



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Meeting

Wednesday, March 8, 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

Joe Muller, Vice Chair

Shelley Hasselbrink Gene Hernandez Al Murray Beth Swift 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 Muller

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.

1. PRESENTATIONS

No items.

2. MINUTES**A. Minutes for the February 8, 2017, 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 March 23, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. FY 2016/17 Mid-Year Budget Adjustment
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 March 23, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee authorize the proposed mid-year budget adjustments and transfers.

4. DISCUSSION CALENDAR**A. Selection of Public Accounting Firm for Financial Audit and Related Services**
Presented by: Jim Ruane, Finance Manager/Auditor

Recommended Actions:
Review the proposed agenda item and take the following actions:

1. *Financial Statement Audit and Single Audit Services* – Based on the results of the Request for Proposals, approve the selection of Vavrinek, Trine, Day & Co., LLP to provide annual financial statement audit and single audit services for a period of three years, with two optional one-year extensions, for a total price of \$55,000 for one year, and an all-inclusive maximum price of \$166,500 for three years or \$280,852 for five years.
2. *Other Audit/Attest Services* – Based on the results of the Request for Proposals, approve the selection of Vavrinek, Trine, Day & Co., LLP to provide other audit/attest services as needed for a period of three years, with two optional one-year extensions, for a total price of \$26,985 for one year, and an all-inclusive maximum price of \$80,955 for three years or \$136,556 for five years.

B. 2017 Update – Financial Stability Budget Policy

Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 23, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors adopt the updated *Financial Stability Budget Policy*.

C. Fiscal Year 2015/16 Backfill/Overtime and Calendar Year 2016 Total Earnings/Compensation Analysis

Lori Zeller, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 23, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Direct staff to continue pursuing reductions in overtime by filling permanent vacancies (exceeding those required by MOU) as quickly as possible after the positions become vacant.
2. Direct staff to continue using overtime to fill temporary vacancies rather than hiring additional personnel, recognizing this as a cost-effective practice for temporary needs.

D. Conduct Analysis of Field Operations: Aircraft Rescue Fire Fighting Operations

Brian Young, Organizational Planning Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 23, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors establish a 2.5% specialty compensation for Aircraft Rescue Fire Fighting trained personnel who are certified Mobile Crane Operators.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, April 12, 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 2nd day of March 2017.

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

UPCOMING MEETINGS:

Claims Settlement Committee Meeting	Thursday, March 23, 2017, 5:00 p.m.
Executive Committee Meeting	Thursday, March 23, 2017, 5:30 p.m.
Board of Directors Meeting	Thursday, March 23, 2017, 6:00 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Meeting
Wednesday, February 8, 2017
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 February 8, 2017, at 12:00 p.m. by Chair Sachs.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

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

Absent: Elizabeth Swift, Buena Park
Tri Ta, Westminster

Also present were:

Fire Chief Jeff Bowman
Assistant Chief Lori Zeller
Assistant Chief Brian Young
Clerk of the Authority Sherry Wentz

Assistant Chief Dave Thomas
Assistant Chief Lori Smith
Brigette Gibb Human Resources Director

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 January 11, 2017, 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 Minutes of the January 11, 2017, meeting as submitted. Director Hasselbrink and Muller were recorded as abstentions due to their absence from the meeting.

3. CONSENT CALENDAR

No items.

4. DISCUSSION CALENDAR

A. Monthly Investment Reports (F:11.10D2)

On motion of Director Murray and second by Director Hernandez, 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 February 23, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Second Quarter Financial Newsletter (F: 15.07)

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 Executive Committee meeting of February 23, 2017, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

REPORTS

No items.

ELECTION OF COMMITTEE CHAIR AND VICE CHAIR

On motion by Director Hernandez and second by Director Murray, Director Sachs was nominated to continue as Chair to the Budget and Finance Committee. By acclamation, the Committee elected Director Sachs as Chair for the ensuing term.

On motion by Director Sachs and second by Director Hernandez, Director Muller was nominated as Vice Chair to the Budget and Finance Committee. By acclamation, the Committee elected Director Muller as Vice Chair for the ensuing term.

COMMITTEE MEMBER COMMENTS

Director Muller thanked everyone for his nomination as Vice Chair of the Budget and Finance Committee.

Director Murray congratulated Directors Sachs and Muller on their appointments as Chair and Vice Chair for Budget and Finance Committee.

Director Hernandez thanked Battalion Chief Andy Kovacs for attending the Yorba Linda City Council Meeting.

ADJOURNMENT –Chair Sachs adjourned the meeting at 12:33 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, March 8, 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
March 8, 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 March 23, 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

Attached is the final monthly investment report for the month ended January 31, 2017. A preliminary investment report as of February 17, 2017, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – January 2017/Preliminary Report – February 2017

Orange County Fire Authority Monthly Investment Report



Final Report – January 2017

Preliminary Report – February 2017



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Orange County Fire Authority

Final Investment Report

January 31, 2017



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of January 2017, the size of the portfolio decreased significantly by \$39.2 million to \$169.0 million. Significant receipts for the month included various apportionments of property taxes, intergovernmental contract and grant payments, a cash contract payment and other charges for current services totaling \$17.4 million. Significant disbursements for the month included two biweekly payrolls which were approximately \$11.7 million each with related benefits. Significant disbursements also included a payment to OCERS in the amount of \$31.7 million for the prepayment of the retirement cost for fiscal year 2017/18. Total January cash outflows for operating expenditures and the prepayment to OCERS amounted to approximately \$57.3 million. The portfolio's balance is expected to decrease further in the following month as there are no major receipts scheduled for February.

In January, the portfolio's yield to maturity (365-day equivalent) increased by 10 basis points to 0.76%. The effective rate of return rose by 8 basis points to 0.66% for the month and edged up by 1 basis point to 0.61% for the fiscal year-to-date. The average maturity of the portfolio lengthened slightly by 5 days to 83 days to maturity.

Economic News

The U.S. economy continued to grow moderately in January 2017. Employment conditions remained solid with a strong jobs report for January. There were a total of 227,000 new jobs created in January, beating expectations. The unemployment rate, on the other hand, edged up slightly by 1 basis point to 4.8%, though still at a low level. Consumer confidence measures were slightly mixed but stayed high. Retail sales picked up in January and were stronger than expected. Both manufacturing and non-manufacturing activities continued expanding in January. The CPI (Consumer Price Index) increased more than expected; however, longer-term inflation remained low. Housing activity strengthened and prices continued to rise. Industrial production reversed and dropped for the month. On February 1, 2017, at the second day of the Federal Open Market Committee meeting, the Fed voted to keep the federal funds rate at a target range of 0.50% to 0.75%. The Committee also upgraded its outlook on the economy. With the recently improved economic activity, some economists call for a possible rate hike at the Fed's next scheduled meeting in March.



BENCHMARK COMPARISON AS OF JANUARY 31, 2017

3 Month T-Bill: 0.52%

1 Year T-Bill: 0.83%

6 Month T-Bill: 0.62%

LAIF: 0.75%

OCFA Portfolio: 0.66%

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>	\$168,999,058	\$208,213,220	\$176,489,384
<i>Yield to Maturity (365 day)</i>	0.76%	0.66%	0.58%
<i>Effective Rate of Return</i>	0.66%	0.58%	0.52%
<i>Days to Maturity</i>	83	78	227



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
January 31, 2017

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

(See Note 1 on page 9)

(See Note 2 on page 9)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	7,800,979.62	7,800,979.62	7,800,979.62	4.64	1	1	0.001	0.001
Federal Agency Coupon Securities	39,000,000.00	38,956,690.00	39,018,510.69	23.20	1,091	274	1.239	1.256
Federal Agency Disc. -Amortizing	37,000,000.00	36,968,000.00	36,967,695.00	21.98	89	59	0.526	0.534
Treasury Discounts -Amortizing	20,000,000.00	19,986,700.00	19,985,333.34	11.88	92	50	0.508	0.515
Local Agency Investment Funds	64,402,032.95	64,364,925.98	64,402,032.95	38.29	1	1	0.741	0.751
Investments	168,203,012.57	168,077,295.60	168,174,551.60	100.00%	284	83	0.747	0.758
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	708,923.81	708,923.81	708,923.81		1	1	0.000	0.000
Accrued Interest at Purchase		10,000.00	10,000.00					
Subtotal		718,923.81	718,923.81					
Total Cash and Investments	168,911,936.38	168,796,219.41	168,893,475.41		284	83	0.747	0.758

Total Earnings	January 31 Month Ending	Fiscal Year To Date
Current Year	108,035.49	558,811.57
Average Daily Balance	193,523,988.69	154,807,365.93
Effective Rate of Return	0.66%	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, 2017. 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

Cash and Investments with GASB 31 Adjustment:

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

\$ 168,893,475.41

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

\$ 105,582.35

Total

\$ 168,999,057.76

ORANGE COUNTY FIRE AUTHORITY

Portfolio Management

Portfolio Details - Investments

January 31, 2017

(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			7,800,979.62	7,800,979.62	7,800,979.62	0.001	0.001	1	
Subtotal and Average			13,770,149.28		7,800,979.62	7,800,979.62	7,800,979.62		0.001	1	
Federal Agency Coupon Securities											
3133EFJP3	869	Federal Farm Credit Bank	Callable Anytime	10/15/2015	10,000,000.00	9,965,800.00	10,000,000.00	1.100	1.054	621	10/15/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	8,991,090.00	9,000,000.00	1.100	1.065	415	03/23/2018
3136G3PX7	908	Fed Natl Mtg Assoc	Callable 3-13-17	12/21/2016	10,000,000.00	9,989,000.00	10,004,801.83	1.750	1.542	40	12/13/2019
3130AAA40	902	Fed Home Loan Bank	Callable 3-9-17	12/20/2016	10,000,000.00	10,010,800.00	10,013,708.86	2.000	1.345	36	03/09/2020
Subtotal and Average			39,025,177.26		39,000,000.00	38,956,690.00	39,018,510.69		1.256	274	
Federal Agency Disc. -Amortizing											
313385DL7	904	Fed Home Loan Bank		12/21/2016	10,000,000.00	9,992,800.00	9,992,562.50	0.525	0.540	51	03/24/2017
313385EA0	907	Fed Home Loan Bank		12/21/2016	10,000,000.00	9,990,400.00	9,990,250.00	0.540	0.556	65	04/07/2017
313385BS4	909	Fed Home Loan Bank		01/13/2017	8,000,000.00	7,999,200.00	7,999,060.00	0.470	0.483	9	02/10/2017
313385FU5	910	Fed Home Loan Bank		01/19/2017	9,000,000.00	8,985,600.00	8,985,822.50	0.530	0.546	107	05/19/2017
Subtotal and Average			56,387,668.09		37,000,000.00	36,968,000.00	36,967,695.00		0.534	59	
Treasury Discounts -Amortizing											
912796KT5	903	US Treasury Bill		12/21/2016	10,000,000.00	9,989,600.00	9,988,083.34	0.550	0.566	78	04/20/2017
912796KJ7	906	US Treasury Bill		12/21/2016	10,000,000.00	9,997,100.00	9,997,250.00	0.450	0.463	22	02/23/2017
Subtotal and Average			19,981,166.67		20,000,000.00	19,986,700.00	19,985,333.34		0.515	50	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			64,402,032.95	64,364,925.98	64,402,032.95	0.751	0.751	1	
Subtotal and Average			64,359,827.39		64,402,032.95	64,364,925.98	64,402,032.95		0.751	1	
Total and Average			193,523,988.69		168,203,012.57	168,077,295.60	168,174,551.60		0.758	83	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
January 31, 2017

