



ORANGE COUNTY FIRE AUTHORITY

AGENDA

Pursuant to the Brown Act, this meeting also constitutes a meeting of the Board of Directors.

EXECUTIVE COMMITTEE REGULAR MEETING

Thursday, July 26, 2018

5:30 P.M.

Regional Fire Operations and Training Center

Board Room

1 Fire Authority Road

Irvine, CA 92602

This Agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action or discussion shall be taken on any item not appearing on the following Agenda. Unless legally privileged, all supporting documents, including staff reports, and any writings or documents provided to a majority of the Executive 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 Fire Authority Executive 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 prior to being heard before the Committee. Speaker Forms are available at the counters of both entryways of the Board Room.



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the Clerk of the Authority at (714) 573-6040.

CALL TO ORDER

INVOCATION by Chaplain Devin Chase

PLEDGE OF ALLEGIANCE by Director Shawver

ROLL CALL

1. PRESENTATIONS

No items.

REPORTS

REPORT FROM THE HUMAN RESOURCES COMMITTEE CHAIR

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR

REPORT FROM THE FIRE CHIEF

- Quarterly Capital Improvement Projects Update (Anderson)

PUBLIC COMMENTS

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

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

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

2. MINUTES

A. Minutes from the June 28, 2018, Regular Executive Committee Meeting

Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

3. CONSENT CALENDAR

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

A. Monthly Investment Reports

Submitted by: Tricia Jakubiak, Treasurer

Budget and Finance Committee Recommendation: *APPROVE*

Recommended Action:

Receive and file the reports.

B. Contract Increase for Independent Internal Affairs Investigative Services

Submitted by: Brigitte Gibb, Director/Human Resources

Recommended Actions:

1. Approve an increase to the Professional Services Agreement with Van Dermynen Maddux Law Corporation for independent internal affairs investigative services in the amount of \$45,000, not to exceed \$145,000, for the current contract ending July 31, 2018.
2. Approve an increase to the Professional Services Agreement with Van Dermynen Maddux Law Corporation for independent internal affairs investigative services in the final, one-year optional renewal extension for an amount not to exceed \$145,000 annually.

END OF CONSENT CALENDAR

4. DISCUSSION CALENDAR

A. Contract Extension for Firefighter Wellness and Fitness (WEFIT) Services

Presented by: Brigitte Gibb, Director/Human Resources

Human Resources Committee Recommendation: *APPROVE*

Recommended Actions:

1. Approve and authorize the Purchasing Manager to extend the Professional Services Agreement with Hoag Executive Health for WEFIT services for two years and six months (a three-year term in total) in an amount not to exceed \$1,678,437 (\$559,479 annually).
2. Approve and authorize the Purchasing Manager to execute the two optional one-year renewals for the contract, provided the pricing remains the same.

B. July 2018 Legislative Report

Presented by: Jay Barkman, Legislative Analyst /Operations Department

Recommended Actions:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of July 26, 2018, with Executive Committee's recommendations that the Board of Directors:

1. Adopt a neutral position on AB 1912 (Rodriguez).
2. Direct staff to continue to monitor AB 1912 and report to the Executive Committee any amendments that significantly impact the OCFA or its member agencies.

CLOSED SESSION

No items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Executive Committee is scheduled for Thursday, August 23, 2018, at 5:30 p.m.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby, front gate public display case, and website of the Orange County Fire Authority, Regional Fire Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 19th day of July 2018.

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

UPCOMING MEETINGS:

Human Resources Committee Meeting	Tuesday, August 7, 2018, 12 noon
Budget and Finance Committee Meeting	Wednesday, August 8, 2018, 12 noon
Claims Settlement Committee Meeting	Thursday, August 23, 2018, 5:00 p.m.
Executive Committee Meeting	Thursday, August 23, 2018, 5:30 p.m.
Board of Directors Meeting	Thursday, August 23, 2018, 6:00 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Executive Committee Regular Meeting
Thursday, June 28, 2018
5:30 P.M.**

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

CALL TO ORDER

Chair Sachs called the regular meeting of the Orange County Fire Authority Executive Committee to order at 5:30 p.m. on June 28, 2018.

INVOCATION

Chaplain Harry Robinson offered the invocation.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Shelley Hasselbrink, Los Alamitos
Noel Hatch, Laguna Woods
Vince Rossini, Villa Park (Alternate)
Ed Sachs, Mission Viejo
Dave Shawver, Stanton
Todd Spitzer, County of Orange
Elizabeth Swift, Buena Park
Tri Ta, Westminster

Absent: Gene Hernandez, Yorba Linda
Joe Muller, Dana Point

Also present were:

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

1. PRESENTATIONS

No items.

REPORTS

REPORT FROM THE HUMAN RESOURCES COMMITTEE CHAIR (F: 12.02A6)

Human Resources Committee Member Noel Hatch reported at the June 7, 2018, special meeting, the Committee met in Closed Session to consider the matter identified on the agenda as Conference with Labor Negotiator. There was no reportable action.

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR (F: 12.02A6)

Chair Sachs reported as the June Budget and Finance Committee meeting was cancelled there is no report this month.

REPORT FROM THE FIRE CHIEF (F: 12.02A7)

Fire Chief Fennessy stated he will reserve his report to the Board of Directors meeting.

PUBLIC COMMENTS (F: 12.02A3)

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 from the May 24, 2018, Regular Executive Committee Meeting (F: 12.02A2)

On motion of Director Swift and second by Director Shawver, the Executive Committee voted unanimously by those present to approve the May 24, 2018, Minutes as submitted. Directors Rossini and Spitzer were recorded as abstentions due to their absence from the meeting.

3. CONSENT CALENDAR (Agenda Item No. 3C was pulled for separate consideration)

A. Monthly Investment Reports (F: 11.10D2)

On motion of Director Spitzer and second by Director Ta, the Executive Committee voted unanimously by those present to receive and file the reports.

B. Santa Ana Fire Museum Amendment One to License Agreement (F: 19.07C75a)

On motion of Director Spitzer and second by Director Ta, the Executive Committee voted unanimously by those present to approve and authorize the Fire Chief to execute Amendment One to License Agreement with the Santa Ana Historical Preservation Society to extend its License Agreement to continue maintenance and operation of the Santa Ana Fire Museum at OCFA Fire Station 75 (Santa Ana), for an additional ten years.

C. Contract Increase for Professional Labor Negotiation Services (F: 17.10J1)

Director Spitzer pulled this item from the Consent Calendar to inquire about the threshold of the contract and the inclusion of mileage.

On motion of Director Shawver and second by Director Ta, the Executive Committee voted by those present to approve an increase to the Professional Services Agreement with Peter Brown, Liebert Cassidy Whitmore, in the amount of \$25,000 per year for the three-year term, for professional labor negotiation services. Director Spitzer voted in opposition.

D. Blanket Order Contract Increase and Extension for Security Guard Services (F: 19.07B2)

On motion of Director Spitzer and second by Director Ta, the Executive Committee voted unanimously by those present to approve and authorize the Purchasing Manager to increase and extend the current professional services agreement for the remaining two-year options with Allied Universal Security Services for security guard services at RFOTC in an aggregate amount not to exceed \$345,800 (Year four \$166,488 and Year five \$179,312).

E. Annual Renewal of Aviation Insurance (F: 18.10A1)

On motion of Director Spitzer and second by Director Ta, the Executive Committee voted unanimously by those present to approve and authorize the Fire Chief, or his designee, to bind the Aviation Insurance Program coverage with AIG for the policy period from June 30, 2018, to June 30, 2019, with a premium amount of \$125,778.

F. Annual Renewal of California State Association of Counties Excess Insurance Authority Workers' Compensation Excess Insurance (F: 18.10A2b1)

On motion of Director Spitzer and second by Director Ta, the Executive Committee voted unanimously by those present to approve and authorize the Fire Chief, or his designee, to bind workers' compensation excess insurance coverage with the California State Association of Counties Excess Insurance Authority for the policy period July 1, 2018, to July 1, 2019, with a premium of \$468,000.

G. Award of RFP #JA2271 Purchase of One Heavy Duty Service Truck (F: 19.09A)

On motion of Director Spitzer and second by Director Ta, the Executive Committee voted unanimously by those present to approve and authorize the Purchasing Manager to issue a purchase order to Boise Mobile Equipment for the purchase of one heavy duty service truck in an amount of \$208,060.41.

H. Blanket Order Increase and Renewal for 800MHz Radio Communications System (F: 18.04A)

On motion of Director Spitzer and second by Director Ta, the Executive Committee voted unanimously by those present to:

1. Approve and authorize the Purchasing Manager to increase and extend the current blanket order contract with OCSD for a three-year period at a new amount not to exceed \$473,205 annually (\$1,419,615 during the three-year period).
2. Approve and authorize the Purchasing Manager to increase the contract up to 10% during each term for increased costs associated with adding additional radios to the 800MHz radio communications system.

I. Award of Contract Microsoft Enterprise License Agreement (F: 19.08A2a)

On motion of Director Spitzer and second by Director Ta, the Executive Committee voted unanimously by those present to:

1. Approve and authorize the Purchasing Manager to increase the existing Microsoft Enterprise License Agreement Purchase Order for PCMG for a “True-up” of Year 3 for additional Microsoft software licenses in the amount of \$11,479.52 (contract term ending 7/31/2018).
2. Approve and authorize the Purchasing Manager to establish a three-year blanket order contract to purchase a Microsoft Enterprise License Agreement from Crayon for an aggregate not to exceed total of \$1,250,868.27 (Year 1: \$402,892.07; Year 2: \$423,988.10; Year 3: \$423,988.10).
3. Approve and authorize the Purchasing Manager to increase the contract up to 10% during each term for annual licensing “True-ups” based on additional licensing revisions that may occur during each renewal term.

J. Fire Agencies Insurance Risk Authority General Liability Insurance Program (F: 18.10A4)

On motion of Director Spitzer and second by Director Ta, the Executive Committee voted unanimously by those present to approve and authorize the Fire Chief, or his designee, to renew the General Liability Insurance Program coverage with the Fire Agencies Insurance Risk Authority for the policy period July 1, 2018, to July 1, 2019, with a premium amount of \$929,839.

END OF CONSENT CALENDAR

4. DISCUSSION CALENDAR

No items.

CLOSED SESSION

No items.

COMMITTEE MEMBER COMMENTS (F: 12.02A4)

Director Shawver questioned if the Committee should wait until 6:00 p.m. to adjourn the meeting to consider Agenda Item No. 3J, as the Supplemental Agenda indicated the meeting's convene time is at 6:00 p.m., which would allow for the item's reconsideration, if needed due to potential public comment.

RECESSED – Chair Sachs recessed the meeting at 5:44 p.m.

RECONVENE – Chair Sachs reconvened the regular meeting of the Orange County Fire Authority Executive Committee at 6:00 p.m. on June 28, 2018, to allow for Public Comment of Agenda Item No. 3J. Chair Sachs closed the public comment portion without any comments from the general public.

ADJOURNMENT – Chair Sachs adjourned the meeting at 6:01 p.m. The next regular meeting of the Executive Committee is scheduled for Thursday, July 26, 2018, at 5:30 p.m.

