Firm may request pre-approval from OCFA of a deductible or self-insured retention prior to submitting Firm's Proposal).

6.6 Waiver of Subrogation. All policies of Commercial General Liability and Automobile Liability Insurance shall contain or be endorsed to waive subrogation against the OCFA, its officials, officers, employees, agents and volunteers, or shall specifically allow Firm or others providing insurance evidence in compliance with the requirements set forth in this section to waive their right to recovery prior to a loss. Firm hereby agrees to waive its own right of subrogation against the OCFA, its officials, officers, employees, agents and volunteers.

6.6.1 Waivers of Subrogation: Subconsultants and Subcontractors. If OCFA approves the use of subconsultants or subcontractors for the performance of any portion of the Project Services, then Firm shall obtain from each subconsultant and subcontractor, and make available to OCFA upon request, written express waivers by each subconsultant and subcontractor of the right of subrogation against the OCFA, its officials, officers, employees, agents and volunteers, and policy endorsements of each of its subconsultants' and subcontractors' insurance policies waiving any rights of subrogation against the OCFA, its officials, officers, employees, agents and volunteers insurer. All such waivers and endorsements shall be obtained prior to commencement of any Project Services by each subconsultant or subcontractor.

6.7 Evidence of Coverage. Concurrently with the execution of the Agreement, Firm shall deliver certificates of insurance together with original endorsements affecting each of the insurance policies required to be maintained by Firm by this Section 5. Firm shall promptly furnish, at OCFA's request, copies of actual policies including all declaration pages, endorsements, exclusions and any other policy documents OCFA requires to verify coverage.

6.7.1 Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the OCFA for written approval.

6.7.2 Authorized Signatures. The certificates of insurance and original endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf.

6.7.3 Renewal/Replacement Policies. At least fifteen (15) days prior to the expiration of any policy required by this Agreement, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the OCFA. If such coverage is cancelled or reduced and not replaced immediately so

as to avoid a lapse in the required coverage, Firm shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the OCFA evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies meeting all requirements of this Agreement.

6.8 Requirements Not Limiting. Requirement of specific coverage or minimum limits contained in this section are not intended as a limitation on coverage, limits, or other requirements, or a waiver of any coverage normally provided by any insurance. Nothing in this section shall be construed as limiting in any way the indemnification provision contained in this Agreement, or the extent to which Firm may be held responsible for losses of any type or amount.

6.9 Enforcement of Agreement (Non-Estoppel). Firm acknowledges and agrees that actual or alleged failure on the part of the OCFA to inform Firm of any non-compliance with any of the insurance requirements set forth in this Agreement imposes no additional obligation on the OCFA nor does it waive any rights hereunder.

6.10 Insurance for Subconsultants. If OCFA approves the use of subconsultants or subcontractors for the performance of any portion of the Project Services, then Firm shall be responsible for causing each approved subconsultant and subcontractor to procure and maintain insurance in the same types and amounts required for Firm, and in full compliance with the insurance requirements set forth in this Agreement, except as otherwise authorized in writing by the Contract Manager.

6.10.1 Delivery of Evidence of Subcontractor Insurance. Upon request of OCFA, Firm shall deliver to OCFA all certificates of insurance and endorsements required from subcontractors and subconsultants. (Note: Firm's duty to obtain all required insurance for subcontractors and subconsultants required under this Agreement applies whether or not OCFA requests delivery of evidence of such coverage.)

6.11 Other Insurance Requirements. The following terms and conditions shall apply to the insurance policies required of Firm and its subconsultants and subcontractors, if any, pursuant to this Agreement:

6.11.1 Firm shall provide immediate written notice to OCFA if (1) any of the insurance policies required herein are terminated, cancelled, suspended, or non-renewed (2) the limits of any of the insurance coverages required herein are reduced; (3) any required insurance coverage is reduced below the required minimum limits through claims or otherwise, or (4) the deductible or self-insured retention is increased.

6.11.2 All insurance coverage and limits required under this Agreement are intended to apply to each insured, including additional insureds, against whom a claim is made or suit is brought to the full extent of the policies. Nothing

contained in this Agreement or any other agreement relating to the OCFA or its operations shall limit the application of such insurance coverage.

6.11.3 None of the insurance coverages required herein will be in compliance with the requirements of this section if they include any limiting endorsement which substantially impairs the coverages set forth herein (e.g., elimination of contractual liability or reduction of discovery period), unless the endorsement has first been submitted to the OCFA and approved in writing.