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	688,923.81	688,923.81	688,923.81		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		10,000.00	10,000.00			1
				Subtotal		718,923.81	718,923.81			
Total Cash and Investments			193,523,988.69		168,911,936.38	168,796,219.41	168,893,475.41		0.758	83

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



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of February 1, 2017

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

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(02/01/2017 - 02/01/2017)	4 Maturities	0 Payments	72,911,936.38	43.17%	72,911,936.38	72,874,829.41
Aging Interval: 1 - 30 days	(02/02/2017 - 03/03/2017)	2 Maturities	0 Payments	18,000,000.00	10.66%	17,996,310.00	17,996,300.00
Aging Interval: 31 - 60 days	(03/04/2017 - 04/02/2017)	1 Maturities	0 Payments	10,000,000.00	5.92%	9,992,562.50	9,992,800.00
Aging Interval: 61 - 91 days	(04/03/2017 - 05/03/2017)	2 Maturities	0 Payments	20,000,000.00	11.83%	19,978,333.34	19,980,000.00
Aging Interval: 92 - 121 days	(05/04/2017 - 06/02/2017)	1 Maturities	0 Payments	9,000,000.00	5.32%	8,985,822.50	8,985,600.00
Aging Interval: 122 - 152 days	(06/03/2017 - 07/03/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(07/04/2017 - 08/03/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(08/04/2017 - 11/02/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(11/03/2017 - 02/01/2018)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(02/02/2018 - 02/01/2020)	3 Maturities	0 Payments	29,000,000.00	17.17%	29,004,801.83	28,945,890.00
Aging Interval: 1096 - 1825 days	(02/02/2020 - 01/31/2022)	1 Maturities	0 Payments	10,000,000.00	5.93%	10,013,708.86	10,010,800.00
Aging Interval: 1826 days and after	(02/01/2022 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		14 Investments	0 Payments		100.00	168,883,475.41	168,786,219.41



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 January 31, 2017, OCFA has \$64,402,033 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of December 31, 2016 is 0.999423823. When applied to OCFA's LAIF investment, the fair value is \$64,364,926 or (\$37,107) below cost. Although the fair value of the LAIF investment is lower than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at January 31, 2017 is included on the following page.



Fair Value Including Accrued Interest	\$	73,854,108,265.75
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Orange County Fire Authority

Preliminary Investment Report

February 17, 2017



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
February 17, 2017

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	2,327,617.92	2,327,617.92	2,327,617.92	1.46	1	1	0.001	0.001
Federal Agency Coupon Securities	39,000,000.00	38,965,580.00	39,010,434.18	24.43	1,091	257	1.239	1.256
Federal Agency Disc. -Amortizing	34,000,000.00	33,972,860.00	33,970,343.76	21.27	102	59	0.540	0.548
Treasury Discounts -Amortizing	20,000,000.00	19,991,500.00	19,990,055.56	12.52	92	33	0.508	0.515
Local Agency Investment Funds	64,402,032.95	64,364,925.98	64,402,032.95	40.33	1	1	0.741	0.751
Investments	159,729,650.87	159,622,483.90	159,700,484.37	100.00%	300	80	0.780	0.791
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	605,522.49	605,522.49	605,522.49		1	1	0.000	0.000
Accrued Interest at Purchase		10,000.00	10,000.00					
Subtotal		615,522.49	615,522.49					
Total Cash and Investments	160,335,173.36	160,238,006.39	160,316,006.86		300	80	0.780	0.791

Total Earnings	February 17 Month Ending	Fiscal Year To Date
Current Year	55,198.04	614,009.61
Average Daily Balance	165,925,131.94	155,622,029.81
Effective Rate of Return	0.71%	0.62%

"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, 2017. 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

Cash and Investments with GASB 31 Adjustment:

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

\$ 160,316,006.86

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

\$ 105,582.35

Total

\$ 160,421,589.21

ORANGE COUNTY FIRE AUTHORITY

Portfolio Management

Portfolio Details - Investments

February 17, 2017

(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			2,327,617.92	2,327,617.92	2,327,617.92	0.001	0.001	1	
Subtotal and Average			8,432,111.45		2,327,617.92	2,327,617.92	2,327,617.92		0.001	1	
Federal Agency Coupon Securities											
3133EFJP3	869	Federal Farm Credit Bank	Callable Anytime	10/15/2015	10,000,000.00	9,967,900.00	10,000,000.00	1.100	1.054	604	10/15/2018
3134G7FK2	863	Fed Home Loan Mtg Corp		06/30/2015	9,000,000.00	8,992,080.00	9,000,000.00	1.100	1.065	398	03/23/2018
3136G3PX7	908	Fed Natl Mortg Assoc	Callable 3-13-17	12/21/2016	10,000,000.00	10,000,300.00	10,002,858.23	1.750	1.542	23	12/13/2019
3130AAA40	902	Fed Home Loan Bank	Callable 3-9-17	12/20/2016	10,000,000.00	10,005,300.00	10,007,575.95	2.000	1.345	19	03/09/2020
Subtotal and Average			39,014,234.89		39,000,000.00	38,965,580.00	39,010,434.18		1.256	257	
Federal Agency Disc. -Amortizing											
313385DL7	904	Fed Home Loan Bank		12/21/2016	10,000,000.00	9,995,800.00	9,995,041.67	0.525	0.540	34	03/24/2017
313385EA0	907	Fed Home Loan Bank		12/21/2016	10,000,000.00	9,993,600.00	9,992,800.00	0.540	0.556	48	04/07/2017
313385FU5	910	Fed Home Loan Bank		01/19/2017	9,000,000.00	8,988,660.00	8,988,075.00	0.530	0.546	90	05/19/2017
313385FD3	911	Fed Home Loan Bank		02/15/2017	5,000,000.00	4,994,800.00	4,994,427.09	0.535	0.551	75	05/04/2017
Subtotal and Average			34,088,919.32		34,000,000.00	33,972,860.00	33,970,343.76		0.548	59	
Treasury Discounts -Amortizing											
912796KT5	903	US Treasury Bill		12/21/2016	10,000,000.00	9,991,800.00	9,990,680.56	0.550	0.566	61	04/20/2017
912796KJ7	906	US Treasury Bill		12/21/2016	10,000,000.00	9,999,700.00	9,999,375.00	0.450	0.463	5	02/23/2017
Subtotal and Average			19,987,833.34		20,000,000.00	19,991,500.00	19,990,055.56		0.515	33	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			64,402,032.95	64,364,925.98	64,402,032.95	0.751	0.751	1	
Subtotal and Average			64,402,032.95		64,402,032.95	64,364,925.98	64,402,032.95		0.751	1	
Total and Average			165,925,131.94		159,729,650.87	159,622,483.90	159,700,484.37		0.791	80	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
February 17, 2017

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	585,522.49	585,522.49	585,522.49		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		10,000.00	10,000.00			1
				Subtotal		615,522.49	615,522.49			
Total Cash and Investments			165,925,131.94		160,335,173.36	160,238,006.39	160,316,006.86		0.791	80

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of February 18, 2017

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

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(02/18/2017 - 02/18/2017)	4 Maturities	0 Payments	67,335,173.36	42.00%	67,335,173.36	67,298,066.39
Aging Interval:	1 - 30 days	(02/19/2017 - 03/20/2017)	1 Maturities	0 Payments	10,000,000.00	6.24%	9,999,375.00	9,999,700.00
Aging Interval:	31 - 60 days	(03/21/2017 - 04/19/2017)	2 Maturities	0 Payments	20,000,000.00	12.47%	19,987,841.67	19,989,400.00
Aging Interval:	61 - 91 days	(04/20/2017 - 05/20/2017)	3 Maturities	0 Payments	24,000,000.00	14.95%	23,973,182.65	23,975,260.00
Aging Interval:	92 - 121 days	(05/21/2017 - 06/19/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	122 - 152 days	(06/20/2017 - 07/20/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	153 - 183 days	(07/21/2017 - 08/20/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	(08/21/2017 - 11/19/2017)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	(11/20/2017 - 02/18/2018)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	(02/19/2018 - 02/18/2020)	3 Maturities	0 Payments	29,000,000.00	18.09%	29,002,858.23	28,960,280.00
Aging Interval:	1096 - 1825 days	(02/19/2020 - 02/17/2022)	1 Maturities	0 Payments	10,000,000.00	6.24%	10,007,575.95	10,005,300.00
Aging Interval:	1826 days and after	(02/18/2022 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			14 Investments	0 Payments		100.00	160,306,006.86	160,228,006.39



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2016 includes an increase of \$39,825 to the LAIF investment and an increase of \$65,757 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.

GLOSSARY

INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yield. Rate of return on a bond.

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

ECONOMIC TERMS

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

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

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

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

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

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

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

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

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

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

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



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 8, 2017

Agenda Item No. 3B
Consent Calendar

FY 2016/17 Mid-Year Budget Adjustment

Contact(s) for Further Information

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Deborah Gunderson, Budget Manager	deborahgunderson@ocfa.org	714.573.6302

Summary

This item is submitted to request approval to adjust revenues, expenditures and transfers to reflect changes identified after adoption of the FY 2016/17 budget.

Prior Board/Committee Action

A comprehensive mid-year financial review was presented to the Budget and Finance Committee and the Board of Directors in January, highlighting proposed mid-year changes that are needed to the FY 2016/17 budget based on events that have occurred since the budget was adopted last May. The Board directed staff to return in March with the technical budget adjustments required to implement the proposed changes.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 23, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors authorize the proposed mid-year budget adjustments and transfers.