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



Orange County Fire Authority
AGENDA STAFF REPORT

Executive Committee Meeting
July 26, 2018

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

Budget and Finance Committee Recommendation: *APPROVE*

At its regular July 11, 2018, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

RECOMMENDED ACTION(S)

Receive and file the reports.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Attached is the final monthly investment report for the month ended May 31, 2018. A preliminary investment report as of June 22, 2018, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – May 2018/Preliminary Report – June 2018

Orange County Fire Authority Monthly Investment Report



Final Report – May 2018

Preliminary Report – June 2018



Monthly Investment Report Table of Contents

<i>Final Investment Report – May 31, 2018</i>	<i>1</i>
<i>Executive Summary.....</i>	<i>2</i>
<i>Benchmark Comparison.....</i>	<i>3</i>
<i>Portfolio Size, Yield, & Duration.....</i>	<i>3</i>
<i>Portfolio Summary.....</i>	<i>4</i>
<i>Portfolio Details.....</i>	<i>5</i>
<i>Aging Report</i>	<i>8</i>
<i>Notes to Portfolio Management Report</i>	<i>9</i>
<i>Local Agency Investment Fund.....</i>	<i>10</i>
 <i>Preliminary Investment Report – June 22, 2018.....</i>	 <i>12</i>
<i>Portfolio Summary.....</i>	<i>13</i>
<i>Portfolio Details.....</i>	<i>14</i>
<i>Aging Report</i>	<i>17</i>
<i>Notes to Portfolio Management Report</i>	<i>18</i>
 <i>Glossary.....</i>	 <i>19</i>



Orange County Fire Authority

Final Investment Report

May 31, 2018



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of May 2018, the size of the portfolio decreased by \$6.4 million to \$201.5 million. Significant receipts for the month included various apportionments of property taxes, intergovernmental agency contract and grant payments, a cash contract payment and charges for current services totaling \$18.6 million. Significant disbursements for the month included primarily two biweekly payrolls which were approximately \$11.3 million each with related benefits. Total May cash outflows amounted to approximately \$25.9 million. The portfolio's balance is expected to decrease further in June as there are no major receipts scheduled for the month.

In May, the portfolio's yield to maturity (365-day equivalent) increased by 5 basis points to 1.70%. The effective rate of return rose by 9 basis points to 1.68% for the month and by 5 basis points to 1.29% for the fiscal year to date. The average maturity of the portfolio shortened by 12 days to 84 days to maturity.

Economic News

The U.S. economy continued to grow in May 2018, albeit some mixed economic activities. Employment conditions strengthened further. There were a total of 223,000 new jobs created in May, a much stronger number than expected, and the unemployment number continued to drop, declining to an 18-year low rate of 3.8%. Consumer confidence remained high, and retail sales came in much stronger than expected. Both manufacturing and non-manufacturing activity reversed and increased in May. The CPI (Consumer Price Index) rose by 0.2% as expected. On the other hand, durable goods orders continued to decline in May, and industrial production also dropped slightly. New home sales picked up more than expected while existing home sales continued to pull back in May. On June 13, 2018, the Federal Market Committee met at its scheduled meeting and voted to raise the federal funds rate to a new target range of 1.75% - 2.00%. In its released statement, the Committee also upgraded its outlook on the economy.

**BENCHMARK COMPARISON AS OF MAY 31, 2018**

3 Month T-Bill: 1.90%

1 Year T-Bill: 2.27%

6 Month T-Bill: 2.07%

LAIF: 1.76%

OCFA Portfolio: 1.68%

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>	\$201,451,392	\$207,870,213	\$194,157,495
<i>Yield to Maturity (365 day)</i>	1.70%	1.65%	0.97%
<i>Effective Rate of Return</i>	1.68%	1.59%	1.00%
<i>Days to Maturity</i>	84	96	130



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
May 31, 2018

Orange County Fire Authority
1 Fire Authority Road
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	11,844,952.15	11,844,952.15	11,844,952.15	5.88	1	1	1.243	1.260
Federal Agency Coupon Securities	26,000,000.00	25,752,990.00	26,000,000.00	12.90	962	344	1.283	1.301
Federal Agency Disc. -Amortizing	23,000,000.00	22,951,410.00	22,952,960.00	11.39	120	40	1.704	1.728
Treasury Coupon Securities	26,000,000.00	25,916,140.00	25,923,326.89	12.86	171	115	1.863	1.889
Treasury Discounts -Amortizing	50,000,000.00	49,788,190.00	49,792,597.40	24.71	127	80	1.821	1.847
Local Agency Investment Funds	65,000,000.00	64,839,970.07	65,000,000.00	32.26	1	1	1.731	1.755
Investments	201,844,952.15	201,093,652.22	201,513,836.44	100.00%	192	84	1.681	1.704
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	123,037.33	123,037.33	123,037.33		1	1	0.000	0.000
Accrued Interest at Purchase		20,521.98	20,521.98					
Subtotal		143,559.31	143,559.31					
Total Cash and Investments	201,967,989.48	201,237,211.53	201,657,395.75		192	84	1.681	1.704

Total Earnings	May 31 Month Ending	Fiscal Year To Date
Current Year	283,082.42	1,869,267.00
Average Daily Balance	197,955,963.13	158,218,710.23
Effective Rate of Return	1.68%	1.29%

"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, 2018. 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)

\$ 201,657,395.75

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

\$ (206,003.82)

Total

\$ 201,451,391.93

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
May 31, 2018

Page 1

(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			11,844,952.15	11,844,952.15	11,844,952.15	1.260	1.260	1	
Subtotal and Average			10,791,394.80		11,844,952.15	11,844,952.15	11,844,952.15		1.260	1	
Federal Agency Coupon Securities											
3133EFJP3	869	Federal Farm Credit Bank (Callable Anytime)		10/15/2015	10,000,000.00	9,963,800.00	10,000,000.00	1.100	1.054	136	10/15/2018
3133EGPD1	921	Federal Farm Credit Bank (Callable Anytime)		04/20/2017	7,000,000.00	6,884,500.00	7,000,000.00	1.180	1.375	426	08/01/2019
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,904,690.00	9,000,000.00	1.625	1.518	511	10/25/2019
Subtotal and Average			26,000,000.00		26,000,000.00	25,752,990.00	26,000,000.00		1.301	344	
Federal Agency Disc. -Amortizing											
313385XN1	934	Fed Home Loan Bank		01/11/2018	9,000,000.00	9,000,000.00	9,000,000.00	1.430	1.478	0	06/01/2018
313385ZW9	939	Fed Home Loan Bank		04/19/2018	9,000,000.00	8,973,810.00	8,974,660.00	1.810	1.870	56	07/27/2018
313385D29	945	Fed Home Loan Bank		04/26/2018	5,000,000.00	4,977,600.00	4,978,300.00	1.860	1.924	84	08/24/2018
Subtotal and Average			27,870,861.45		23,000,000.00	22,951,410.00	22,952,960.00		1.728	40	
Treasury Coupon Securities											
912828XF2	935	Treasury Note		03/08/2018	8,000,000.00	7,998,400.00	7,998,303.03	1.125	1.675	14	06/15/2018
912828T83	943	Treasury Note		04/19/2018	9,000,000.00	8,951,490.00	8,955,420.32	0.750	1.960	152	10/31/2018
912828M64	944	Treasury Note		04/19/2018	9,000,000.00	8,966,250.00	8,969,603.54	1.250	2.010	167	11/15/2018
Subtotal and Average			25,914,379.18		26,000,000.00	25,916,140.00	25,923,326.89		1.889	115	
Treasury Discounts -Amortizing											
912796PM5	936	US Treasury Bill		03/08/2018	8,000,000.00	7,989,600.00	7,989,986.00	1.669	1.701	27	06/28/2018
912796PL7	937	US Treasury Bill		03/15/2018	3,000,000.00	2,998,290.00	2,998,163.75	1.695	1.726	13	06/14/2018
912796PM5	938	US Treasury Bill		03/15/2018	3,000,000.00	2,996,100.00	2,996,208.75	1.685	1.717	27	06/28/2018
912796PU7	940	US Treasury Bill		04/19/2018	9,000,000.00	8,967,960.00	8,968,950.00	1.800	1.835	69	08/09/2018
912796PZ6	941	US Treasury Bill		04/19/2018	9,000,000.00	8,947,170.00	8,948,385.00	1.860	1.901	111	09/20/2018
912796QD4	942	US Treasury Bill		04/19/2018	9,000,000.00	8,931,690.00	8,933,106.25	1.925	1.971	139	10/18/2018
912796PV5	946	US Treasury Bill		05/24/2018	4,000,000.00	3,982,880.00	3,983,031.12	1.874	1.874	83	08/23/2018
912796PY9	947	US Treasury Bill		05/31/2018	5,000,000.00	4,974,500.00	4,974,766.53	1.873	1.909	97	09/06/2018
Subtotal and Average			42,379,327.70		50,000,000.00	49,788,190.00	49,792,597.40		1.847	80	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			65,000,000.00	64,839,970.07	65,000,000.00	1.755	1.755	1	
Subtotal and Average			65,000,000.00		65,000,000.00	64,839,970.07	65,000,000.00		1.755	1	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
May 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
		Total and Average	197,955,963.13		201,844,952.15	201,093,652.22	201,513,836.44		1.704	84

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
May 31, 2018

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		07/01/2017	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2017	103,037.33	103,037.33	103,037.33		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		20,521.98	20,521.98			1
				Subtotal		143,559.31	143,559.31			
Total Cash and Investments			197,955,963.13		201,967,989.48	201,237,211.53	201,657,395.75		1.704	84



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of June 1, 2018

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

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(06/01/2018 - 06/01/2018)	5 Maturities	0 Payments	85,967,989.48	42.64%	85,967,989.48	85,807,959.55
Aging Interval:	1 - 30 days	(06/02/2018 - 07/01/2018)	4 Maturities	0 Payments	22,000,000.00	10.90%	21,982,661.53	21,982,390.00
Aging Interval:	31 - 60 days	(07/02/2018 - 07/31/2018)	1 Maturities	0 Payments	9,000,000.00	4.45%	8,974,660.00	8,973,810.00
Aging Interval:	61 - 91 days	(08/01/2018 - 08/31/2018)	3 Maturities	0 Payments	18,000,000.00	8.89%	17,930,281.12	17,928,440.00
Aging Interval:	92 - 121 days	(09/01/2018 - 09/30/2018)	2 Maturities	0 Payments	14,000,000.00	6.91%	13,923,151.53	13,921,670.00
Aging Interval:	122 - 152 days	(10/01/2018 - 10/31/2018)	3 Maturities	0 Payments	28,000,000.00	13.83%	27,888,526.57	27,846,980.00
Aging Interval:	153 - 183 days	(11/01/2018 - 12/01/2018)	1 Maturities	0 Payments	9,000,000.00	4.45%	8,969,603.54	8,966,250.00
Aging Interval:	184 - 274 days	(12/02/2018 - 03/02/2019)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	(03/03/2019 - 06/01/2019)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	(06/02/2019 - 05/31/2021)	2 Maturities	0 Payments	16,000,000.00	7.94%	16,000,000.00	15,789,190.00
Aging Interval:	1096 days and after	(06/01/2021 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			21 Investments	0 Payments		100.00	201,636,873.77	201,216,689.55



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, 2017 includes a decrease of (\$68,353) to the LAIF investment and a decrease of (\$137,651) 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 May 31, 2018, OCFA has \$65,000,000 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of March 31, 2018 is 0.997538001. When applied to OCFA's LAIF investment, the fair value is \$64,839,970 or (\$160,030) below cost. Although the fair value of the LAIF investment is lower than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at May 31, 2018 is included on the following page.