6.11.4 Certificates of insurance will not be accepted in lieu of required endorsements, and submittal of certificates without required endorsements may delay the Project. It is Firm's obligation to ensure timely compliance with all insurance submittal requirements as provided herein and Firm agrees to reimburse OCFA for any losses resulting from its failure, or its subconsultants' or subcontractors' failure, to timely comply with the requirements of this Agreement.

6.11.5 Firm agrees to ensure that subconsultants and subcontractors, if any, and any other parties involved with the Project who are brought onto or involved in the Project by Firm, provide the same minimum insurance coverage required of Firm. Firm agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Firm agrees that upon request, all agreements with, and evidence of insurance from, subconsultants and subcontractors and others engaged in performing any Project Services will be submitted to the OCFA for review.

6.11.6 Firm agrees to provide immediate written notice to OCFA of any claim, demand or loss arising out of the Project Services performed under this Agreement and for any other claim, demand or loss which may reduce the insurance available to an amount less than required by this Agreement.

6.12 Indemnification.

To the fullest extent permitted by law, Firm shall defend (at Firm's sole cost and expense with legal counsel reasonably acceptable to OCFA), indemnify and hold the OCFA, its board members, officials, officers, employees, agents and volunteers, free and harmless from any and all claims, demands, orders, causes of action, costs, expenses, liabilities, losses, penalties, judgments, arbitration awards, settlements, damages or injuries of any kind, in law or in equity, including but not limited to property or persons, including wrongful death, (collectively "Claims") in any manner arising out of, pertaining to, related to, or incident to any alleged acts, errors or omissions, or willful misconduct of Firm, its officers, directors, employees, subconsultants, subcontractors, agents or invitees in connection with performance under this Agreement, or in any manner arising out of, pertaining to, related to, or incident to an alleged breach of this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses.

Notwithstanding the foregoing, and only to the extent that the Project Services performed by Firm are subject to California Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Firm.

Under no circumstances shall the insurance requirements and limits set forth in this Agreement be construed to limit Firm's indemnification obligation or other liability hereunder. Notwithstanding the foregoing, such obligation to defend, hold harmless and indemnify the OCFA, its board members officials, officers, employees, agents and volunteers, shall not apply to the extent that such Claims are caused by the sole negligence or willful misconduct of that indemnified party.

7. RECORDS AND REPORTS

7.1 Reports.

Firm shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require.

7.2 Records.

Firm shall keep such books and records as shall be necessary to properly perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Except as provided in Section 7.5, the Contract Officer shall have full and free access to such books and records at all reasonable times, including the right to inspect, copy, audit and make records and transcripts from such records.

7.3 Ownership of Documents.

Except as provided in Section 7.5, all drawings, specifications, reports, records, documents and other materials prepared by Firm in the performance of this Agreement shall be the property of OCFA and shall be delivered to OCFA upon request of the Contract Officer or upon the termination of this Agreement, and Firm shall have no claim for further employment or additional compensation as a result of the exercise by OCFA of its full rights or ownership of the documents and materials hereunder. Firm may retain copies of such documents for its own use. Firm shall have an unrestricted right to use the concepts embodied therein.

7.4 Release of Documents.

All drawings, specifications, reports, records, documents and other materials prepared by Firm in the performance of services under this Agreement shall not be released publicly without the prior written approval of the Contract Officer.

7.5 Confidential Materials.

Notwithstanding anything to the contrary in this Agreement, the Firm shall be the sole owner of Firm's work papers and of any other documents, data or information which are required to be maintained confidential from OCFA by one or more rules of professional conduct governing the Firm's profession(s) (collectively, the "Confidential Materials"). Neither the OCFA nor the Contract Officer shall have access to the Confidential Materials except as may otherwise be required by order issued by a court of competent jurisdiction.

8. ENFORCEMENT OF AGREEMENT

8.1 California Law.

This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Orange, State of California, or any other appropriate court in such county, and Firm covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

8.2 Waiver.

No delay or omission in the exercise of any right or remedy of a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. No consent or approval of OCFA shall be deemed to waiver or render unnecessary OCFA's consent to or approval of any subsequent act of Firm. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

8.3 Rights and Remedies are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

8.4 Legal Action.

In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for

any default, to compel specific performance of this Agreement, to obtain injunctive relief, a declaratory judgment, or any other remedy consistent with the purposes of this Agreement.