Impact to Cities/County

The proposed mid-year adjustments to the FY 2016/17 budget will have no impact to cash contract city charges in the current fiscal year. Future increases for cash contract cities are currently estimated at 4.5% per year for FY 2017/18 and FY 2018/19 (excluding the catch-up provision) based on the Five-Year Financial Forecast.

Fiscal Impact

Financial impact has been presented in the attached report.

Background

See extended background.

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

Attachment(s)

1. FY 2016/17 Mid-Year Budget Adjustments
2. Combined Budget Summary

Background

This report is submitted to request approval of the technical budget adjustments following the January mid-year financial review. The following is a summary of the significant changes being requested (See Attachment 1 for the total proposed adjustment for each Fund).

FY 2016/17 General Fund

Overall, proposed General Fund changes result in a total revenue increase of approximately \$14.3 million and a total expenditure increase of approximately \$15.4 million.

Revenue Adjustments - \$14.3 million

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

Assistance by Hire (ABH): Assistance by Hire is the term used when OCFA responds to requests for assistance on a reimbursement basis, to incidents outside our responsibility area. Current year activity is \$9.2 million greater than budget, due to various out-of-county responses. Staff will be monitoring this source of revenue for additional reimbursements later in the fiscal year. A corresponding expenditure adjustment is also proposed to the Assistance by Hire/Emergency Incident Costs category. **\$9,250,315**

Miscellaneous: This category of revenue adjustments includes adjustments for the receipt of revenues from bankruptcy proceeds, interest assumption changes, and a one-time payment to OCFA from the OCPFA Excess Trust Fund as required by the Agreement. **\$2,205,064**

Expenditure Adjustments - \$15.4 million

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 and services. **\$7,335,012**

Academies and Training Costs: An additional career firefighter academy is 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, 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 are the Phase Three Services Delivery Enhancements approved by the Board in January 2017, and, a correction to the AFTO budget, extra-help in planning and development, and a change to full-time status for an existing part-time multi-media position. The net impact is an approximately \$5.7 million ongoing increase to expenditures. **\$5,747,423**

Miscellaneous: This expenditure category includes miscellaneous increases to the budget for air operations maintenance, sand, information technology licenses, supplies for OC All Hazards Incident Management team, HazMat Multi-Rae Program, Employee relations budget, Zoll monitors extended warranty, increase to the annual Open House budget, remodel to Fire Station 6 kitchen, additional professional services for on-site consultant plan review, and a reduction to the TRAN debt service costs as a TRAN was not issued this fiscal year. **\$424,079**

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

Beginning Fund Balances: As part of the annual mid-year adjustment, beginning fund balances will be adjusted in accordance with the FY 2015/16 year-end audit.

Budget Transfers: After accounting for the MOU and other requested expenditure adjustments, the amount of General Fund surplus available to transfer to the CIP funds has changed. The General Fund transfers out to the CIP funds will be increased by \$5,540,105. Transfers into the following funds will be adjusted as follows: General Fund CIP (Fund 12110) decreased by \$51,608; and Fire Apparatus (Fund 133) increased by \$5,591,713.

Fund 12110 – General Fund CIP: To properly classify expenditures and comply with accounting standards, the expenditure budget of \$191,117 for the Emerald Bay fire station improvements will be transferred to the General Fund CIP Fund from Fund 123 – Fire Station and Facilities.

Additionally, a new project is being added for \$350,000, using Drought Augmentation Funds received from CAL FIRE. This project is to provide OCFA increased capability to monitor the state of the weather as part of our Fire Danger Operating Plan (FDOP) and to detect and monitor wildland fires in State Responsibility Lands (SRA) through a network of cameras placed in strategic locations throughout the County. These cameras will be monitored primarily from a band of video monitors that will be placed in the OCFA EOC for viewing as needed prior to fires as well as monitoring on-going fires providing increased responder awareness and efficiencies in dispatch.

Fund 123 – Fire Stations and Facilities: New developer contribution revenues and bankruptcy proceeds in the total amount of \$671,748 will be recognized in this fund. Concurrently, as described above, the Emerald Bay fire station improvement project expenditure budget of \$191,117 is being moved from this fund. The remaining \$358,883 from the original Emerald Bay project budget is being transferred to the US&R warehouse project to accommodate the tenant improvements approved by the Board in January 2017.

Fund 124 – Communications and Information Systems: Bankruptcy proceeds and updated interest rate assumptions in the net amount of \$22,029 will be recognized in this fund. The expenditure budget will be adjusted down by \$1,755,117 as the Integrated Fire Prevention, Incident Reporting, and Next Gen CAD2CAD projects are being moved to the subsequent fiscal year.

Fund 133 – Fire Apparatus: Bankruptcy proceeds and updated interest rate assumptions in the amount of \$25,430 will be recognized in this fund. Additionally, expenditures will be increased in the amount of \$201,188 for the addition of a Dozer Transport Tractor funded by the CAL FIRE Drought Augmentation funds, and \$219,000 for vehicles to be used by new Administrative Captains.

Fund 171 – Structural Fire Fund Entitlement: Interest rate assumptions and resulting expected revenues will be adjusted down by \$672 in this fund. Additionally, an expenditure budget commensurate with the unexpended fund balance of \$584,464 in the Fund will be appropriated, allowing members with remaining funds to expend them in this fiscal year, should they so choose.

Fund 190 – Self Insurance: Interest rate assumptions and resulting expected revenues will be adjusted down by \$71,357 in this fund. The expenditure budget for the cash-flow timing of medical payments will be increased by \$1,763,344 as recommended by the latest actuarial report of February 6, 2017.

FY 2016/17 Mid-Year Budget Adjustments

The following adjustments to the FY 2016/17 budget are requested:

General Fund (Fund 121)

Budgeted Beginning Fund Balance - \$10,400,956 increase
Revenue - \$14,316,971 increase
Appropriations - \$15,430,380 increase
Operating Transfer Out - \$5,540,105 increase

General Fund CIP (Fund 12110)

Budgeted Beginning Fund Balance - \$4,362,741 increase
Appropriations - \$541,117 increase
Operating Transfer In - \$51,608 decrease

Fire Stations and Facilities Fund (Fund 123)

Budgeted Beginning Fund Balance - \$1,868,281 increase
Revenue - \$671,748 increase
Appropriations - \$191,117 decrease

Communications and Information Systems Fund (Fund 124)

Budgeted Beginning Fund Balance - \$1,634,247 increase
Revenue - \$22,029 increase
Appropriations - \$1,755,117 decrease

Fire Apparatus Fund (Fund 133)

Budgeted Beginning Fund Balance - \$5,627,430 increase
Revenue - \$25,430 increase
Appropriations - \$420,188 increase
Operating Transfer In - \$5,591,713 increase

Structural Fire Fund Entitlement Fund (Fund 171)

Budgeted Beginning Fund Balance - \$24,198 decrease
Revenue - \$672 decrease
Appropriations - \$584,464 increase

Self-Insurance Fund (Fund 190)

Budgeted Beginning Fund Balance - \$117,407 decrease
Revenue - \$71,357 decrease
Appropriations - \$1,763,344 increase

**ORANGE COUNTY FIRE AUTHORITY
COMBINED BUDGET SUMMARY
FY 2016/17**

	121 General Fund	<u>CIP Funds</u>				<u>Other Funds</u>		Total
		12110 General Fund CIP (1)	123 Fire Stations & Facilities	124 Communications & Info. Systems	133 Fire Apparatus	171 SFF Entitlement	190 Self Insurance	
FUNDING SOURCES								
<i>Property Taxes</i>	230,301,459	-	-	-	-	-	-	230,301,459
<i>Intergovernmental</i>								
State Reimbursements	14,264,663	-	-	-	-	-	-	14,264,663
Federal Reimbursements	3,092,791	-	-	-	-	-	-	3,092,791
Community Redevelopment Pass-thru	9,706,233	-	-	-	-	-	-	9,706,233
<i>Charges for Current Services</i>								
Contracts	92,357,580	-	-	-	1,358,858	-	-	93,716,438
HMS Revenue	-	-	-	-	-	-	-	-
Fees - Community Risk Reduction	6,448,604	-	-	-	-	-	-	6,448,604
Other Charges for Services	104,951	-	-	-	-	-	-	104,951
ALS Reimbursements, Supplies	3,929,330	-	-	-	-	-	-	3,929,330
Charges for Workers' Comp	-	-	-	-	-	-	11,444,465	11,444,465
<i>Use of Money and Property</i>								
Interest	283,622	-	151,582	148,621	186,890	3,895	498,258	1,272,868
<i>Other</i>								
Developer contributions	-	-	630,394	-	-	-	-	630,394
Miscellaneous	4,295,254	-	120,546	203,511	124,886	-	-	4,744,197
<i>Other Funding Sources</i>								
Total Revenues & Other Financing Sources	364,784,487	-	902,522	352,132	1,670,634	3,895	11,942,723	379,656,393
Operating Transfer In	-	1,771,392	7,900,000	4,866,307	15,405,300	-	-	29,942,999
Beginning Fund Balance	73,446,407	4,761,135	15,845,512	18,977,557	14,788,654	584,464	73,720,054	202,123,783
TOTAL AVAILABLE RESOURCES	438,230,894	\$6,532,527	\$24,648,034	\$24,195,996	\$31,864,588	\$588,359	\$85,662,777	\$611,723,175
EXPENDITURES								
Salaries & Emp Benefits	\$319,982,082	\$0	\$0	\$0	\$0	\$0	\$0	\$319,982,082
Services & Supplies	34,179,470	2,151,527	1,183,814	-	100,000	584,464	9,257,363	47,456,638
Capital Outlay/Equipment	1,369,016	4,381,000	7,738,755	9,449,482	21,699,582	-	-	44,637,835
Debt Service	-	-	-	-	-	-	-	-
Total Expenditures	\$355,530,568	\$6,532,527	\$8,922,569	\$9,449,482	\$21,799,582	\$584,464	\$9,257,363	\$412,076,555
Appropriation for Contingencies	3,000,000	-	-	-	-	-	-	3,000,000
Operating Transfer Out	29,942,999	-	-	-	-	-	-	29,942,999
Ending Fund Balance	49,757,327	-	15,725,465	14,746,514	10,065,006	3,895	76,405,414	166,703,621
TOTAL FUND COMMITMENTS & FUND BALANCE	\$438,230,894	\$6,532,527	\$24,648,034	\$24,195,996	\$31,864,588	\$588,359	\$85,662,777	\$611,723,175