State of California

Pooled Money Investment Account

Market Valuation

5/31/2018

Description	Carrying Cost Plus Accrued Interest Purch.	Fair Value	Accrued Interest
United States Treasury:			
Bills	\$ 15,175,919,718.58	\$ 15,250,662,000.00	NA
Notes	\$ 24,420,473,576.58	\$ 24,309,422,500.00	\$ 63,913,433.00
Federal Agency:			
SBA	\$ 838,712,594.07	\$ 828,886,511.46	\$ 1,229,194.42
MBS-REMICs	\$ 29,791,987.57	\$ 30,411,518.07	\$ 139,184.33
Debentures	\$ 1,678,597,705.60	\$ 1,669,168,850.00	\$ 4,350,297.25
Debentures FR	\$ -	\$ -	\$ -
Debentures CL	\$ 350,000,000.00	\$ 345,654,500.00	\$ 1,742,611.50
Discount Notes	\$ 12,568,406,777.39	\$ 12,612,136,250.00	NA
Supranational Debentures	\$ 539,001,891.07	\$ 536,521,900.00	\$ 1,266,613.00
Supranational Debentures FR	\$ 100,541,692.17	\$ 100,749,034.22	\$ 328,935.57
CDs and YCDs FR	\$ 425,000,000.00	\$ 425,000,000.00	\$ 1,833,640.97
Bank Notes	\$ 1,000,000,000.00	\$ 999,446,531.85	\$ 5,579,222.23
CDs and YCDs	\$ 13,475,000,000.00	\$ 13,468,508,756.04	\$ 61,926,819.40
Commercial Paper	\$ 6,703,898,041.60	\$ 6,728,276,138.88	NA
Corporate:			
Bonds FR	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -
Time Deposits	\$ 4,810,240,000.00	\$ 4,810,240,000.00	NA
AB 55 & GF Loans	\$ 672,124,000.00	\$ 672,124,000.00	NA
TOTAL	\$ 82,787,707,984.63	\$ 82,787,208,490.52	\$ 142,309,951.67

Fair Value Including Accrued Interest \$ 82,929,518,442.19

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



Orange County Fire Authority

Preliminary Investment Report

June 22, 2018



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
June 22, 2018

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	7,920,498.68	7,920,498.68	7,920,498.68	4.34	1	1	1.243	1.260
Federal Agency Coupon Securities	26,000,000.00	25,742,970.00	26,000,000.00	14.24	962	322	1.283	1.301
Federal Agency Disc. -Amortizing	19,000,000.00	18,940,340.00	18,940,865.00	10.37	108	60	1.888	1.915
Treasury Coupon Securities	18,000,000.00	17,928,630.00	17,935,480.51	9.82	203	138	1.958	1.985
Treasury Discounts -Amortizing	47,000,000.00	46,849,240.00	46,846,620.70	25.65	130	63	1.829	1.854
Local Agency Investment Funds	65,000,000.00	64,839,970.07	65,000,000.00	35.59	1	1	1.731	1.755
Investments	182,920,498.68	182,221,648.75	182,643,464.89	100.00%	202	82	1.710	1.734

Cash								
Passbook/Checking (not included in yield calculations)	97,936.87	97,936.87	97,936.87		1	1	0.000	0.000
Total Cash and Investments	183,018,435.55	182,319,585.62	182,741,401.76		202	82	1.710	1.734

Total Earnings	June 22 Month Ending	Fiscal Year To Date
Current Year	195,622.47	2,064,889.47
Average Daily Balance	190,020,422.66	160,178,479.62
Effective Rate of Return	1.71%	1.32%

"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, 2018. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."


Patricia Jakubiak, Treasurer

6/29/18

Cash and Investments with GASB 31 Adjustment:

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

\$ 182,741,401.76

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

\$ (206,003.82)

Total

\$ 182,535,397.94

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
June 22, 2018

(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			7,920,498.68	7,920,498.68	7,920,498.68	1.260	1.260	1	
Subtotal and Average			11,410,778.09		7,920,498.68	7,920,498.68	7,920,498.68		1.260	1	
Federal Agency Coupon Securities											
3133EFJP3	869	Federal Farm Credit Bank (Callable Anytime)		10/15/2015	10,000,000.00	9,970,600.00	10,000,000.00	1.100	1.054	114	10/15/2018
3133EGPD1	921	Federal Farm Credit Bank (Callable Anytime)		04/20/2017	7,000,000.00	6,880,370.00	7,000,000.00	1.180	1.375	404	08/01/2019
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,892,000.00	9,000,000.00	1.625	1.518	489	10/25/2019
Subtotal and Average			26,000,000.00		26,000,000.00	25,742,970.00	26,000,000.00		1.301	322	
Federal Agency Disc. -Amortizing											
313385ZW9	939	Fed Home Loan Bank		04/19/2018	9,000,000.00	8,984,790.00	8,984,615.00	1.810	1.870	34	07/27/2018
313385D29	945	Fed Home Loan Bank		04/26/2018	5,000,000.00	4,984,000.00	4,983,983.33	1.860	1.924	62	08/24/2018
313385J49	948	Fed Home Loan Bank		06/14/2018	5,000,000.00	4,971,550.00	4,972,266.67	1.920	1.986	104	10/05/2018
Subtotal and Average			15,994,807.31		19,000,000.00	18,940,340.00	18,940,865.00		1.915	60	
Treasury Coupon Securities											
912828T83	943	Treasury Note		04/19/2018	9,000,000.00	8,958,150.00	8,961,872.64	0.750	1.960	130	10/31/2018
912828M64	944	Treasury Note		04/19/2018	9,000,000.00	8,970,480.00	8,973,607.87	1.250	2.010	145	11/15/2018
Subtotal and Average			23,020,897.55		18,000,000.00	17,928,630.00	17,935,480.51		1.985	138	
Treasury Discounts -Amortizing											
912796PM5	936	US Treasury Bill		03/08/2018	8,000,000.00	7,998,800.00	7,998,145.56	1.669	1.701	5	06/28/2018
912796PM5	938	US Treasury Bill		03/15/2018	3,000,000.00	2,999,550.00	2,999,297.92	1.685	1.717	5	06/28/2018
912796PU7	940	US Treasury Bill		04/19/2018	9,000,000.00	8,979,210.00	8,978,850.00	1.800	1.835	47	08/09/2018
912796PZ6	941	US Treasury Bill		04/19/2018	9,000,000.00	8,958,960.00	8,958,615.00	1.860	1.901	89	09/20/2018
912796QD4	942	US Treasury Bill		04/19/2018	9,000,000.00	8,943,930.00	8,943,693.75	1.925	1.971	117	10/18/2018
912796PV5	946	US Treasury Bill		05/24/2018	4,000,000.00	3,987,840.00	3,987,528.89		1.874	61	08/23/2018
912796PY9	947	US Treasury Bill		05/31/2018	5,000,000.00	4,980,950.00	4,980,489.58	1.873	1.909	75	09/06/2018
Subtotal and Average			48,593,939.72		147,000,000.00	46,849,240.00	46,846,620.70		1.854	63	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			65,000,000.00	64,839,970.07	65,000,000.00	1.755	1.755	1	
Subtotal and Average			65,000,000.00		65,000,000.00	64,839,970.07	65,000,000.00		1.755	1	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
June 22, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Total and Average			190,020,422.66		182,920,498.68	182,221,648.75	182,643,464.89		1.734	82

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
June 22, 2018

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		07/01/2017	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2017	77,936.87	77,936.87	77,936.87		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			190,020,422.66		183,018,435.55	182,319,585.62	182,741,401.76		1.734	82



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of June 23, 2018

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

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(06/23/2018 - 06/23/2018)	4 Maturities	0 Payments		73,018,435.55	39.96%	73,018,435.55	72,858,405.62
Aging Interval: 1 - 30 days	(06/24/2018 - 07/23/2018)	2 Maturities	0 Payments		11,000,000.00	6.02%	10,997,443.48	10,998,350.00
Aging Interval: 31 - 60 days	(07/24/2018 - 08/22/2018)	2 Maturities	0 Payments		18,000,000.00	9.83%	17,963,465.00	17,964,000.00
Aging Interval: 61 - 91 days	(08/23/2018 - 09/22/2018)	4 Maturities	0 Payments		23,000,000.00	12.54%	22,910,616.80	22,911,750.00
Aging Interval: 92 - 121 days	(09/23/2018 - 10/22/2018)	3 Maturities	0 Payments		24,000,000.00	13.09%	23,915,960.42	23,886,080.00
Aging Interval: 122 - 152 days	(10/23/2018 - 11/22/2018)	2 Maturities	0 Payments		18,000,000.00	9.81%	17,935,480.51	17,928,630.00
Aging Interval: 153 - 183 days	(11/23/2018 - 12/23/2018)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(12/24/2018 - 03/24/2019)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	(03/25/2019 - 06/23/2019)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(06/24/2019 - 06/22/2021)	2 Maturities	0 Payments		16,000,000.00	8.76%	16,000,000.00	15,772,370.00
Aging Interval: 1096 days and after	(06/23/2021 -)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Total for				19 Investments	0 Payments	100.00%	182,741,401.76	182,319,585.62



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, 2017 includes a decrease of (\$68,353) to the LAIF investment and a decrease of (\$137,651) to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.

GLOSSARY

INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yield. Rate of return on a bond.

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

ECONOMIC TERMS

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

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

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

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

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

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

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

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

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

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

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



Orange County Fire Authority
AGENDA STAFF REPORT

Executive Committee Meeting
July 26, 2018

Agenda Item No. 3B
Consent Calendar

Contract Increase for
Independent Internal Affairs Investigative Services

Contact(s) for Further Information

Brigette Gibb, Director
Human Resources

brigettegibb@ocfa.org

714.573.6353

Summary

This item is submitted for approval to increase the contract for Independent Internal Affairs Investigative Services with Van Dermynen Maddux Law Corporation.

Prior Board/Committee Action

At its July 28, 2016, meeting, the Executive Committee approved a contract with Van Dermynen Maddux Law Corporation for a one-year term with up to two additional one-year extensions not to exceed \$100,000 per year between this contract and one with another vendor providing internal affairs investigative services.