8.5 Termination Prior to Expiration of Term.

OCFA reserves the right to terminate this Agreement at any time, with or without cause, upon thirty (30) days written notice to Firm, except that where termination is due to the fault of the Firm and constitutes an immediate danger to health, safety and general welfare, the period of notice shall be such shorter time as may be appropriate. Upon receipt of the notice of termination, Firm shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Firm shall be entitled to compensation for all services rendered prior to receipt of the notice of termination and for any services authorized by the Contract Officer thereafter.

Firm may terminate this Agreement, with or without cause, upon thirty (30) days written notice to OCFA.

8.6 Termination for Default of Firm.

If termination is due to the failure of the Firm to fulfill its obligations under this Agreement, OCFA may take over the work and prosecute the same to completion by contract or otherwise, and the Firm shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated, provided that OCFA shall use reasonable efforts to mitigate damages, and OCFA may withhold any payments to the Firm for the purpose of set-off or partial payment of the amounts owed to OCFA.

8.7 Attorneys' Fees.

If either party commences an action against the other party arising out of or in connection with this Agreement or its subject matter, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs of suit from the losing party.

9. OCFA OFFICERS AND EMPLOYEES; NON-DISCRIMINATION

9.1 Non-Liability of OCFA Officers and Employees.

No officer or employee of OCFA shall be personally liable to the Firm, or any successor-in-interest, in the event of any default or breach by OCFA or for any amount which may become due to the Firm or its successor, or for breach of any obligation of the terms of this Agreement.

9.2 Covenant Against Discrimination.

Firm covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination or segregation in the performance of or in connection with this Agreement regarding any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry. Firm shall take affirmative action to insure that applicants and employees are treated without regard to their race, color, creed, religion, sex, marital status, national origin, or ancestry.

10. MISCELLANEOUS PROVISIONS

10.1 Confidentiality.

Information obtained by Firm in the performance of this Agreement shall be treated as strictly confidential and shall not be used by Firm for any purpose other than the performance of this Agreement without the written consent of OCFA.

10.2 Notice.

Any notice, demand, request, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by pre-paid, first-class mail to the address set forth below. Either party may change its address by notifying the other party of the change of address in writing. Notice shall be deemed communicated forty-eight (48) hours from the time of mailing if mailed as provided in this Section.

Orange County Fire Authority
Attention: _____
1 Fire Authority Road
Irvine, CA 92602

WITH COPY TO:
David E. Kendig, General Counsel
Woodruff, Spradlin & Smart
555 Anton Blvd. Suite 1200
Costa Mesa, CA 92626

To Firm:

[Name]
Attention: _____
[Address]

10.2 Integrated Agreement.

This Agreement contains all of the agreements of the parties and cannot be amended or modified except by written agreement.

10.3 Amendment.

This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

10.4 Severability.

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement, which shall be interpreted to carry out the intent of the parties hereunder.

10.5 Corporate Authority.

The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by so executing this Agreement the parties hereto are formally bound to the provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates stated below.

“OCFA”

ORANGE COUNTY FIRE AUTHORITY

Date: _____

By: _____

Jeff Bowman, Fire Chief

APPROVED AS TO FORM.

ATTEST:

By: _____

DAVID E. KENDIG
GENERAL COUNSEL

Sherry A.F. Wentz
Clerk of the Board

Date: _____

“FIRM”

[FIRM NAME]

Date: _____

By: _____



Orange County Fire Authority **AGENDA STAFF REPORT**

**Budget and Finance Committee Meeting
January 11, 2017**

**Agenda Item No. 4C
Discussion Calendar**

Service Delivery Enhancements – Phase Three

Contact(s) for Further Information

Brian Young, Assistant Chief
Organizational Planning Department

brianyoung@ocfa.org

714.573.6014

Dave Thomas, Assistant Chief
Operations Department

davidthomas@ocfa.org

714.573.6012

Summary

This agenda item is submitted to provide an overview and request approval for the third-phase of “Proposed Emergency Medical Services (EMS) Service Delivery Enhancements” targeted for implementation on March 3, 2017.