- (1) Project related budgets segregated for operational budget clarity purposes. As a sub-fund of the General Fund, revenues and expenditures are accounted for as the General Fund in the CAFR, however for cash-flow purposes the expenditures are tracked outside of the General Fund. Therefore 12110 requires cash-flow transfers in the same manner as the other CIP Funds.
- (2) Combined Budget Summary assumes all Mid-Year Budget Adjustments are approved by the Board. The categories are represented in gross order of magnitude and may be specifically adjusted as accounting transactions are finalized.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 8, 2017

Agenda Item No. 4A
Discussion Calendar

Selection of Public Accounting Firm for Financial Audit and Related Services

Contact(s) for Further Information

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Business Services Department

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Jim Ruane, Finance Manager/Auditor

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714.573.6304

Summary

This agenda item is submitted for approval to select Vavrinek, Trine, Day & Co., LLP for financial audit and related services based on the results of the competitive Request for Proposals (RFP) process.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and take the following actions:

1. *Financial Statement Audit and Single Audit Services* – Based on the results of the Request for Proposals, approve the selection of Vavrinek, Trine, Day & Co., LLP to provide annual financial statement audit and single audit services for a period of three years, with two optional one-year extensions, for a total price of \$55,000 for one year, and an all-inclusive maximum price of \$166,500 for three years or \$280,852 for five years.
2. *Other Audit/Attest Services* – Based on the results of the Request for Proposals, approve the selection of Vavrinek, Trine, Day & Co., LLP to provide other audit/attest services as needed for a period of three years, with two optional one-year extensions, for a total price of \$26,985 for one year, and an all-inclusive maximum price of \$80,955 for three years or \$136,556 for five years.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

See attached expanded background.

Attachment(s)

None

Background

On January 11, 2017, the Budget and Finance Committee reviewed and approved the scope of work for a draft Request for Proposals (RFP) for financial, internal control, and other audit/attest services. This RFP was necessary because OCFA's contracts to provide these services either already expired or are set to expire on March 31, 2017. The RFP was issued on January 12, 2017, via OCFA's e-procurement system PlanetBids. Twenty-eight vendors downloaded or reviewed the RFP documents as potential bidders. Written proposals were received by the February 7, 2017, deadline from the following firms:

Firms Responding to RFP	Proposal #1 Financial and Single Audit Services	Proposal #2 Other Audit/ Attest Services
Crowe Horwath	✓	✓
Fedak & Brown, LLP	✓	✓
Harshwal Company, LLP	✓	
James Marta & Company, LLP	✓	✓
Moss Adams, LLP	✓	✓
The Pun Group	✓	✓
Vasquez & Company, LLP	✓	
Vavrinek, Trine, Day & Co., LLP	✓	✓
Total number of responding firms	8	6

Review Process and Scoring Criteria

A three-member committee reviewed and scored the proposals based on the following criteria, identified in more detail in the RFP:

Criteria	Summary Description	Maximum Points
Method of Approach	How well the service meets the required specifications and objectives in the solicitation, including the quality and completeness of the proposal	40
Qualifications and Experience	The firm's history of performance and demonstrated ability in providing the service, in addition to the qualifications and experience of key personnel assigned to the project team and relevant experience of the firm	35
	Subtotal – technical proposal	75
Cost proposal	Total estimated contract cost	25
	Subtotal – written criteria	100
Oral Interview	Discussion of the firm's specific experience providing services similar to those described in the RFP, project approach, estimated work effort, available resources, and other pertinent items that distinguish the firm from others	40
	Total	140

Written proposals from all eight responsive firms were reviewed and scored by the committee. The six top-ranked firms were then invited to participate in oral interviews held February 14–16, 2017. After the oral interviews were evaluated and scored by the committee, the three top-ranked firms were invited to submit “best and final” cost proposals.

Results of the Request for Proposals

The following table identifies the three top-ranked firms based on the review process described above, as well as portions of the “best and final” cost proposals for each of these firms. While cost is important, OCFA’s 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.

Overall Rank	Firm	Proposal #1 Financial and Single Audit Services	Proposal #2 Other Audit/ Attest Services	Combined Maximum Cost	Total Estimated Hours	Total Estimated Cost per Hour
Contract Year 1 Only						
1	Vavrinek, Trine, Day & Co., LLP	\$55,500	\$26,985	\$82,485	748	\$110
2	Crowe Horwath	\$59,000	\$27,600	\$86,600	623	\$139
3	Moss Adams, LLP	\$63,000	\$28,775	\$91,775	523	\$175
Contract Years 1 – 5 Combined						
1	Vavrinek, Trine, Day & Co., LLP	\$280,852	\$136,556	\$417,408	3,740	\$112
2	Crowe Horwath	\$295,000	\$138,000	\$433,000	3,115	\$139
3	Moss Adams, LLP	\$335,500	\$151,375	\$486,875	2,635	\$185

As a basis for comparison, OCFA’s annual fees have averaged \$85,356 for the last five years under the current financial audit services contracts, as summarized in the table below:

	Proposal #1	Proposal #2				Total
	Financial and Single Audit Services	ALS/BLS Rates Review	Firefighter Medical Trust Review	Internal Control Reviews	Subtotal	
Average fees per year/project	\$56,835	\$4,813	\$6,655	\$17,053	\$28,521	\$85,356
Total fees paid	\$284,177	\$24,063	\$33,274	\$102,315	\$159,652	\$443,829

Recommended Firm Selection

The committee unanimously ranked Vavrinek, Trine, Day & Co., LLP (VTD) as the overall number one selection for both Proposal #1 and Proposal #2. The decision was based on the following:

- For over 68 years, VTD has offered a full range of services for several different lines of businesses throughout California, including a state and local governmental practice. VTD has over 30 partners and 200 professional staff, with 50 personnel dedicated to the state and local government sector. OCFA would be primarily served by VTD’s local offices in Laguna Hills and Rancho Cucamonga.
- VTD has experience providing audit and single audit services to fire districts, cities, transportation agencies, counties, hospitals, and water and sanitation districts. Recent or current clients located in Orange County include the Orange County Transportation

Authority (OCTA), the City of Dana Point, and the City of La Palma. The committee believes that a firm with experience auditing a well-balanced variety of governmental agencies will best meet the needs of the organization, since OCFA is a special district that serves both city and county member agencies.

- The VDT engagement team (Partner, Manager, In-Charge) includes experienced personnel who are all certified public accountants and have been with the firm from six to eighteen years. All members of the engagement team participated in the oral interview portion of the selection process, demonstrating both their technical knowledge and excellent communication skills.
- The committee believes VTD has the experience needed to deal with the implementation of Governmental Accounting Standards Board (GASB) pronouncements for pension, other post-employment benefit, and other complex accounting issues. Members of VTD's engagement team have experience auditing other local government agencies that participate in the Orange County Employees Retirement System (OCERS), providing them with insight into accounting issues that are unique to OCERS. VTD will be available to work with OCFA staff on researching accounting and financial reporting issues at no extra charge.
- VTD received high scores from the committee for both their technical and cost proposals. Based on the Government Finance Officers Association's recommended practice of finding an audit firm with the appropriate audit approach and ability to provide high quality service, the committee feels that VTD is the top choice for providing audit and other attest services to the OCFA.

The proposed dollar amounts of the professional service contract awards are within the amounts delegated to OCFA management per the Roles/Responsibilities/Authorities matrix. Upon the Budget and Finance Committee's approval of the selection of Vavrinek, Trine, Day & Co., LLP, staff will work with legal counsel to finalize issuance of Professional Services Agreements.

Update on 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 RFP was structured in a manner that provided OCFA staff and the Committee with the option of proceeding with a SAS No. 130 audit once proposals submitted by interested firms were received and evaluated.

The table below summarizes the responding firms' cost and hours needed to conduct a SAS No. 130 audit. These estimates would be in addition to the standard financial and single audit costs and hours identified separately in the RFP.

Description		Year 1	Year 2	Year 3	Year 4	Year 5	Total
HIGH	Cost	\$80,000	\$81,600	\$83,232	\$84,897	\$86,595	\$416,324
	Hours	640	640	640	640	640	3,200
LOW	Cost	\$3,890	\$3,890	\$3,890	\$4,085	\$4,085	\$19,840
	Hours	46	46	46	48	48	234
AVERAGE (8 Firms)	Cost	\$38,096	\$38,619	\$39,280	\$39,292	\$39,976	\$195,263
	Hours	284	284	284	279	279	1,410

Although the cost and hours proposed varied by firm, the average cost to conduct a SAS No. 130 audit was nearly 70% of the cost to perform a standard financial and single audit amounts. This optional project would represent a significant commitment of OCFA's financial and staff resources. In general, responding firms indicated that the SAS No. 130 audit process would include more in-depth reviews of OCFA's policies and procedures; extensive documentation and testing of OCFA's information technology environment and system controls; and significant increases in transaction testing sample sizes throughout every financial transaction cycle.

While such a thorough review would provide an additional level of assurance that OCFA's internal controls are well-designed and operating effectively, it is not a guarantee that fraud or other misappropriation could never occur. During the interview process, several firms indicated that a SAS No. 130 audit is not yet common in the local government sector and that completing one would be a somewhat aggressive move by OCFA.

In lieu of performing a SAS No. 130 audit, we recommend that OCFA continue to conduct periodic agreed-upon procedures engagements (other audit/attest services), specifically including a review of one internal control area each year that would be designed to better prepare OCFA to successfully pass a SAS No. 130 audit in the future. This recommendation was made after consideration of the feedback received from the audit firms during the RFP process. The "best and final" cost proposals obtained from the three top-ranked firms also reflected this recommendation. The audit firm and OCFA management would tailor the scope of work to be more in line with a SAS No. 130-type engagement. Staff believes that this "hybrid" approach will enable OCFA to implement and monitor the adequacy of its internal controls, make improvements as needed, and better prepare for implementing a full SAS No. 130 audit in the future.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 8, 2017

Agenda Item No. 4B
Discussion Calendar

2017 Update – Financial Stability Budget Policy

Contact(s) for Further Information

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Summary

This item is submitted for approval of updates to the *Financial Stability Budget Policy*.

Prior Board/Committee Action

The *Financial Stability Budget Policy* was originally adopted by the Board of Directors in May 2002, and was last updated in November 2013. The policy is periodically updated to maintain the policy in a manner that reflects the ongoing financial goals of the Authority.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 23, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors adopt the updated *Financial Stability Budget Policy*.