RECOMMENDED ACTION(S)

1. Approve an increase to the Professional Services Agreement with Van Dermynen Maddux Law Corporation for independent internal affairs investigative services in the amount of \$45,000, not to exceed \$145,000, for the current contract ending July 31, 2018.
2. Approve an increase to the Professional Services Agreement with Van Dermynen Maddux Law Corporation for independent internal affairs investigative services in the final, one-year optional renewal extension for an amount not to exceed \$145,000 annually.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Funds are budgeted annually at \$100,000 per year for ongoing independent internal affairs (administrative) investigative services. Additional funding is budgeted for legal services and professional consulting services, and staff will seek to absorb the increased investigation costs from these other consulting categories.

Background

Since the Board awarded the contract for internal affairs investigative services in 2016, the number of external investigations has more than doubled. The unusually high volume of complex investigations conducted during FY 2017/18 included a lengthy administrative investigation of the personnel actions involving the Canyon Fires. These types of claims are sensitive, complex, and necessitate the expertise and impartiality of an external investigator. The increased level of activity is necessitating an adjustment to the contract and, therefore, staff is seeking approval to adjust the contract by \$45,000 through July 31, 2018.

In addition, staff anticipate that the volume of administrative investigations will remain steady through FY 2018/19. As such, staff request approval to increase the final one-year extension \$45,000, not to exceed \$145,000 through July 31, 2019.

Attachment(s)

Professional Services Agreement Amendment 3

**ORANGE COUNTY FIRE AUTHORITY
AMENDMENT NUMBER THREE
TO PROFESSIONAL SERVICES AGREEMENT**

THIS AMENDMENT NUMBER THREE TO PROFESSIONAL SERVICES AGREEMENT ("Amendment Three"), is made and entered into this 26th day of July, 2018, by and between the Orange County Fire Authority, a public agency, hereinafter referred to as "OCFA", and Van Dermeyden Maddux, Law Corporation, hereinafter referred to as "Firm". OCFA and Firm are sometimes collectively referred to herein as the "Parties".

RECITALS

WHEREAS, OCFA and Firm entered into that certain Professional Services Agreement ("Agreement") dated May 26, 2016 for as-needed independent internal affairs investigative services for the OCFA, commencing August 1, 2016 through and including July 31, 2017, which is incorporated herein by this reference; and;

WHEREAS, OCFA and Firm entered into that certain First Amendment to the Agreement on September 11, 2017, renewing the Agreement for the first optional one (1) year renewal term through July 31, 2018; and;

WHEREAS, OCFA and Firm entered into that certain Second Amendment to the Agreement on July 16, 2018, increasing the total contract value of \$80,000 by \$20,000 for a new not to exceed amount of \$100,000; and;

WHEREAS, both Parties desire to amend the Agreement to increase the total contract value of \$100,000 by \$45,000 for a new not to exceed amount of \$145,000; and

WHEREAS, both Parties desire to renew the Agreement for the second and final optional one (1) year renewal term through July 31, 2019; and;

WHEREAS, Firm has confirmed the pricing will remain the same for the renewal term extension through July 31, 2019.

NOW, THEREFORE, OCFA and the Firm mutually agree to amend the Agreement as follows:

AGREEMENT

1. **Compensation: 3.1 Compensation of Firm:** amend the not-to-exceed amount from \$100,000 to \$145,000 annually per Executive Committee approval dated July 26, 2018.
2. **Performance Schedule: Section 4.4 Term:** renew the Agreement for the

second and final optional one (1) year renewal term through July 31, 2019.

3. Except as modified above, all terms and conditions of the Agreement shall remain unchanged and in full force and effect.
4. The persons executing this Amendment Three on behalf of the Parties hereto warrant that they are duly authorized to execute this amendment on behalf of said Parties and that by so executing this Amendment Three the parties are formally bound by the provisions of this Amendment Three.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment Three to be executed on the date(s) indicated below.

"OCFA"

ORANGE COUNTY FIRE AUTHORITY


Date: _____

By: _____

Debbie Casper,
Purchasing and Materials Manager

APPROVED AS TO FORM.

ATTEST:

By: 
David E. Kendig
General Counsel

Sherry A.F. Wentz
Clerk of the Board

Date: July 18, 2018

"FIRM"

**VAN DERMYDEN MADDUX LAW
CORPORATION**

Date: 07/18/2018

By: 
Sun Ann Van Dermyn
Senior Partner/Shareholder



Orange County Fire Authority
AGENDA STAFF REPORT

Executive Committee Meeting
July 26, 2018

Agenda Item No. 4A
Discussion Calendar

Contract Extension for Firefighter Wellness and Fitness (WEFIT) Services

Contact(s) for Further Information

Brigette Gibb, Director
Human Resources

brigettegibb@ocfa.org

714.573.6353

Jonathan Wilby, Risk Manager

jonathanwilby@ocfa.org

714.573.6832

Summary

This agenda item is submitted to extend the current contract with Hoag Executive Health for firefighter Wellness and Fitness (WEFIT) medical services.

Prior Board/Committee Action

Human Resources Committee Recommendation: *APPROVE*

At the February 22, 2018, meeting, the Executive Committee approved a 6-month contract with Hoag Executive Health for WEFIT medical services and requested staff return to the Committee with analysis regarding the effectiveness of the WEFIT Program and a request to extend the contract with Hoag Executive Health.

At its special July 10, 2018, meeting, the Human Resources Committee reviewed and unanimously recommended approval of this item.

RECOMMENDED ACTION(S)

1. Approve and authorize the Purchasing Manager to extend the Professional Services Agreement with Hoag Executive Health for WEFIT services for two years and six months (a three-year term in total) in an amount not to exceed \$1,678,437 (\$559,479 annually).
2. Approve and authorize the Purchasing Manager to execute the two optional one-year renewals for the contract, provided the pricing remains the same.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Funding for this contract has been approved in the adopted FY 2018/19 General Fund Budget, specifically in the Human Resources budget for services and supplies.

Background

The Orange County Fire Authority (OCFA) established the WEFIT program in 2003 after several firefighters suffered potentially preventable deaths in the early 2000s. The goal of the program was to proactively encourage a healthier, more fit, and safer workforce with the core strategy at the inception of the WEFIT program being biennial medical examinations, fitness testing, and immunization screening for firefighters (see Attachment 2).

In accordance with the Memorandum of Understanding (MOU) between the OCFA and the Orange County Professional Firefighters Association, Local 3631 (Local 3631), currently the OCFA provides all five of the following aspects of the WEFIT Program: 1) medical, 2) fitness, 3) medical/fitness/injury rehabilitation, 4) behavioral health, and 5) data collection/reporting (Attachment 1).

On April 25, 2017, RFP SC2194 was issued to establish a new contract for WEFIT medical services. Representatives from nine medical service providers attended the non-mandatory pre-proposal meeting and six of those firms submitted proposals on or before the May 31, 2017, deadline. The proposals of these firms were evaluated and ranked (see table below) and interviews were conducted with the top four firms. Upon completion of a comprehensive interview and reference-checking process, Hoag Executive Health was selected as the top vendor. With its highly qualified staff, robust education program, and numerous and well-renowned medical facilities, Hoag has the resources and commitment necessary to form a partnership with the OCFA that will lead to long-term improvements in firefighter health and safety.

Medical Service Provider	Overall Ranking
Hoag Executive Health	1
Movement Rx	2
San Diego Sports Medicine and Family Health Center	3
Wellness Solutions	4
UC Irvine Center for Occupational & Environmental Health	5
Applied Fitness Testing	6

At the February 22, 2018 Executive Committee meeting, the Committee approved a 6-month contract with Hoag Executive Health for WEFIT medical services and requested staff return to the Committee with analysis regarding the effectiveness of the WEFIT program and a request to extend the contract with Hoag Executive Health. The WEFIT Program overview and analysis is included in the 2017 Firefighter Wellness and Fitness Program update (Attachment 2).

Attachment(s)

1. Local 3631 MOU Appendix E – WEFIT Program
2. Firefighter Wellness Fitness (WEFIT) Program 2017 Annual Report
3. Proposed Amendment to the Professional Services Agreement with Hoag Executive Health

APPENDIX E - WEFIT Program

On September 25, 2003, the OCFA Board of Directors approved the Fire Service Joint Labor and Management Wellness-Fitness Initiative (WEFIT). This program is a partnership between the Orange County Fire Authority (OCFA) and the Orange County Professional Firefighters Association-IAFF, Local 3631 (OCPFA). In an effort to maintain an effective WEFIT program that will improve the well-being and quality of health for OCFA employees, the parties agree as follows:

1. The WEFIT Program is mandatory/non-punitive. The OCFA shall provide all five (5) of the following aspects of the WEFIT Program:

- Medical
- Fitness
- Medical /Fitness/Injury Rehabilitation
- Behavioral Health
- Data Collection and Reporting

No disciplinary action will be imposed on an employee solely based on his/her participation or non-participation in any portion of the WEFIT Program.

2. The employee retains the option of having any portion of the physical examination provided by the OCFA's medical provider, or by a physician of the employee's choice at the employee's expense. The employee's physician can provide such results directly to the OCFA's medical provider. Both parties agree to take positive steps to promote the WEFIT program and encourage employee participation in the physical examination and fitness testing process. However, the employee retains the option to not participate.
3. Employees will be scheduled for the physical examinations and fitness tests during work time, for which they will be compensated. Should circumstances arise which require the employee to be scheduled or rescheduled during off work time, employees will be compensated for the time spent participating in the physical examination and fitness testing process.
4. Medical information collected during the physical examination and fitness testing process will be confidential. OCFA's medical provider will retain medical records and the examining physician will only share the specific details of the examination results with the employee. Aggregate physical examination and fitness testing data will be provided to the OCFA and OCPFA in accordance with the WEFIT initiative.
5. The fitness for duty standards applied to employees will remain unchanged. The OCFA may require medical and fitness for duty evaluations when there is sufficient cause for said evaluations. (i.e., returning to duty after medical or injury absence.)
6. The WEFIT program includes an on-duty exercise program. Participation in the on-duty exercise program is encouraged and both parties agree to take positive steps to promote the fitness program and encourage employee participation. However, the employee retains the option to not participate. No discipline will be initiated against an employee for not participating in the program.

7. Immunization records will be kept in confidence by the OCFA Occupational Health Nurse and forwarded to the employee's medical files at UCI/Center for Occupational and Environmental Health. The OCFA Occupational Health Nurse will keep and maintain these records in accordance with all applicable local, state, and federal laws, including the Health Insurance Portability and Accountability Act of 1969 (HIPPA). Access to the immunization records stored by OCFA will be restricted to only the Occupational Health Nurse and will not be released without a written consent from the employee. The employee shall have access to and receive a copy of their records upon request. The sole purpose of keeping and maintaining these records is to ensure that all applicable vaccinations and screening records are kept current for those persons participating in this program.
8. Results from blood titers for Hepatitis B will be sent directly to the employee and the OCFA Occupational Health Nurse who is the coordinator of the WEFIT Immunization Program. The blood titers are for purposes of determining levels of antibodies so that a determination can be made on whether the vaccine(s) are necessary. The Hepatitis C screening results will be sent directly to the employee and UCI/Center for Occupational & Environmental Health and not sent to the OCFA Occupational Health Nurse/Immunization Coordinator.
9. An eight (8) member WEFIT Oversight Committee, co-chaired by the OCFA and the OCPFA, will oversee the WEFIT program. Each co-chair shall choose two (2) voting members and one (1) alternate. The additional members of the committee will be nonvoting-members, and will consist of one (1) representative from each of the following groups: Chief Officers Association (COA), and the Orange County Employees Association (OCEA).