Prior Board/Committee Action – Committee Recommendation

Not applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 26, 2017, with the Budget and Finance Committee’s recommendation that the Board of Directors:

1. Direct staff to include funding for the Phase Three enhancements in the Mid-Year Budget Adjustments that will be submitted to the Board in March, at a partial-year cost of \$684,764.
2. Authorize staff to add 12 firefighter positions to the Master Position Control (four post-positions, with three employees per post-position to cover three shifts for 24/7 coverage).

Impact to Cities/County

These enhancements will improve service delivery and enhance firefighter safety. Advanced Life Support (ALS) response times and the number of responding units will be reduced. Additionally, the need for automatic aid support from neighboring agencies will be reduced.

Fiscal Impact

The proposed Phase Three enhancements will convert four paramedic vans to eight paramedic engines (with no added staffing required), and will convert four paramedic assessment engines to paramedic engines (which requires the addition of four firefighter post-positions). A total of 12 new paramedic engines will be added in the cities of Buena Park, Cypress, Laguna Niguel, Los Alamitos, Placentia, San Clemente, Seal Beach, and Tustin. The partial-year cost from March to June 2017 is \$684,764. Beginning in FY 2017/18, the annual cost to OCFA will initially be \$2,126,192; however, cost recovery will be phased-in, with the applicable cash contract cities covering the costs in a phased-manner over multiple years. OCFA costs will be reduced to \$293,948 on an ongoing basis beginning in FY 2021/22 (See Attachment 2 for a description of the phased-in cost share plan).

Background

Conducting a preliminary analysis of field operations is a key goal that was identified by Fire Chief Bowman in his 180-Day Plan and reinforced in the 2015/16 Domain Objectives. Several joint labor/management work groups were created to evaluate field operations. These work groups continually evaluate emergency service delivery. The emergency service deployment work group brought forth these recommended enhancements.

One of the primary objectives identified by the work group was to reduce the number of units that respond to emergency incidents. The current service delivery model of the OCFA occurs in a variety of models. When a medical-related incident is dispatched, the configuration of the involved units determines how many units respond. If the unit is a four-person paramedic engine or paramedic truck, that single unit responds to the incident. If one of the units is a three-person Basic Life Support Unit (BLS) or a Paramedic Assessment Unit (PAU), then a second paramedic unit is required to respond, thereby creating a two unit response. The need to have multiple units respond to a single incident has an impact on resource availability within the OCFA delivery area, as well as neighboring automatic aid agencies.

Buena Park, Cypress, Laguna Niguel, Los Alamitos, Placentia, San Clemente, Seal Beach, and Tustin are the cities where reconfigurations are proposed to be implemented in Phase Three. Based on statistical data, these jurisdictions were recognized as target areas where service delivery could be improved with minor alterations. The proposed service delivery enhancements come in two models. The first is the conversion of four paramedic vans currently staffed with two-firefighter paramedics. This conversion will take the staffing from the four paramedic vans and equally distribute them to create eight paramedic engines. Four additional three-person engines will be staffed with a fourth firefighter. As a result, four additional, paramedic engines are created. In total, phase three will add 12 paramedic engines staffed with four-firefighters. This staffing configuration will allow for a single unit response.

As with the previous service delivery enhancement phases, outcomes will be measured six months of the phase-three enhancements. The intent is to decrease the number of responding units, improve ALS response times, improve unit availability for simultaneous emergencies, and decrease the impact on neighboring jurisdictions.

We will return to the Board in six months with the results of these improvements. At that time, we will also propose the next series of enhancements based upon achieving positive outcomes in phase-three and our ability to maintain fiscal accountability moving forward.

Attachment(s)

1. Phase Three Unit Configuration
2. Phased-In Cost Share Plan - City of Buena Park

Proposed Service Delivery Enhancements - Phase 3

City	Station	Deletion	Addition
Buena Park			
	63	PAU Engine 63*	Paramedic Engine 62
Cypress			
	17	BLS Engine 17* Medic 17*	Paramedic Engine 17
Laguna Niguel			
	5	BLS Engine 5* Medic 5*	Paramedic Engine 5
	39	PAU Engine 39*	Paramedic Engine 39
Los Alamitos			
	2	PAU Engine 2*	Paramedic Engine 2
Placentia			
	35	PAU Engine 35*	Paramedic Engine 35
San Clemente			
	50	PAU Engine 50*	Paramedic Engine 50
Seal Beach			
	44	PAU Engine 44*	Paramedic Engine 44
	48	BLS Engine 48* Medic 48*	Paramedic Engine 48
Tustin and TSU			
	8	PAU Engine 8*	Paramedic Engine 8
	21	BLS Engine 21* Medic 21*	Paramedic Engine 21
	37	PAU Engine 37*	Paramedic Engine 37
Total paramedic vans deleted		4 paramedic vans	
Total paramedic engines added			12 paramedic engines
NET GAIN			8 paramedic units