Impact to Cities/County

Strong fiscal policies are intended to assist OCFA in maintaining fiscal health and thereby ensuring that services are appropriately sustained for the communities we serve.

Fiscal Impact

Adoption of the updated policy has no fiscal impact; however, the actions taken as a result of having the policy in place should assist OCFA's fiscal health for the long-term.

Background

In May of 2002, the *Financial Stability Budget Policy* was approved to formally document contingency fund levels for the General Fund and establish annual funding targets for the CIP funds. In addition, the policy was designed to guide OCFA in making annual budget decisions that focus on 1) both short and long-term financial priorities and 2) the fiscal health of OCFA as an organization rather than focusing on a "fund-by-fund" basis.

The attached *Financial Stability Budget Policy* has been updated to reflect OCFA's current goals related to accelerated payment of unfunded liabilities, and to better align the timing of annual operating transfers with OCFA's budget and General Fund cash-flow cycle.

Prior Policy Terms

In the past, the policy required that surplus operating funds be transferred from the General Fund to the Capital Improvement Program (CIP) to fund future capital needs. The operating transfer to the CIP would occur in July of each fiscal year following budget adoption, and the amount of the transfer was based on budget figures. Subsequently, in March of each fiscal year, when the budget is adjusted for updated property tax revenue and expenditure data, the amount of the operating transfer would often require adjustment.

Furthermore, the timing of the annual transfers from the General Fund to the CIP each July has historically caused the cash-flow balance of the General Fund to be strained pending receipt of major property tax allocations that occur in December and April.

Proposed Updated Policy Terms

Staff is proposing to update the policy to balance the OCFA's current priorities of funding CIP needs as well as funding long-term liabilities. Rather than allocating 100% of surplus operating funds to the CIP, the updated policy would provide for 50% allocation to the CIP and 50% allocation to accelerated payment of unfunded liabilities.

The updated policy also provides for a change in timing for the annual transfers, so that the transfers will occur in March of each fiscal year, when actual property tax revenue amounts are known and expenditure data has been updated for the fiscal year. The timing change not only improves the accuracy of transfer amounts, but it improves the stability of cash-flow for the General Fund, pending receipt of property taxes in December.

Attachment(s)

Financial Stability Budget Policy – March 2017 Update

FINANCIAL STABILITY BUDGET POLICY

1. PURPOSE

1.1. To guide OCFA budget actions toward maintaining long-term financial stability and to establish contingency fund levels and annual funding targets for the Authority's General Fund and Capital Improvement Program (CIP) Funds.

1.2. To establish CIP fund balances that accumulate and deplete in harmony with the needs and timing of capital projects identified in the five-year CIP.

1.2.1.3. To facilitate accelerated payment of OCFA's unfunded liabilities for improved fiscal health.

2. ADOPTION AND REVIEW

2.1. This policy was originally adopted by the Board of Directors on May 23, 2002, and was implemented with the Fiscal Year 2002/03 Budget Update.

2.2. This policy shall be reviewed periodically for recommended revisions in order to maintain the policy in a manner that reflects the ongoing financial goals of the Authority.

2.3. Policy revisions shall be reviewed by the Budget and Finance Committee and approved by the Board of Directors.

3. POLICY

3.1. The Five-Year Financial Forecast shall be used as a budget tool that's updated annually in conjunction with the budget for projected revenues and expenditures. The Five-Year Forecast will include all OCFA budgetary funds to provide a picture of the Authority's overall fiscal health.

3.1.1 The Five-Year Forecast will also be updated whenever a significant financial event occurs or is anticipated to occur mid-year in order to assess the severity of the impact.

3.1.2 The Five-Year Forecast shall also be evaluated before undertaking any significant financial commitment to ensure the Authority's fiscal health is maintained.

- 3.1.3 It should be noted that data included in the first two years of the forecast is the most predictable and reliable.
- 3.1.4 Data contained in the outer years of the forecast is less reliable due to uncertainties regarding items such as future property tax growth, benefit costs, and capital needs. Although less reliable, the information is a useful indicator of trends and the potential need for early corrective intervention.
- 3.2. The proposed operating budget (General Fund) submitted by Authority staff shall be a balanced budget.
- 3.3. The Authority shall also strive to achieve a projected operating budget that's balanced for all years included in the Five-Year Financial Forecast.
- 3.4. The Authority shall maintain a contingency reserve in the General Fund set at 10% of operating expenditures for unplanned emergencies.
 - 3.4.1 Operating expenditures exclude grant-funded expenditures, ~~annual equity payments, accelerated payments toward unfunded liabilities,~~ and operating transfers out to the CIP.
- 3.5. Funds available for transfer out of the General Fund after funding annual ~~operating~~ expenses (net general fund revenue, or "surplus") shall be allocated ~~first to the~~ as follows:
- 3.5.1 Net General Fund, or surplus general fund revenue, shall be calculated for transfer each year as part of the March mid-year budget adjustments.
- 3.5.2 In March of each year, after funding any incremental increase required to ~~maintain the~~ 10% General Fund contingency reserve, ~~and then 50% of the remaining surplus shall be transferred to the CIP and 50% shall be allocated as accelerated payment of OCFA's unfunded liabilities (first toward pension liability until achieving an 85% funding level, and then toward Retiree Medical), except in the following circumstances:~~
 - 3.5.2.1. If the 50% allocation to the CIP, when combined with CIP fund balance and other CIP revenues, is insufficient to fund that year's CIP expenses, then a sufficient percentage of the surplus (up to 100%) may be transferred to the CIP to fund that year's CIP expenses. Any remainder shall be allocated as an accelerated payment of OCFA's unfunded liabilities.

3.5.2.2.If the 50% allocation to the CIP, when combined with CIP fund balance and other CIP revenues, exceeds the cost of projects in OCFA's five-year CIP (including projects identified as deferred) then the amount transferred to the CIP shall be reduced below 50% to only fund the incremental increase needed for funding of the five-year CIP. Any remainder shall be allocated as an accelerated payment of OCFA's unfunded liabilities.

3.5.3.6.The Authority shall review reserve fund levels annually for the CIP funds and establish annual funding targets as follows:

3.5.13.6.1 CIP funds will include:

- Fund 12110 – General Fund CIP
- ~~Fund 122 – Facilities Maintenance & Improvement~~
- Fund 123 – Fire Stations and Facilities~~Capital Projects~~
- Fund 124 – Communications & Information Systems~~Replacements~~
- Fund 133 – Fire Apparatus~~Vehicle Replacement~~

3.7.2 The amount of revenue available for transfer from the General Fund to the CIP shall be allocated based on the existing reserve balance in each CIP fund and based on the future needs identified in the five-year CIP, and conformed with Section 3.5.2 above.

Priority #1: Each CIP fund shall be allocated sufficient funds to meet planned expenditures included in the upcoming fiscal year. Sufficient funds can be a combination of existing fund balance plus new revenues and operating transfers in from the General Fund.

Priority #2: After meeting the needs for the upcoming fiscal year in each CIP fund, any additional funding shall be allocated based on planned expenditures included in the second fiscal year of the five-year CIP. This process shall be repeated for future years to the extent that funding is available.

Ultimate Funding Target: Although this status may or may not be achieved, a fully funded five-year CIP would be our ultimate goal and would allow OCFA to rest assured that all projects identified within our planning horizon have funds earmarked for those projects.

3.6.3.7.The Authority will analyze the feasibility of paying its annual retirement contributions to the Orange County Employees Retirement System (OCERS) early each year, to take advantage of the discount offered by OCERS.

~~3.6.13.7.1~~ OCERS reviews and sets the early payment discount rate each year.~~has taken the approach to use the assumed rate of return for the system (7.25%) as the discount.~~ The employer is given the full 7.25% discount set by OCERS if payment is made in January, a full year in advance, and one-half the 3.625% discount if payment is made six months in advance in July.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee
March 8, 2017

Agenda Item No. 4C
Discussion Calendar

**Fiscal Year 2015/16 Backfill/Overtime and Calendar Year 2016 Total
Earnings/Compensation Analysis**

Contact(s) for Further Information

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Summary

This annual agenda item provides an overview and analysis of the Fiscal Year 2015/16 backfill and overtime earnings along with the employee total compensation for Calendar Year 2016.

Prior Board/Committee Action(s)

None.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 23, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Direct staff to continue pursuing reductions in overtime by filling permanent vacancies (exceeding those required by MOU) as quickly as possible after the positions become vacant.
2. Direct staff to continue using overtime to fill temporary vacancies rather than hiring additional personnel, recognizing this as a cost-effective practice for temporary needs.

Impact to Cities/County

Not Applicable

Fiscal Impact

Backfill/overtime costs are included in the annual budget.

Background

See extended background.

Attachment(s)

1. Frequently asked Questions & Responses
2. FY 15/16 Backfill/Overtime & Calendar Year 2016 Total Earnings/Compensation Analysis (PowerPoint Slides)

Background

The OCFA's General Fund budget consists primarily of labor costs with approximately 92.1% of the final FY 2015/16 budget allocated to salaries and employee benefits. For 2015/16, final backfill/overtime expenditures were \$46,089,676 or 14.3% of the salaries and employee benefits budget. The primary factors driving OCFA's backfill/overtime costs are:

- OCFA's Constant Staffing Policy - \$35.4M
- Major Emergency Incident Response - \$4.3M
- Training Requirements - \$1.7M
- Discretionary - \$1.6M

Backfill and overtime costs can either be non-discretionary or discretionary and are explained in the following paragraphs.

Constant Staffing Backfill / Overtime (Non-Discretionary)

The OCFA maintains constant staffing levels, which means that every day, all authorized Operations post-positions are staffed. Constant staffing enables delivery of emergency services 24-hours per day, 7 days per week. A post-position is a seat on a fire or EMS response unit (including engines, trucks, and paramedic vehicles) that must be filled to meet the staffing requirements of that unit.

- Backfill occurs when there is a vacancy in a position that requires constant staffing and another employee works overtime to fill the vacancy. Examples include:
 - Positions temporarily vacant due to personnel on leave (sick, vacation, jury duty, military leave, bereavement, workers' compensation, etc.)
 - Positions vacant due to cost control measures (open positions per the MOU)
 - Positions vacant as a result of retirements, promotions, the addition of new positions to staff a new station, or converting Basic Life Support engines to Advance Life Support engines
 - Positions temporarily vacant due to personnel responding to major in/out of county emergency incidents
- Overtime is used for work performed above and beyond the constant staffing requirements. Examples of overtime include strike team or overhead assignments or emergency incidents, either in or out of County, and mandatory training classes that occur on a day other than the employee's regularly assigned shift.