The respective chairpersons shall have veto power over any issue that comes before the committee. Issues that are vetoed by a chairperson shall then be moved to the traditional arena of labor/management relations.

FIREFIGHTER WELLNESS FITNESS PROGRAM UPDATE 2017



Table of Contents

WEFIT Program History.....	1
Orange County Fire Authority Organizational Need.....	1
Fire Service Joint Labor Management Wellness-Fitness Initiative	1
OCFA Implementation	2
Program Structure	2
Organizational Alignment	2
WEFIT Oversight Committee.....	2
Program Management.....	3
Program Funding	3
Program Components.....	3
Medical Evaluation and Fitness Assessment	3
Fitness and Nutrition	4
On-Duty Fitness and Conditioning	5
Injury Follow-Up.....	5
WEFIT Coordinator/ Peer Fitness Trainers.....	6
New Firefighter Recruits and Training Academy	6
Training and Education	7
Fitness Challenges.....	7
Newsletter/Online Forums	8
Research and Studies.....	8
Behavioral Health.....	8
Injury and Medical Rehabilitation.....	9
Data Collection and Results	9
VO2 Max	9
Blood Pressure	9
Cholesterol.....	10
Body Fat	11
Blood Glucose	11
Functional Movement Screening (FMS).....	12
Behavioral Health Utilization	13
WEFIT Making a Difference.....	13
The Future of WEFIT	14

WEFIT Program History

Orange County Fire Authority Organizational Need

In the early 2000's, the preventable deaths of three OCFA firefighters (see below) led former OCFA Fire Chief, Chip Prather and former Orange County Professional Firefighters Association (OCPFA) President, Joe Kerr to work with a team of other to develop the OCFA Wellness and Fitness (WEFIT) Program, which was approved by the OCFA Board of Directors in September 2003.

1. A 46-year-old fire fighter suffered a ruptured cerebral aneurysm and later died.
2. A 44-year-old fire fighter suffered a sudden heart attack and died while hosing down roofs during a brush fire.
3. A 56-year-old 30-year fire veteran died following heart surgery shortly after retirement.

Fire Service Joint Labor Management Wellness-Fitness Initiative

OCFA's WEFIT Program is modeled after the Fire Service Joint Labor Management Wellness-Fitness Initiative, which is a partnership between the International Association of Fire Fighters (IAFF) and the International Association of Fire Chiefs (IAFC) with an ultimate goal of improving the quality of life of all uniformed personnel. The Initiative seeks to demonstrate the value of investing wellness resources for the duration of uniformed personnel's careers in order to maintain fit, healthy, and capable firefighters and EMS responders. Ten public professional fire departments from the United States and Canada participated and committed their departments to this Wellness-Fitness Initiative by requiring mandatory participation of all of their uniformed personnel.

Wellness programs are intended to strengthen uniformed personnel so that their mental, physical, and emotional capabilities are resilient enough to withstand the stresses and strains of life and the workplace. Currently, the Wellness Fitness Initiative and OCFA's WEFIT Program include the following recommended components:

- Medical Evaluations
- Fitness
- Injury and Medical Rehabilitation
- Behavioral Health
- Data Collection

OCFA's WEFIT Program is a complete commitment to the health, safety, and longevity of all uniformed personnel, productivity and performance of all fire crews; and cost effectiveness. WEFIT is a non-punitive program and medical information is kept confidential. All component results are measured against the individual's previous examinations and assessments and not against any standard or norm.

There are many benefits of the wellness the WEFIT Program is intended to realize:

- Greater cardiovascular and respiratory stamina and physical strength
- Lower cholesterol and blood pressure levels
- Decreased risk of death, injury, or disability from disease

- Improved work performance
- Reduced anxiety, stress, tension, and depression
- Increased energy, self-esteem, and employee morale
- Enhanced recovery from strenuous exhaustive work
- Improved mobility, balance, and coordination
- Better educated and informed workforce

OCFA Implementation

The implementation of the WEFIT program began following the Board of Director approval. The start-up costs were funded through a cost-sharing agreement between the OCPFA in the amount of \$579,912, and a Federal Emergency Management Agency (FEMA) grant in the amount of \$476,000. The implementation of the program included medical examinations, fitness testing, immunizations, and a standard complement of fitness equipment for the majority of OCFA fire stations. Personnel at fire stations with insufficient space for fitness equipment were provided a membership to local commercial gyms or could use an alternate location such as a college gym located in their first-in response area.

Following a competitive bid process, the University of California Irvine, Center of Occupational Health (COEH) was selected to provide the medical examinations. To address behavioral health concerns, the existing OCFA Employee Assistance Program (EAP) continued to be made available to OCFA employees and their family members.

Beginning in 2004, the OCFA began collecting aggregate WEFIT medical exam and fitness assessment data to identify trends and areas where improvement could be made to the WEFIT program. This aggregate data continues to be collected and utilized to steer continuing education and prevention efforts. Examples of these results will be discussed later in this annual report.

Program Structure

Organizational Alignment

The WEFIT program was aligned under the Risk Management Section upon implementation of the program and was moved under the Emergency Medical Services Section in 2013 due to a restructuring within Human Resources. In July 2017, the WEFIT program was returned to the Risk Management Section to better align the program with addressing OCFA's rising workers' compensation costs and to proactively encourage a healthier, more fit, and safer workforce.

WEFIT Oversight Committee

Upon implementation of the WEFIT program, the WEFIT Oversight Committee (WEFITOC) was established. The WEFITOC consists of representatives from the OCPFA, Orange County Employee Association (OCEA), Chief Officers Association (COA), and OCFA management. The WEFITOC discusses and reviews program progress and aggregate data, and identifies changes that are necessary to improve the program and enhance the positive impact WEFIT has on OCFA employee health and wellness. While the focus of the WEFIT program is primarily firefighters, all OCFA employees benefit from the health and wellness educational materials, classes, and fitness challenges offered through the WEFIT program.

The WEFITOC continues to meet quarterly to review program components including meeting with the WEFIT program medical provider to discuss physical examination and fitness assessment trends, proposed medical examination changes, and receive updates from staff conducting research involving OCFA and/or other proposed program changes. This quarterly meeting with the medical provider has proven to be very helpful in fine tuning the program to both the firefighter's needs and to the needs of the department.

Program Management

The Risk Manager has program oversight, while the day-to-day responsibilities lie with the WEFIT Program Coordinator. The Coordinator position is a two-year administrative assignment available to any full-time firefighter at the rank of Captain or below. A firefighter position is used as a way to better understand the physical demands of firefighting and appropriate fitness conditioning needed to maximize job performance and maintain health and fitness.

Program Funding

As mentioned previously, initially the program was funded with the cost-sharing agreement between the OCPFA and the FEMA grant. Since that time, the cost of the program has been included in the annual OCFA budget based on projected participation rates. The budgeted amount includes the cost of: medical examinations and fitness assessments, injury and medical rehabilitation, commercial fitness facility memberships, new/replacement fitness equipment, maintenance of fitness equipment, WEFIT Coordinator and Peer Fitness Trainer training and certification, quarterly fitness challenges and participant incentives, and educational materials.

Program Components

WEFIT has adopted this Fire Service Wellness-Fitness Initiative's firefighter health and fitness components, which include: Medical, Fitness, Injury and Medical Rehabilitation, Behavioral Health, and Data Collection. Information regarding each component is described below.

Medical Evaluation and Fitness Assessment

The University of California Irvine Occupational and Environmental Health (COEH) Office was the WEFIT medical and fitness assessment provider from inception until March 1, 2018 when the contract was awarded to Hoag Executive Health following a competitive bid process. The medical evaluation and fitness assessment takes approximately three hours to complete and is scheduled four days per week at three different Hoag Executive Health facilities: 1) Huntington Beach; 2) Irvine; and 3) Aliso Viejo. Crews of up to four firefighters are scheduled for the exam in either the morning from 9:00 am to 12:00 pm or in the afternoon from 1:00 pm to 4:00 pm.

The medical evaluation and fitness assessment is a comprehensive process with the following components:

- Health survey
- Height/weight
- Temperature
- Blood pressure
- Hearing

- Vision
- Pulse oximeter
- Blood panel
- Urine sample
- Body composition analysis (BCA)
- Spirometry
- Carotid artery ultrasound
- Chest x-ray
- Resting 12 lead electrocardiogram
- Head to toe examination
- Dermatoscope skin cancer evaluation
- Hernia examination
- Neurological examination
- VO2 max test
- Functional movement screening
- Tactical mobility testing
- Hand grip strength
- Push up test
- Plank test
- Posture screen

Feedback received in the 6-months of Hoag Executive Health providing medical evaluations and fitness assessments has been outstanding with the experience being viewed as “professional, outstanding, enhanced, improved, and providing information and guidance for a healthy future.”

Fitness and Nutrition

High levels of fitness are necessary for maintaining the functional capacity required to perform firefighter duties. Nutrition is integral in a firefighter’s performance, recovery, and contributes to poor health if it is not good. The best results are obtained when good nutrition is combined with fitness activities. The WEFIT program has several resources for the employees regarding physical fitness, and nutrition and has been constantly developing these areas in order to meet the physical needs that firefighting demands of our firefighters.

The WEFIT Coordinator and Peer Fitness Trainers are two of the integral resources for all employees. The Peer Fitness Trainers are firefighters specially trained in fitness and nutrition in order to support the crews at the station level on a daily basis.

The WEFIT Program includes a variety of offerings. In an effort to prevent injuries altogether or prevent aggravation of injuries which have already occurred, the WEFIT Coordinator receives injury data and trends analysis from Risk Management in order to assess the need for educational intervention. Based on this data and other health trends, throughout the year, various classes (hands on, lecture based or video based) are offered to better educate and train all firefighters on exercise movements, workout selection, use of specialty gym equipment, among other topics. Additionally, the WEFIT Program has developed an academy fitness

program (pre-academy and during) in order to maximize academy completion rates and reduce recruit injuries while in the academy. WEFIT sponsors fitness and nutrition challenges throughout the year. A newsletter full of useful and pertinent firefighter health information is provided to the employees on a quarterly basis and we have started to utilize online mediums such as a team site on OCFA's intranet and social media sites. These online forums are full of nutrition and fitness educational materials, firefighter specific workouts, pertinent resources, and information on how to request support. They also highlight academy fitness, healthy firefighters throughout the Authority, and tasty and nutritious station meals that are submitted by personnel in the field. OCFA's WEFIT program has also conducted and participated in multiple research studies that have addressed firefighter safety, health and fitness.