*Require a two unit response

PAU: Paramedic Assessment Unit (3 firefighters, one of whom is a paramedic)

BLS: Basic Life Support (3 firefighters, none are paramedics)

Medic: Paramedic van (2 firefighters, both are paramedics)



ORANGE COUNTY FIRE AUTHORITY

P.O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Road, Irvine, CA 92602

Jeff Bowman, Fire Chief

(714) 573-6000

www.ocfa.org

May 19, 2016

James B. Vanderpool, City Manager
City of Buena Park
6650 Beach Boulevard
Buena Park, CA 90621

Dear Mr. Vanderpool:

RE: Shared Eight-Year Phase-In of Costs for Staffing Enhancement

The Orange County Fire Authority has been discussing proposed staffing enhancements for the City of Buena Park, consistent with staffing enhancements being made throughout our jurisdiction. The proposed enhancement will improve service to the community by decreasing response times and increasing firefighter safety. This can be achieved by adding a fourth firefighter-paramedic on Engine 63. This letter is intended to summarize OCFA's proposal for the shared phase-in of costs for the added position, pending approval by the OCFA Board of Directors.

In order to add a fourth firefighter-paramedic position, OCFA must hire three personnel to fill the position across all three shifts, which provides the required 24/7 personnel coverage. In furtherance of this staffing increase, the OCFA submitted an application to the Federal Emergency Management Agency (FEMA) under their *Staffing for Adequate Fire Emergency Response* (SAFER) grant. The application is pending, and if awarded the SAFER grant would fully fund regular staffing of this position for two years. Upon the end of the two-year grant period, there is no requirement by FEMA to maintain the position.

OCFA is proposing to assist in funding and to phase-in the costs in order to maintain the position beyond the grant period. If a SAFER grant is not received, OCFA will bear the full cost of the added position for the first two years. The proposal will phase-in costs to the City over eight years. In year three, OCFA and the City would share costs with the use of overtime (OT), and finally by year eight, the City would assume the full costs. The cost share between OCFA and the City would be as follows:

Year	OCFA Cost Share		Buena Park Cost Share	
1 and 2	Three regular positions	\$1,330,512	None	
3	Two OT positions	\$299,410	One OT position	\$149,705
4	One OT position	\$149,705	Two OT positions	\$299,410
5	None		Three OT positions	\$449,115
6	None		Two OT, one regular position	\$521,162
7	None		One OT, two regular positions	\$593,209
8	None		Three regular positions	\$665,256
Total *	OCFA	\$1,779,627	Buena Park	\$2,677,857

* Costs based on current salary/benefits and do not reflect future increases that may occur.

Serving the Cities of: Aliso Viejo • Buena Park • Cypress • Dana Point • Irvine • Laguna Hills • Laguna Niguel • Laguna Woods • Lake Forest • La Palma
Los Alamitos • Mission Viejo • Placentia • Rancho Santa Margarita • San Clemente • San Juan Capistrano • Santa Ana • Seal Beach • Stanton • Tustin • Villa Park
Westminster • Yorba Linda • and Unincorporated Areas of Orange County

RESIDENTIAL SPRINKLERS AND SMOKE ALARMS SAVE LIVES

James B. Vanderpool, City Manager
May 19, 2016
Page 2 of 2

This model would be placed into effect once we are informed about the status of OCFA's SAFER application, and have received OCFA Board approval.

If you have any questions, you may contact Dave Steffen, Division Chief, at (714) 527-0537 or Lori Zeller, Assistant Chief/Business Services, at (714) 573-6020.

Sincerely,



Jeff Bowman
Fire Chief

cc: Elizabeth Swift, Council Member, City of Buena Park
Lori Zeller, OCFA Assistant Chief/Business Services
Dave Steffen, OCFA Division Chief
Aaron France, Assistant to City Manager, City of Buena Park
Sung Hyun, Director of Finance, City of Buena Park