Major Emergency Incident Response (Non-Discretionary)

Another form of non-discretionary overtime incurred by OCFA is for major emergency incident response. OCFA responds to emergency incidents at the request of surrounding fire agencies (Mutual Aid), California Department of Forestry (CAL FIRE), Cleveland National Forest Service (CNF), and the California Office of Emergency Services (OES). Backfill/overtime costs for responding to major emergency incidents in FY 2015/16 totaled \$4.3M and represented approximately 9.2% of total backfill/overtime expenditures. Approximately 95-100% of these emergency related incident response costs (except Mutual Aid) are reimbursable.

Backfill/Overtime costs for constant staffing and major emergency incident response are considered non-discretionary and represent 92.6% of FY2015/16 Backfill/Overtime costs.

Training Requirements (Discretionary & Non-Discretionary)

OCFA incurs additional backfill/overtime costs related to various training requirements for suppression personnel. Examples include mandatory training requirements for federal, state, and local programs including Urban Search and Rescue (US&R), Airport Rescue Firefighting (ARFF), Weapons of Mass Destruction (WMD), and Incident Command. Additionally, OCFA historically incurs overtime and backfill costs to provide training academies for new and/or promoted Dispatchers, Firefighters, Engineers, Captains, Battalion Chiefs, and Reserve Firefighters. Backfill/overtime costs as a result of training activities in FY 2015/16 totaled \$1.7M and represented 3.8% of the total backfill/overtime expenditures.

Discretionary Backfill/Overtime

For FY 2015/16 total discretionary backfill/overtime was \$1.6M or 3.6% and is attributable to the following:

- Employees staffing special events, participating on project teams, and Fire Explorer program activities
- Information systems, GIS, automotive, communications services, and fire prevention personnel requested to work outside their normal work schedule

Page two of the attached presentation illustrates the distribution and cause of backfill/overtime by category (discretionary and non-discretionary).

Regular vs. Overtime Analysis

As referenced on page three of the attached presentation, backfill/overtime continues to be nearly 28% more cost effective than hiring a full time benefited employee. For FY 2015/16, the estimated cost savings to OCFA by using overtime rather than full time employees to fill vacancies was \$15,590,115 and is included as page four of the attachment.

Compensation Cost Transparency

Annual employee compensation costs are posted and readily available on the OCFA website dating back to calendar year 2009. Since 2012 the format of the report includes all earnings segregated by base salary, overtime, payouts, special pay, and other. Additionally, employer paid retirement and benefits are also included in the employee compensation report posted on the OCFA website. This year's 2016 report will be posted to the OCFA website on April 28, 2017. The State Controller Report will be submitted to the State on April 28, 2017, in compliance with the April 30, 2017, due date.

Filling Vacant Position

To help reduce the number of vacancies that are open pending hiring and promotions, OCFA has conducted, and plans to conduct the following academies:

<u>July 1, 2016, through March 1, 2017</u>	<u>Academies planned for next 12 months</u>
2 Firefighter Academies	2 Firefighter Academies
1 Fire Apparatus Engineer Academy	1 Fire Apparatus Engineer Academy
1 Fire Captain Academy	1 Fire Captain Academy
1 Battalion Chief Academy	1 Battalion Chief Academy

Backfill/Overtime Monitoring & Analysis

OCFA financial staff prepares monthly reports to track and monitor backfill/overtime activity. Reports are provided internally to management to show expenditures by section and by cause (reason) so that they can monitor and, if required, adjust activities as needed in their respective area.

The OCFA also has policies, procedures, and systems in place that monitor and report overtime usage. Due to the extraordinary fire season, open positions and vacancies due to promotion and retirements during 2016, the OCFA was required to force many employees to work that possessed specialty skills. As stated earlier, the OCFA has aggressively been conducting academies to help reduce the impact to the employee and distribution of overtime. OCFA staff is also working with the Orange County Professional Firefighters Association to enhance the existing policies to reduce the amount of forced overtime.

The current policy is to allow employees to voluntarily work up to 120 continuous hours, subject to the Battalion Chief's approval. OCFA staff will continue to reduce the consecutive hour rule back to 96, when our vacancies are filled and the need to force employees to work shifts are minimized.

As discussed in this report, the majority of backfill/overtime incurred by OCFA is non-discretionary; however, a small portion of overtime is considered discretionary (3.6% of total backfill/overtime expenditures) and is monitored closely. Emergency response activity is generally 95-100% reimbursable.

FY 2015/16 BACKFILL/OVERTIME ANALYSIS FREQUENTLY ASKED QUESTIONS

1. What is a firefighter's standard work schedule?

Firefighters assigned to suppression positions work 24-hour shifts which equate to a 56-hour average work week or 2,912 hours per year. When firefighters are assigned to staff positions on a 40-hour work week, they average 2,080 regular hours per year.

2. What does "maintaining constant staffing levels" mean? What is the difference between backfill and overtime?

This means that every day, all authorized Operations post-positions are staffed. A post-position is a seat on a fire or EMS response unit (including engines, trucks and paramedic vans) that must be filled to meet the staffing requirement of that unit. Backfill occurs when there is a vacancy in a position that requires constant staffing and the employee either volunteers or is forced to work to fill the vacancy. Overtime is used for work done above and beyond the constant staffing requirements. Examples of overtime include strike team or overhead assignments to emergency incidents, either in or out of County, and mandatory training classes that occur on days other than the employee's regularly assigned shift.

3. Because our backfill/overtime budget is significant, does that mean we are understaffed?

OCFA's backfill/overtime budget is significant due to the reasons outlined in #2 above. Due to retirements and promotions, there are positions that have gone unfilled. In addition, a labor agreement includes provisions to hold 15 positions open for each rank in the firefighter labor group. This will be phased out over the next three fiscal years. For Fiscal Year 2015/16, an average of 52 positions were vacant which required constant staffing on an overtime/backfill basis. Recent and planned academies along with promotional exams are expected to significantly reduce the number of vacancies and open positions.

4. How many continuous hours may a firefighter work?

The maximum number of continuous hours (regular and backfill/overtime) an employee may work is 96. Employees enter their availability to work into the OCFA's Staffing System. The staffing system hires employees based upon the premise of an equal distribution of overtime and agreed upon hiring list procedures. The Assistant Chief of Operations may suspend the 96-hour rule to ensure sufficient incident response capability and adequate station coverage. Personnel assigned to out of county strike teams or to overhead positions are often deployed for periods of 14 days. When assigned to these extended incidents, employees work within established work/rest cycles.

5. Is the OCFA concerned about employee fatigue as the result of the continuous work hour rules?

The OCFA recognizes employee fatigue is a factor that impacts employee performance. Severe fatigue may increase the dangers inherent in the performance of emergency operations. The OCFA takes steps to protect employees from these dangers. The OCFA ensures that firefighters are trained, equipped and supervised to work as safely as possible. There is an additional emphasis on employee health and wellness provided through the WEFIT Program. Supervisors have the means by which to ensure employees are either adequately rested or relieved of duty where appropriate. Firefighters on extended incidents adhere to specified work/rest periods.



ORANGE COUNTY FIRE AUTHORITY

Fiscal Year 2015/16 Backfill/Overtime

Calendar Year 2016 Total Earnings/Compensation Analysis



Prepared by:
OCFA Finance Division
March 8, 2017



Backfill/Overtime

Categories of Backfill/Overtime	FY 2015/16	% of Total
<u>Non-Discretionary Categories:</u>		
Vacation, Sick, W/C, Other Leave	10,826,647	23.5%
Open Positions	14,133,156	30.7%
Other Non-Discretionary	154,222	0.3%
FLSA Rate Adjustment	13,307,352	28.9%
Emergency *	4,262,697	9.2%
Total Non-Discretionary	42,684,074	92.6%
Total Training	1,757,221	3.8%
Total Discretionary	1,648,381	3.6%
Fiscal Year Totals	46,089,676	100.00%

* Emergency overtime is generally 95-100% reimbursable.

FY 2015/16 Regular vs. Overtime Analysis

Top Step Firefighter Hourly Rates Regular Full-Time-Equivalent vs. OT	Hourly Reg. FTE Rate	Hourly OT Rate	\$ Diff.	% Diff.
<u>Salaries:</u>				
Base Hourly Rate	28.98	28.98		
Other Pays (Holiday, Educ. Inc., EMT, FLSA)	5.13			
Total Salaries	34.11	28.98		
<u>Benefits:</u>				
Retirement	19.29			
Workers' Compensation	2.82	2.40		
Health Insurance	7.54			
Medicare	0.49	0.63		
Total Benefits	30.14	3.03		
Total Overtime Premium		14.49		
Total Hourly Salaries & Benefits	\$64.25	\$46.50	\$17.75	27.63%

Footnotes:

(1) The salary for the job and FTE is from 28.1 to 28.98.

(2) For PETA employees the difference is 10-21% depending on the range of

the job.

It is 27.63% more cost-effective to use overtime for filling vacancies compared to hiring a regular full-time employee.

Regular vs. Overtime Analysis

FY 2015/16 Firefighter Unit Estimated Cost Savings

<u>Classification</u>	<u>Actual Overtime Hours Worked FY 15/16</u>	<u>FTE Equivalent *</u>	<u>Estimated ** FTE Cost</u>	<u>Estimated ** Overtime Cost</u>	<u>Estimated ** Cost Saving by Utilizing Overtime/Backfill</u>
Fire Captain	245,966	84.5	\$ 19,989,657	\$ 15,018,684	\$ 4,970,973
Engineer	219,687	75.4	\$ 15,571,415	\$ 11,456,677	\$ 4,114,738
Firefighter	366,239	125.8	\$ 23,534,518	\$ 17,030,114	\$ 6,504,405
		285.7	\$ 59,095,590	\$ 43,505,475	\$ 15,590,115

* Assumes 2,912 hours worked per year.

** Utilizes estimated hourly rates for top step within a classification.

- **The estimated \$15,590,115 savings is a direct result of utilizing overtime/backfill rather than full-time employees at a savings of 24-28% .**

Firefighter Earnings Analysis

\$10,000 Increments	# of Employees
\$0-20K	7
\$20-30K	5
\$30-40K	4
\$40-50K	10
\$50-60K	12
\$60-70K	15
\$70-80K	20
\$80-90K	19
\$90-100K	28
\$100-110K	26
\$110-120K	38
\$120-130K	43
\$130-140K	70
\$140-150K	92
\$150-160K	103
\$160-170K	91
\$170-180K	82
\$180-190K	64
\$190-200K	60
\$200-210K	47
\$210-220K	38
\$220-230K	24
\$230-240K	17
\$240-250K	11
\$250-260K	11
\$260-270K	13
\$270-280K	5
\$280-310K	0
\$310-320K	1
\$320-330K	2
>\$400k	1
Total	959



Median=50% of earnings fall below this amount and 50% of earnings fall above this amount.