On-Duty Fitness and Conditioning

On duty fitness and conditioning is authorized for firefighters and is described in the OCFA Standard Operating Procedure titles, "Physical Fitness Program Procedures." These procedures are designed to assist OCFA firefighters in achieving and maintaining optimal health and physical fitness and to avoid risk of injury. The goal of the procedure includes programming that should:

- Meet physical job demands
- Reduce the risk of injury or illness
- Enhance overall health and safety

On-duty physical fitness activities do not interfere with the primary duties of the OCFA: responding to emergencies, providing public education or assistance, completing mandatory training or performing other assigned activities. Crews remain in a response ready condition during fitness activities.

Physical fitness resources have been provided for personnel at their fire station in the form of fitness equipment or through an OCFA approved alternate location such as a college or commercial gym membership. Alternate locations are within the respective fire stations immediate first due area and do not result in delayed responses and approved on a case by case basis by fire management. Currently, there are seven fire stations with commercial gym memberships.

OCFA fitness and conditioning activities are primarily designed to better prepare firefighters for the arduous, physical demands of firefighting activities. They also are geared toward reducing injuries, decreasing stress and anxiety, promoting a healthy lifestyle, and optimizing employee health. Activities that improve aerobic and anaerobic capacity, muscular strength, flexibility, and endurance are permitted. Recreational, competitive or contact sports are not part of the OCFA fitness and conditioning program and are not permitted while on duty.

OCFA employees can use the RFOTC wellness center. Firefighters and professional staff regularly use the wellness center before or after work hours or during the voluntary WEFIT "lunch-time" workouts.

Injury Follow-Up

The WEFIT Coordinator receives and reviews reported firefighter injury data on a monthly basis. When an injury is determined to have resulted from fitness activities or equipment, a follow-up is made to assist the injured individual to understand why the injury may have occurred and provide exercise instruction to correct faulty movement patterns and avoid continued or future injury. In addition, injury data trends are reviewed

and used to design and implement specific WEFIT training and education activities that will mitigate or prevent injuries.

WEFIT Coordinator/ Peer Fitness Trainers

The WEFIT Coordinator is a resource for receiving assistance with any health or fitness issue an employee may have. The WEFIT Coordinator has the ability to access or find resources for the employee on a case-by-case basis. The WEFIT Coordinator also attends multiple workshops and classes during the year in order to be a subject matter expert for the department. The WC has been a part of many health-related changes within the department, most recently being the Rehabilitation Policy.

Another key component of the IAFF/IAFC Wellness and Fitness Initiative is the Peer Fitness Trainer (PFT) program. PFTs are firefighters who have volunteered to attend extensive training and continuing education courses and have received certification by the American Council on Exercise (ACE).

Our PFTs encourage safe participation in fitness activities, through firefighter to firefighter guidance, class offerings, newsletters, and other WEFIT program activities. The PFTs support the IAFF/IAFC Wellness Fitness Initiative by volunteering their time and are provided numerous opportunities throughout the year to stay current on wellness and fitness strategies that address the unique needs of firefighters. PFTs are responsible for sharing this knowledge with other firefighters by being available to answer health and fitness questions, performing individual fitness assessments, and functional movement screening, developing individual fitness and exercise programs, and by actively participating in all of the OCFA WEFIT components. PFTs are integral in assisting WEFIT Coordinator with the recruit academies and academy physical training.

New Firefighter Recruits and Training Academy

Incorporating the WEFIT principles into the academy fitness program has provided for a more focused job-related physical fitness program, less training-related injuries, better fit recruits, and higher completion rates of recruits. WEFIT has developed a comprehensive 16 week pre-academy fitness book for recruits to train and prepare for the upcoming academy. WEFIT has also developed a Recruit Assistance Program (RAP) which is specifically geared to afford recruits more education and expertise with physical fitness, exercise modification and movement patterns. Performance nutrition is also a highlight of this program as many recruits lack the knowledge of how to properly fuel their bodies while in such a strenuous academy. Having firefighter recruits attend pre-academy fitness orientations has also proven to be cost effective. There is a significant cost if a recruit is injured or does not complete the academy due to an injury or unable to meet the physical demands of firefighting.

Fitness Fair- Two fitness fairs are provided to potential recruits prior to the start of the academy. Recruits undergo fitness testing, are instructed in movement preparation, and participate in two benchmark, functional fitness workouts. By using these benchmark workouts pre, during, and post academy, we can better gauge the recruit's fitness and look for trends in their performances.

They are also provided with a Physical Fitness Handbook and online resources that outline what to expect during the academy and includes sample workouts, functional movement screening corrective exercises, and nutritional information.

Functional Movement Screening- Is provided to help recruits understand their individual asymmetrical or dysfunctional movement patterns, so that they can work toward correcting them prior to the start of the academy.

Academy Physical Training- Recruits are provided a structured physical fitness program as part of their academy training. This is not only beneficial for successfully completing the academy, but serves as a foundation for career long health and fitness. Recruits are instructed and educated on proper physical training each day and movement quality is emphasized. Emphasis on flexibility and functionality is also emphasized during the academy as each recruit receives multiple mobility and recovery tools as well as one day of academy physical training being dedicated to recovery/restorative work and exercises.

Training and Education

Training and education are provided through a variety of mediums. Instructional training and education are provided through quarterly classes. These informative, hands-on courses are offered at both the RFOTC and various fire stations. Examples of classes that have been offered include:

- Core strength and flexibility
- Knee health and injury prevention
- Firefighter Functional Fitness
- Injury prevention and rehabilitation for a healthy shoulder
- Mark Sission's Primal Nutrition
- Mobility and recovery with Movement Rx
- Brute Force Sandbag training

Class attendees receive informational booklets, training aids or DVDs along with incentives to encourage participation. Additional training and education is provided using a newsletter or a short video clip in the OCFA Monthly Video Newsletter.

Fitness Challenges

Annually WEFIT sponsors fitness challenges designed to increase employee fitness and wellness through engagement in physical activities and proper nutrition. These fitness challenges have resulted in large employee participation with exceptional health and fitness outcomes. These challenges occur throughout the year, providing continual opportunities for employee involvement.

Biggest Loser Challenge- This challenge begins right after the New Year and runs from mid-January through April. The focus is on body fat loss and improved body composition, not just weight loss, through better nutrition and exercise. The nutrition component is provided through a presentation by a nutrition expert.

Rowing Challenge- The rowing challenge tracks meters rowed using a Concept 2 rowing machine and card reader, which all fire stations have as part of their fitness equipment compliment. The goal of the challenge is for the month of April, to encourage participation to increase their activity levels through the use of the rower, a full-body conditioning piece of exercise equipment.

Mileage Challenge- The Mileage Challenge is a challenge presented from October through November where participants are challenged to run/walk the most miles during the timeframe.

Newsletter/Online Forums

A quarterly newsletter is provided to all OCFA employees. This newsletter provides up to date and pertinent health and fitness information, fitness tips, functional fitness workouts, individual testimonies on the benefits of the WEFIT program, nutrition information, and station-friendly, healthy recipes.

WEFIT is also utilizing an online platform through the department's intranet and has its own team site where firefighters can go to get access to a large amount of resources. This site contains information such as nutrition templates, hydration charts, and information on their upcoming WEFIT examination. It also gives the firefighters information on how to get more access and help with anything health-related.

Social Media platforms have also been utilized in the past year as technology has become a tool to reach more firefighters. These platforms showcase all things health-related including but not limited to station workouts, station meals, exercise choices and proper execution, mobility tools, and academy fitness.

Research and Studies

As the WEFIT program moves forward, we continue to collect data and conduct studies that will better help us understand the physical and mental demands put on OCFA firefighters and firefighters worldwide. The OCFA has participated in and conducted research studies of its own over the past 13 years which have included a hydration and core body temperature study, Functional Movement Screen study, COEH's FORWARD and HEROES study, electrolyte and recovery study, and a firefighter cardiac study. OCFA's WEFIT program continues to lead the way amongst other fire department's wellness programs because of its dedication to improving firefighter's lives through studies and data collection efforts like these.

Behavioral Health

The Firefighter Behavioral Health Alliance estimates approximately 30 percent of the nation's 1.3 million career and volunteer firefighters suffer from post-traumatic stress disorder (PTSD), with 132 suicides by active and former United States firefighters and paramedics reported last year. The OCFA identified this fire service issue as a top priority and included a Fiscal Year 2016/17 domain objective to establish a program that addresses the impact of PTSD in OCFA personnel.

The Kessler Screening Scale for Psychological Distress (K6) has been included in the health survey administered by Hoag Executive Health during each WEFIT evaluation to screen for potential behavioral health issues. Personnel with potential behavioral health issues identified in the K6 are referred to The Counseling Team International (TCTI) who has been providing behavioral health and wellness services for the OCFA since the contract was approved by the Board of Directors on October 26, 2017.

TCTI provides comprehensive counseling services for fire & dispatch personnel, families, and retirees that are specific to the issues typically experienced by emergency responders. TCTI also provides advice to supervisors who have employees with suspected behavioral health or workplace performance issues. All behavioral health specialists are trained in eye movement desensitization and reprocessing (EMDR) which is a tool to enable cognitive restructuring approach to reduce stress in people with PTSD.

TCTI conducted training on OCFA Critical Incident Stress Management (CISM) team and peer support team members. A TCTI behavioral health specialist participates in CISM debriefings following critical incidents that could have a lasting impact on personnel.

TCTI conducts behavioral health training in fire fighter academies, fire captain academies, battalion chief academies, and dispatcher academies to better prepare OCFA personnel for the stressors of the job and supervisors in how to respond when a potential issue is identified. Additionally, they conduct significant other survival training to spouses of OCFA personnel to help them understand the fire service culture, the stressors of the job, and the effects the career has on their personal lives with the goal of building strong, healthy relationships and reducing the stress on the families.

Injury and Medical Rehabilitation

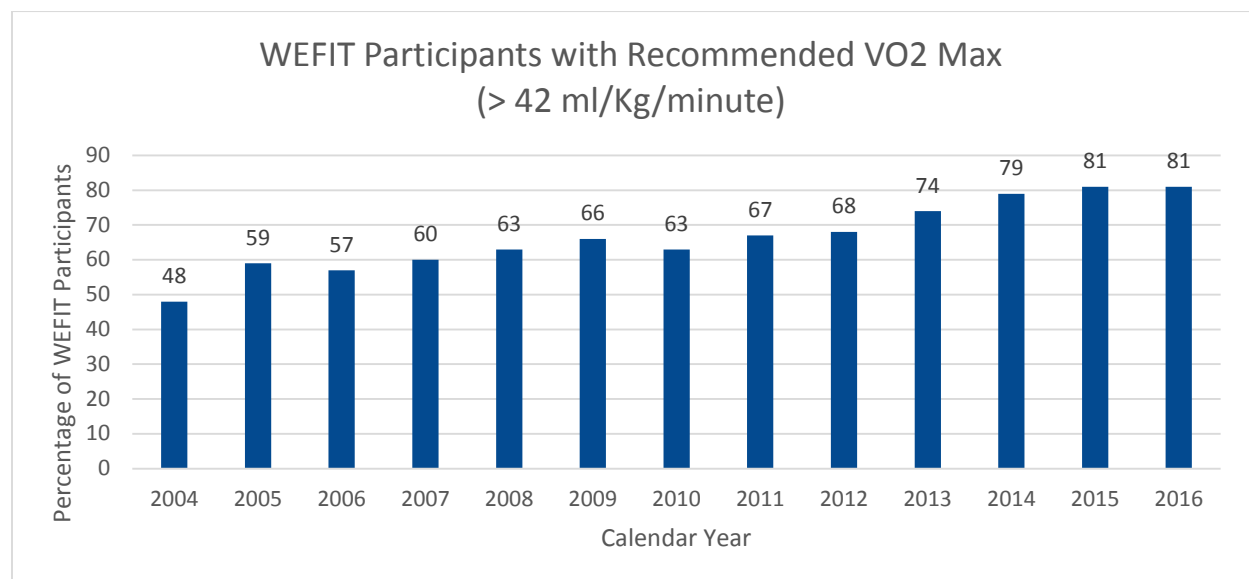
Creating a comprehensive and thorough injury and medical rehabilitation program will be a focus in the upcoming year. This program will utilize the WEFIT medical provider, workers' compensation physical therapists, Peer Support Team members, and behavioral health specialists to support OCFA personnel to an expeditious and lasting recovery.