Annual Firefighter (excluding firefighter trainees) average and median earnings:

AVERAGE	\$	157,602
MEDIAN	\$	159,070

CY 2016 Firefighter Unit Earnings Analysis

Summary by Classification							
Classification	# of Employees (1)	Standard Work Week (2)	Weekly Average Hours Worked	Annual Average Hours Worked	Average Base Earnings (3)	Average Total Earnings (4)	Average Hourly Rate
Fire Captain	252	56	72.42	3,766	109,998	198,620	52.74
Fire Apparatus Engineer	230	56	73.07	3,800	95,166	165,538	43.57
Firefighter	451	56	68.43	3,558	80,652	136,637	38.40
Hand Crew Firefighter	26	40	45.85	2,384	28,217	53,487	22.43
Total	959						

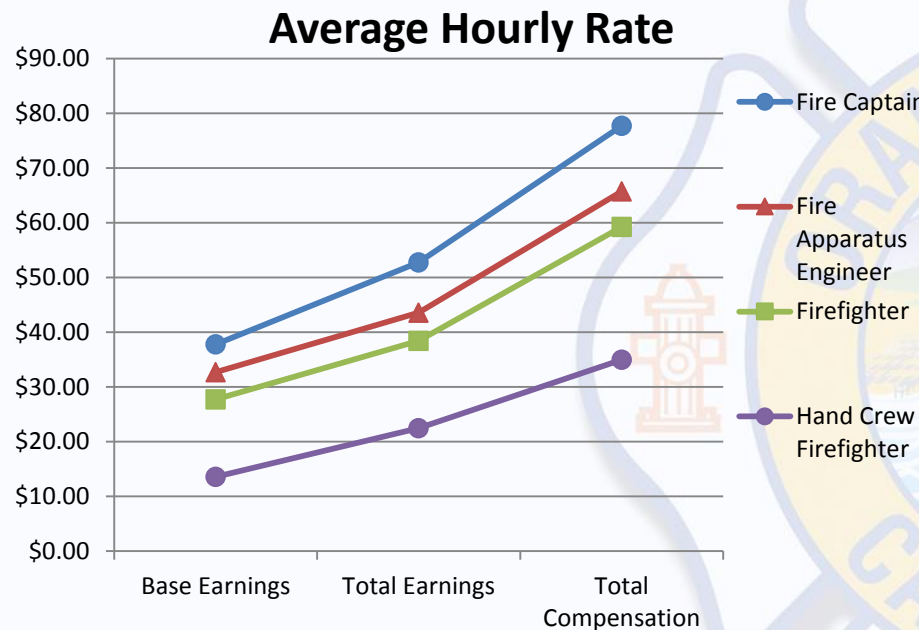
Notes:

- (1) Represents total Fire Captain, Engineer, Firefighter & Hand Crew Firefighter paid during Calendar Year 2016.
- (2) Firefighters assigned to a suppression position work an average of 56 hours per week.
- (3) Base earnings include: Regular, Sick, Vacation Hours, Workers Compensation and Leaves.
- (4) Average total earnings is calculated by dividing total earnings by number of employees.

The Firefighter Unit employee's (excluding Firefighter Trainees) average hourly rate is \$43.31 they work an average of 70 hours per week and the average total earnings are \$157,602 annually.

CY 2016 Firefighter Unit Total Compensation

Classification	BASE EARNINGS			TOTAL EARNINGS			TOTAL COMPENSATION		
	Average Base Earnings	Regularly Scheduled Hours	Average Hourly Rate	Average Total Earnings	Average Actual Hours Worked	Average Hourly Rate	Average Total Compensation	Average Actual Hours Worked	Average Hourly Rate
Fire Captain	\$109,998	2912	\$37.77	\$198,620	3766	\$52.74	\$292,636	3766	\$77.70
Fire Apparatus Engineer	\$95,166	2912	\$32.68	\$165,538	3800	\$43.56	\$249,620	3800	\$65.69
Firefighter	\$80,652	2912	\$27.70	\$136,637	3558	\$38.40	\$210,801	3558	\$59.25
Hand Crew Firefighter	\$28,217	2080	\$13.57	\$53,487	2384	\$22.44	\$83,369	2384	\$34.97

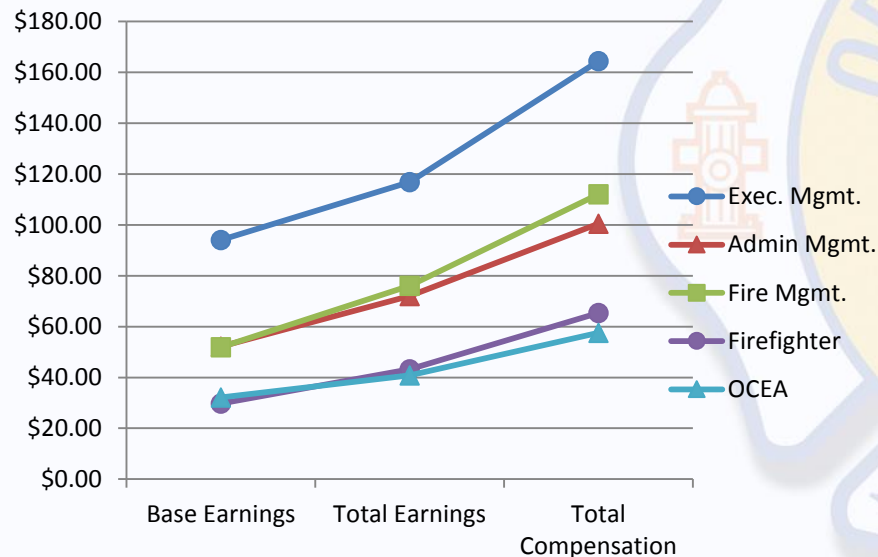


Firefighters (excluding Trainees) worked an average of 70 hours per week with an average fully benefited hourly rate of \$65.45.

CY 2016 Total Employee Compensation

Bargaining Group	BASE EARNINGS			TOTAL EARNINGS			TOTAL COMPENSATION		
	Average Base Earnings	Regularly Scheduled Hours	Average Hourly Rate	Average Total Earnings	Average Actual Hours Worked	Average Hourly Rate	Average Total Compensation	Average Actual Hours Worked	Average Hourly Rate
Executive Management	\$195,693	2080	\$94.08	\$221,573	1897	\$116.80	\$311,872	1897	\$164.40
Administrative Management	\$108,542	2080	\$52.18	\$128,254	1781	\$72.01	\$178,982	1781	\$100.50
Chief Officers Association	\$150,958	2912	\$51.84	\$239,331	3145	\$76.10	\$352,536	3145	\$112.09
OC Professional Firefighters Assoc.	\$86,632	2912	\$29.75	\$150,827	3491	\$43.20	\$228,014	3491	\$65.31
Orange County Employee's Assoc.	\$66,905	2080	\$32.17	\$82,397	2017	\$40.85	\$115,979	2017	\$57.50

Average Hourly Rate



Calendar Year 2016 Top 10 Firefighter Earnings Analysis

	Title/ Assignment	Base Earnings	Total Earnings	Base Hours	Other Hours	Total Hours	Average Hours Per Week	Average Hourly Rate
1	Fire Captain/PM/CalFire	\$116,846	\$412,689	2,912	4,096	7,008	135	\$ 58.89
2	Fire Captain/PM	\$116,713	\$329,536	2,912	2,713	5,625	108	\$ 58.58
3	Fire Captain/PM	\$116,766	\$325,828	2,912	2,702	5,614	108	\$ 58.04
4	Fire Captain	\$112,140	\$312,943	2,144	1,699	3,843	74	\$ 81.43
5	Fire Captain	\$115,974	\$279,105	2,912	2,437	5,349	103	\$ 52.18
6	Fire Apparatus Engineer	\$98,503	\$273,728	2,912	2,966	5,878	113	\$ 46.57
7	Fire Captain	\$115,790	\$273,231	2,912	2,191	5,103	98	\$ 53.54
8	Fire Captain/PM	\$116,745	\$272,493	2,912	1,855	4,767	92	\$ 57.16
9	Fire Captain/PM/USFS	\$116,010	\$270,422	2,880	1,861	4,741	91	\$ 57.04
10	Fire Captain	\$116,098	\$269,225	2,912	2,108	5,020	97	\$ 53.63

(1) The top 10 Firefighters worked an average of 102 hours per week with an hourly earnings rate of \$57.71.

Calendar Year 2016 Top 10 Firefighter Unit Total Compensation

	Title/ Assignment	Total Earnings	Total Compensation	Base Hours (2)	Other Hours	Total Hours	Average Hours Per Week	Average Hourly Rate
1	Fire Captain/PM/CalFire	\$412,689	\$508,495	2,912	4,096	7,008	135	\$ 72.56
2	Fire Captain/PM	\$325,828	\$429,653	2,912	2,702	5,614	108	\$ 76.53
3	Fire Captain/PM	\$329,536	\$424,850	2,912	2,713	5,625	108	\$ 75.53
4	Fire Captain	\$312,943	\$412,720	2,144	1,699	3,843	74	\$ 107.40
5	Fire Captain/PM	\$272,493	\$375,350	2,912	1,855	4,767	92	\$ 78.74
6	Fire Captain/PM	\$268,123	\$372,126	2,912	1,900	4,812	93	\$ 77.33
7	Fire Captain/PM	\$267,540	\$371,650	2,912	1,742	4,654	90	\$ 79.86
8	Fire Captain/PM	\$266,925	\$368,632	2,912	1,855	4,767	92	\$ 77.33
9	Fire Captain/PM	\$266,092	\$368,289	2,912	1,967	4,879	94	\$ 75.48
10	Fire Captain	\$268,865	\$366,958	2,912	2,248	5,160	99	\$ 71.12

(1) The top 10 Firefighters worked an average of 98 hours per week with and an average total compensation per hour of \$79.19.