Data Collection and Results

Aggregate data has been collected by the WEFIT medical provider in five major categories: VO2 max, blood pressure, cholesterol, body fat, and blood glucose. These categories have been specifically chosen because of their direct relationship with cardiac related LODD's. The National Fallen Firefighter's Association has also emphasized the need for fire departments to collect data on these categories and work within the department's wellness programs to help improve them.

VO2 Max

VO2 max is the measurement of the maximum amount of oxygen that an individual can utilize during intense, or maximal exercise. It is measured as milliliters of oxygen used in one minute per kilogram of body weight (ml/kg/min). It is one factor that may help determine an athlete's capacity to perform sustained exercise.



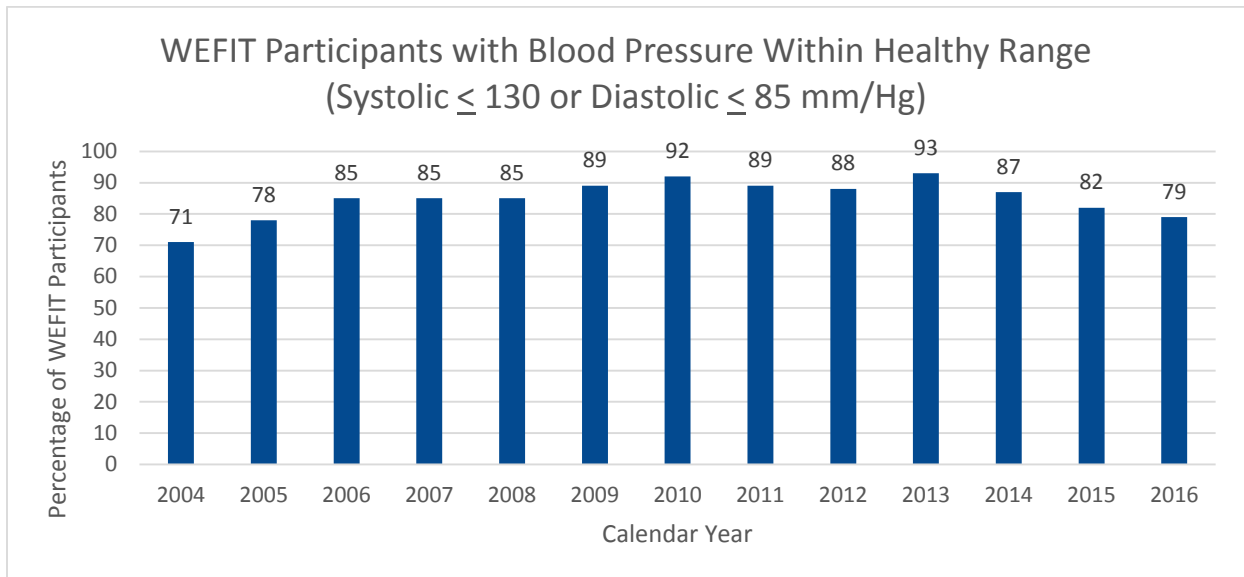
Blood Pressure

Blood pressure is recorded as two numbers:

- Systolic blood pressure (the upper number) indicates how much pressure your blood is exerting against your artery walls when the heart beats.

- Diastolic blood pressure (the lower number) indicates how much pressure your blood is exerting against your artery walls while the heart is resting between beats.

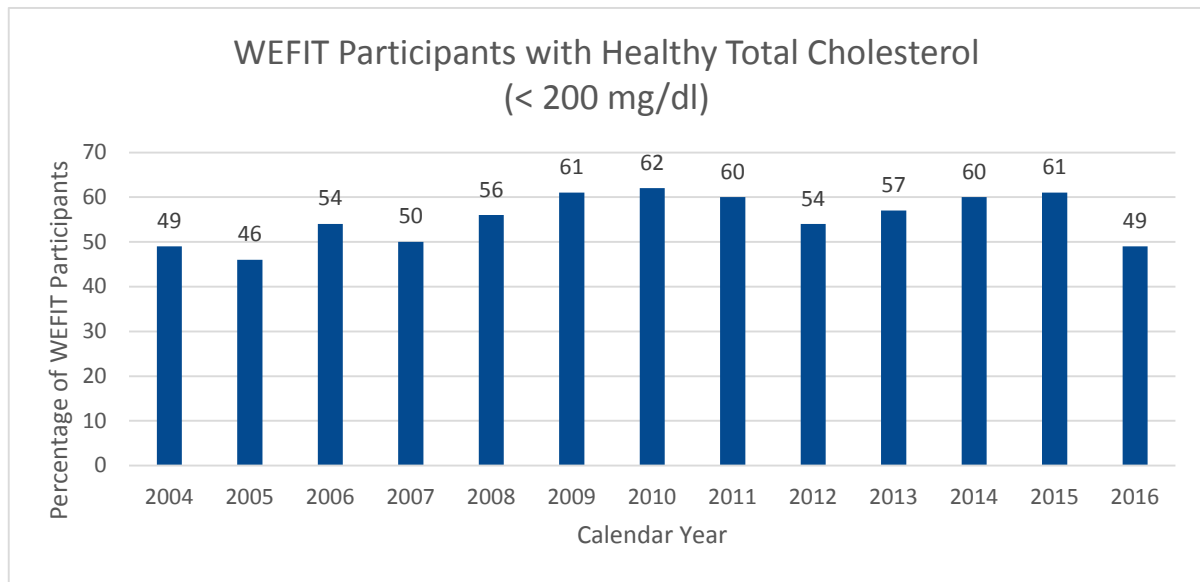
Uncontrolled high blood pressure can lead to stroke by damaging and weakening your brain's blood vessels, causing them to narrow, rupture or leak. High blood pressure can also cause blood clots to form in the arteries leading to your brain, blocking blood flow and potentially causing a stroke.



Cholesterol

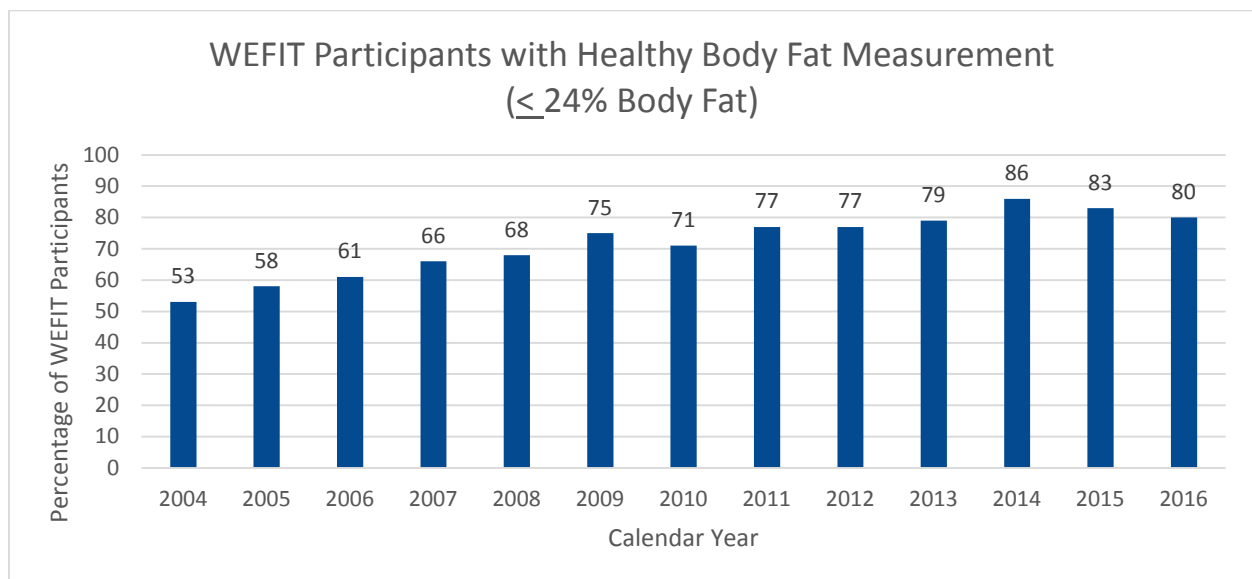
Cholesterol circulates in the blood, and as blood cholesterol levels rise, so does the risk to your health. There are two types of cholesterol: LDL and HDL. LDL cholesterol is known as bad cholesterol and HDL is known as good cholesterol. Too much bad cholesterol or not enough good cholesterol increases the chance that cholesterol will start to slowly build up in the inner walls of arteries that feed the heart and brain.

Together with other substances, cholesterol can form a thick, hard deposit that can narrow the arteries and make them less flexible. This condition is known as atherosclerosis. If a clot forms and blocks a narrowed artery, a heart attack or stroke can result.



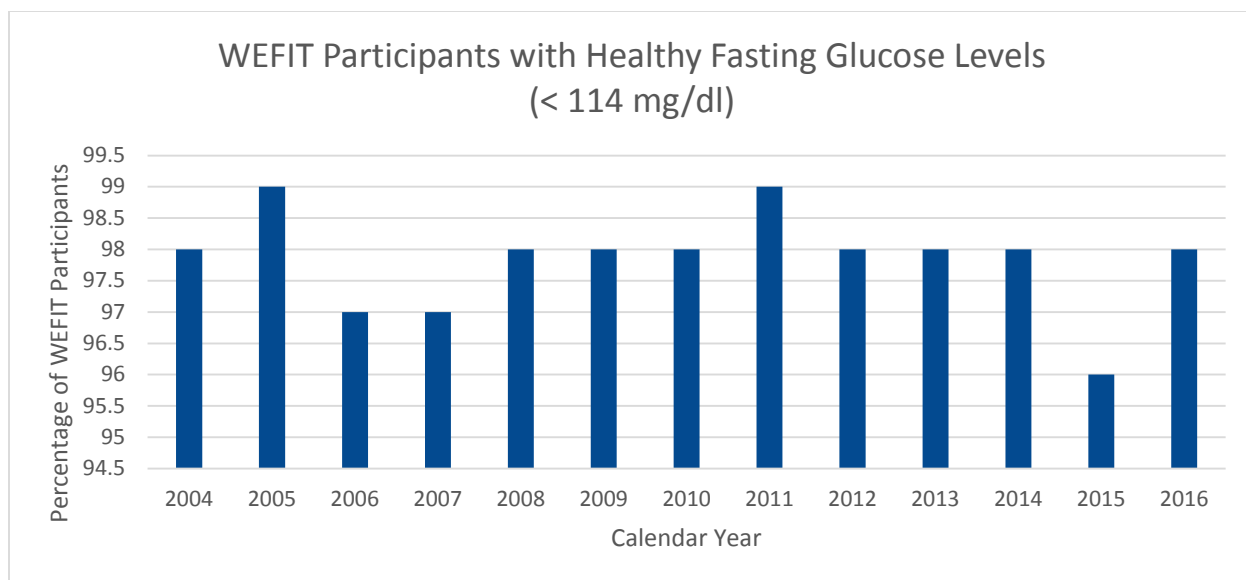
Body Fat

Weight alone is not a clear indicator of good health because it does not distinguish between pounds that come from body fat and those that come from lean body mass or muscle. Carrying too much fat is a condition called obesity, and puts a person at risk for many serious medical conditions including heart disease, diabetes and even certain forms of cancer. In fact, obesity contributes to at least half the chronic diseases in western society.