Calendar Year 2016 Top 10 Firefighter Unit Total Compensation FTE Cost Savings

	Title/ Assignment	Total Earnings	Total Compensation	Base Hours (2)	Other Hours	Total Hours	Average Hours Per Week	Average Hourly Rate	FTE	Cost Savings
1	Fire Captain/PM/CalFire	\$412,689	\$508,495	2,912	4,096	7,008	135	\$ 72.56	2.41	\$ 82,780.16
2	Fire Captain/PM	\$325,828	\$429,653	2,912	2,702	5,614	108	\$ 76.53	1.93	\$ 54,607.42
3	Fire Captain/PM	\$329,536	\$424,850	2,912	2,713	5,625	108	\$ 75.53	1.93	\$ 54,829.73
4	Fire Captain	\$312,943	\$412,720	2,144	1,699	3,843	74	\$ 107.40	1.79	\$ 34,336.79
5	Fire Captain/PM	\$272,493	\$375,350	2,912	1,855	4,767	92	\$ 78.74	1.64	\$ 37,489.55
6	Fire Captain/PM	\$268,123	\$372,126	2,912	1,900	4,812	93	\$ 77.33	1.65	\$ 38,399.00
7	Fire Captain/PM	\$267,540	\$371,650	2,912	1,742	4,654	90	\$ 79.86	1.60	\$ 35,205.82
8	Fire Captain/PM	\$266,925	\$368,632	2,912	1,855	4,767	92	\$ 77.33	1.64	\$ 37,489.55
9	Fire Captain/PM	\$266,092	\$368,289	2,912	1,967	4,879	94	\$ 75.48	1.68	\$ 39,753.07
10	Fire Captain	\$268,865	\$366,958	2,912	2,248	5,160	99	\$ 71.12	1.77	\$ 45,432.08

Calendar Year 2016 Top 10 Employee Total Compensation

	Title/ Assignment	Total Earnings	Total Compensation	Base Hours	Other Hours	Total Hours	Average Hours Per Week	Average Hourly Rate
1	Fire Captain/PM/CalFire	\$412,689	\$508,495	2,912	4,096	7,008	135	\$ 72.56
2	Fire Captain/PM	\$325,828	\$429,653	2,912	2,702	5,614	108	\$ 76.53
3	Fire Battalion Chief	\$312,345	\$428,259	2,816	1,697	4,513	87	\$ 94.89
4	Fire Captain/PM	\$329,536	\$424,850	2,912	2,713	5,625	108	\$ 75.53
5	Fire Battalion Chief/CalFire	\$301,803	\$414,817	2,912	1,580	4,492	86	\$ 92.35
6	Fire Battalion Chief	\$302,894	\$412,895	2,845	1,572	4,417	85	\$ 93.48
7	Fire Captain	\$312,943	\$412,720	2,144	1,699	3,843	74	\$ 107.40
8	Fire Battalion Chief	\$290,517	\$408,705	2,533	1,038	3,571	69	\$ 114.45
9	Fire Battalion Chief/CalFire	\$288,003	\$407,967	2,027	660	2,687	52	\$ 151.83
10	Fire Battalion Chief/CalFire	\$297,065	\$405,104	2,912	1,547	4,459	86	\$ 90.85

The top 10 employees worked an average of 89 hours per week with an average total compensation per hour of \$96.99.

Summary

- Approximately 91% of the backfill/overtime cost are non-discretionary (81% - constant staffing) and emergency activity (10% - reimbursable)
- For FY 2016/17 over 30% non-discretionary overtime was a result of open positions. OCFA staff has conducted, or has scheduled, the following academies from July 1, 2016 through June 30, 2017:

2 Fire Firefighter Academies

1 Fire Captain Academy

1 Fire Apparatus Engineer Academy

1 Battalion Chief Academy

- The following academies are planned to be conducted in the next 12 months:

2 Firefighter Academies

1 Fire Captain Academy

1 Fire Apparatus Engineer Academy

1 Battalion Chief Academy

- Monthly reports are provided to management to show backfill/overtime expenditures by section and cause so that managers can monitor and, if required, adjust activities as needed in their respective areas.

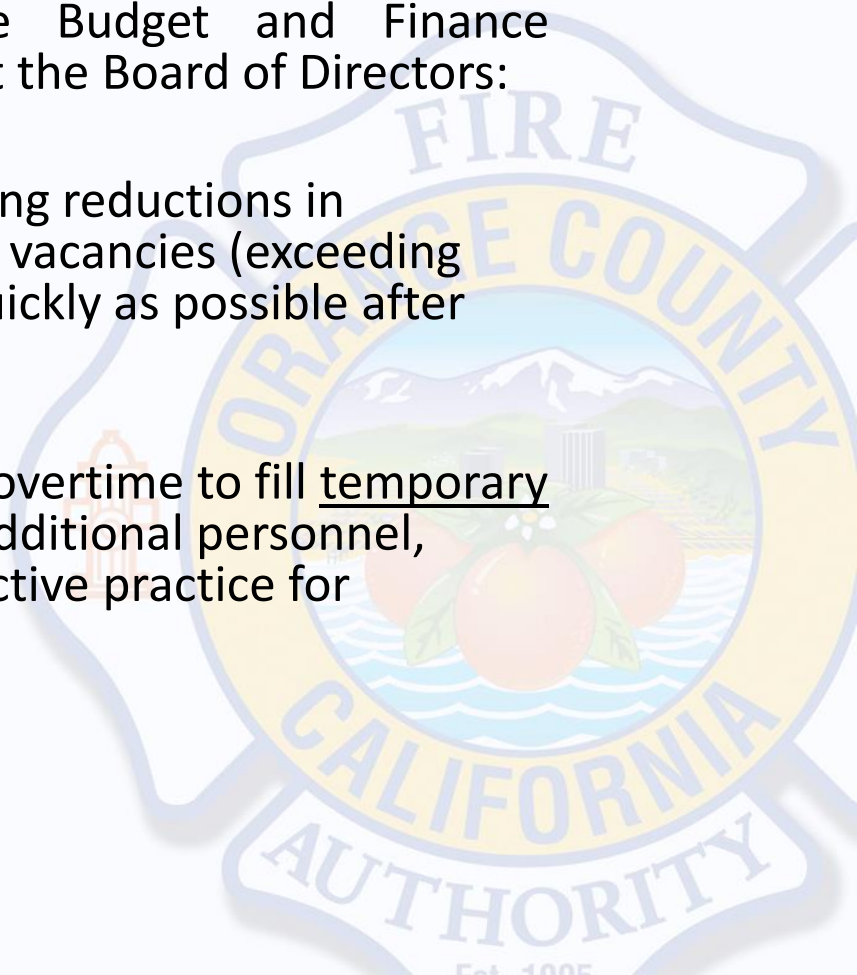
Questions?



Recommended Action

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 23, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Direct staff to continue pursuing reductions in overtime by filling permanent vacancies (exceeding those required by MOU) as quickly as possible after the positions become vacant.
2. Direct staff to continue using overtime to fill temporary vacancies rather than hiring additional personnel, recognizing this as a cost-effective practice for temporary needs.





Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 8, 2017

Agenda Item No. 4D
Discussion Calendar

Conduct Analysis of Field Operations:
Aircraft Rescue Fire Fighting Operations

Contact(s) for Further Information

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Summary

This item seeks approval of recommendations to address operational issues in the Aircraft Rescue Fire Fighting (ARFF) program.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 23, 2017, with the Budget and Finance Committee's recommendation that the Board of Directors establish a 2.5% specialty compensation for Aircraft Rescue Fire Fighting trained personnel who are certified Mobile Crane Operators.

Impact to Cities/County

Approval of the workgroup recommendations will improve OCFA's ability to staff key specialty positions with qualified personnel, improve the longevity of personnel in these key assignments, which ultimately results in improved response capabilities on behalf of the citizens we serve. Maintaining a qualified and proficient ARFF Aircraft Crane Program minimizes flight delays and cancellations saving taxpayers and commerce operators thousands of dollars per incident.

Fiscal Impact

Cost will be included in the ARFF annual charge, in compliance with contract terms. The cost increase associated with the bonus estimated not to exceed \$68,425.

Background

The proposed actions were developed by a collaborative workgroup comprised of subject matter experts, labor representatives and management to address the initiative as identified in the 180-Day Plan and FY 2015/16 Domain Objectives as Initiative 3.1 – Establish working groups to address key operational issues. This is the last specialty program to be evaluated from the initial FY 2015/16 Domain Objectives.

Apart from providing traditional ARFF services at John Wayne Airport (JWA), OCFA personnel also remove aircraft that become disabled on the runway utilizing specialized crane and tug/tow equipment. Commercial flight operations are interrupted until the runway is cleared resulting in lost revenue for many entities.

A workgroup comprised of labor and management began meeting in early 2016 to discuss operational and staffing issues that have been occurring in the ARFF program affecting services mandated by contract with JWA.

The current workgroup identified the following key issues/concerns:

- Lack of consistent specialized training availability
- Lack of proficiency retention in the program due to turn-over
- Significant reoccurring training costs for personnel new to the program
- Need for formalized skill sets as outlined in the Federal Aviation Administration (FAA) requirements for ARFF training (§139.319 - Aircraft Rescue and Firefighting: Operational Requirements), NFPA 403: Standard for Aircraft Rescue Fire-fighting Services at Airports, and the National Commission for the Certification of Crane Operators (NCCCO)
- Discrepancies between the current OCFA/3631 Memorandum of Understanding and OCFA/JWA Agreement No. S1000000270 regarding the availability of certified crane operators and riggers

The group discussed options for addressing these issues, and worked toward a consensus on recommendations intended to resolve the issues.

Recommendations included:

- Establish 2.5% specialty compensation for Mobile Crane Operator - certification equivalent to the National Commission for the NCCCO standard and all OSHA requirements. This brings the ARFF specialty compensation into alignment with the Hazardous Materials Response Team and Technical Rescue Truck programs
- Support a staffing model of ARFF crane operators/riggers to assure resource availability
- Meet all FAA mandates for ARFF training and safety
- Train to a technical level equivalent to that recognized by the International Fire Service Accreditation Congress for Airport Firefighter
- Assure apparatus operators meet standards equivalent to Strategies and Tactics ARFF Vehicle Operator Certification (EVOC-24)
- Define minimum standards of recurrent training and time commitment in the position commensurate to the cost and effort of training provided
- All ARFF personnel to participate in identified skill sets
- Establish an interview process for the Fire Captain position prior to voluntary transfer
- Establish a group of fully qualified part-time ARFF members to support staffing needs

The workgroup identified these areas for improvement in the ARFF program. Following these recommendations, the OCFA will be better prepared to provide the highest level of emergency, fire, rescue, and emergency medical services, with daily staffing and longevity in the program. These recommendations are anticipated to take effect May 25, 2017.

Attachment(s)

None.