Blood Glucose

Glucose is a sugar needed by cells for respiration. It is important that the concentration of glucose in the blood is maintained at a constant level. Insulin, a hormone secreted by the pancreas, controls blood sugar levels in the body. Diabetes is a disorder in which the blood glucose levels remain too high.



Functional Movement Screening (FMS)

The job demands of firefighters require working in a high risk environment. This risk is further increased by restricted movement in personal protective equipment and wearing and carrying heavy equipment. If a firefighter with poor movement patterns, who is already at an increased risk of injury by virtue of the job, is placed into this restricted movement and weight loaded environment, the risk of injury is further increased.

FMS identifies faulty movement patterns that are caused by tight or weak muscles or motor control (coordination issues). Faulty movement asymmetries cause mechanical stresses to the body that result in cumulative micro traumas and injuries. By using the FMS to identify dysfunctional movement patterns, particularly asymmetrical movement patterns, the WEFIT program will be able to develop specific individualized solutions to correct problem areas that can lead to injuries.

FMS includes the following evaluation:

- Deep squat
- Hurdle step
- In-line lunge
- Shoulder mobility
- Active straight leg raise
- Trunk stability push up
- Rotary stability

FMS Test Rankings		
Test	Group Average Score	% of WEFIT Participants with Asymmetries
Active Straight Leg Raise	1.61	14.9
Rotary Stability	1.66	9.6
Shoulder Mobility	1.84	42.9
Deep Squat	1.86	N/A
Hurdle Step	2.02	16.5

In-Line Lunge	2.10	16.5
Trunk Stability Push-Up	2.25	N/A

Behavioral Health Utilization

An initial goal of developing a behavioral health program to address PTSD in OCFA personnel was establishing resources to better support our personnel. A recruitment was conducted for the Peer Support Team and 36 new members submitted interest and were selected to the team. TCTI conducted a 2-day peer support team member training to prepare the team to support their peers.

TCTI also provides behavioral health and wellness services to safety personnel, dispatchers, retirees, and their families. Employees self-refer themselves to TCTI with only aggregate data on the number of counseling hours and topics discussed being provided to the OCFA. OCFA personnel utilized TCTI behavioral health specialists for 54 hours of counseling between October 1, 2017 and December 31, 2017. Additionally, TCTI participated in 4 CISM debriefings during that same time period.

TCTI conducted one significant other survival course for spouses of OCFA personnel with 17 spouses attending.

WEFIT Making a Difference

The WEFIT program continues to meet its goals of improving general health and physical fitness and increasing career longevity with a holistic approach to overall wellness. In several cases, the WEFIT program has identified significant medical issues through the WEFIT physical examinations that were corrected before becoming more serious or even fatal. Examples of conditions identified during WEFIT physical examinations include cancer, cardiovascular blockage, and hypertension.

Organizationally, firefighter health and fitness has developed into a new cultural norm that begins in the fire fighter academy, which in the long-term will help maintain or reduce costs associated with occupational injuries and illnesses. This cultural change will transcend to better job performance, wellness, health, and fitness.

It is true that OCFA overall workers' compensation costs have not trended down. Workers' compensation costs are affected by many factors beyond an employer wellness and fitness program. With these multiple factors affecting workers' compensation costs it is difficult to isolate the WEFIT affect alone. In fact, workers' compensation costs across California continue to rise in part due to medical cost increases and additional workers' compensation benefits such as increased amounts for permanent disability payments, which are beyond the control of a wellness program.

By the various WEFIT program outcomes noted in this report, it can be observed that WEFIT is having a positive outcome on developing an OCFA health and fitness culture.

The Future of WEFIT

The OCFA WEFIT program has been successful and recognized as a model program in the fire service. There are opportunities for improvement that will have a positive impact on the employee and the organization.

Future WEFIT program enhancements include:

- Annual physicals for all operations personnel to assess medical conditions, early detect disease and illness, and implement health promotional programs
- Further development of the fitness and nutrition components to the physical requirements of a firefighter
- Further development of the Cancer Awareness and Prevention Program and Behavioral Health Program addressing two significant risks in the fire service
- Development of an Injury and Medical Rehabilitation Program to support the employee through the process of returning to the job following an injury or identification of a medical issue utilizing the coordinated clinical services of physicians, physical therapists, exercise physiologists, peer fitness trainers, nurses, behavioral health specialists, and peer support team members.

These enhancements will support a healthy workforce, early detection of medical conditions, injury and illness prevention, and return to work through a coordinated and supportive approach.

**ORANGE COUNTY FIRE AUTHORITY
AMENDMENT NUMBER ONE
TO PROFESSIONAL SERVICES AGREEMENT**

THIS AMENDMENT NUMBER ONE TO PROFESSIONAL SERVICES AGREEMENT ("Amendment One") is made and entered into this 10th day of July 2018, by and between the Orange County Fire Authority, a public agency, hereinafter referred to as "OCFA", and Hoag Executive Health, a corporation, hereinafter referred to as "Firm".

RECITALS

WHEREAS, OCFA and the Firm entered into that certain Professional Services Agreement on the 1st day of March, 2018 ("Agreement"), to provide medical services for the Firefighter Wellness and Fitness Program, which is incorporated herein by this reference; and

WHEREAS, OCFA and the Firm desire to amend the Agreement to extend the contract term.

NOW, THEREFORE, OCFA and the Firm mutually agree as follows:

1. Section 4.4 of the Agreement is hereby amended and restated in its entirety to read as follows:

4.4 Term

This agreement shall continue in full force and effect for three years, commencing on March 1st, 2018, unless earlier terminated in accordance with Sections 8.5 or 8.6 of this Agreement.

2. Except as modified above, all terms and conditions of the Agreement shall remain unchanged and in full force and effect.

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

[Signatures on Following Page]

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

"OCFA"

ORANGE COUNTY FIRE AUTHORITY

Date: _____

By: _____
Debbie Casper, C.P.M., CPPB
Purchasing & Materials Manager

APPROVED AS TO FORM.

ATTEST:

By: David E. Kendig
David E. Kendig
General Counsel

Sherry A.F. Wentz
Clerk of the Board

Date: July 3, 3018

"FIRM"

HOAG EXECUTIVE HEALTH

Date: 7/10/18

By: James Lindberg, M.D.
Owner & Chief of Service



Orange County Fire Authority
AGENDA STAFF REPORT

Executive Committee Meeting
July 26, 2018

Agenda Item No. 4B
Discussion Calendar

July 2018 Legislative Report

Contact(s) for Further Information

Mark Sanchez, Assistant Chief
Operations Department

marksanchez@ocfa.org

714.573.6012

Jay Barkman, Legislative Analyst

jaybarkman@ocfa.org

714.573.6048

Summary

This item is submitted to update Directors on amendments to AB 1912 (Rodriguez).

Prior Board/Committee Action

A review of AB 1912 was presented at both the Executive Committee and Board of Directors meetings on May 24, 2018. The Board approved staff's recommendation to "seek amendments" excluding liabilities of Structural Fire Fund cities and to avoid reporting of OCFA's retirement liabilities by member agencies.

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 July 26, 2018, with Executive Committee's recommendations that the Board of Directors:

1. Adopt a neutral position on AB 1912 (Rodriguez).
2. Direct staff to continue to monitor AB 1912 and report to the Executive Committee any amendments that significantly impact the OCFA or its member agencies.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

AB 1912 (Rodriguez) JPA Pension Liability

Staff Recommendation:

Status: Senate Appropriations Committee

Reviewed by: Lori Zeller, Assistant Chief Business Services

AB 1912 by Assemblymember Rodriguez (D-Pomona) was amended on July 3, 2018. The author and public employee groups, which includes Orange County Professional Firefighters Association (OCPFA), Local 3631, introduced the bill in response to a 2015 delinquency by a Joint Powers Authority (JPA). In 2014, the East San Gabriel Valley Human Services Consortium discontinued services and terminated most of its employees. The JPA was comprised of the cities of Azusa, Covina, Glendora, and West Covina.

According to supporters and the committee analysis, when the JPA could meet its California Public Employees Retirement System's (CalPERS) obligations, per the committee analysis staff report "CalPERS then sought payments from the JPA's member agencies." However, those four cities responded that they were under no obligation to pay the amount owed. Prior to the most recent amendments, the bill would have held all members of a JPA to be jointly and severally liable for all obligations to a public retirement system. This was seen as requiring local agencies to report pension liabilities belonging to and being paid by JPAs.

The amended bill proposes that an apportionment of pension liabilities be triggered only if a JPA terminates its retirement plan, dissolves, or ceases operation. It is believed that with these revisions, AB 1912 will no longer require member agencies to report the JPA's pension liabilities. Once a JPA terminates its retirement plan, dissolves or ceases operation, member agencies of a JPA will need to mutually agree on dividing the liability, so that the sum of the allocations equals 100%. Failing mutual agreement, the bill requires the board of a retirement system assign liability based on either the population of each member or the portion of service received. A member agency of the JPA is allowed to challenge the board's determination. In that case, the dispute would be referred to an arbitrator.

The bill states that member agencies, boards, or the arbitrator may also include a former member of the agency in the apportionment of liability.

Staff discussed the amendments with member agencies city managers and communicated to them the OCFA's auditor's view that the bill, as amended, would not require their cities to report OCFA's retirement liabilities. Staff recommends that OCFA adopt a neutral position and monitor the bill for future amendments. OCFA has been informed that the League of California Cities is considering a neutral position.

Attachment(s)

AB 1912 Bill Text

AMENDED IN SENATE JULY 3, 2018
AMENDED IN SENATE JUNE 20, 2018
AMENDED IN ASSEMBLY MAY 9, 2018
AMENDED IN ASSEMBLY APRIL 19, 2018
AMENDED IN ASSEMBLY MARCH 19, 2018
CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 1912

Introduced by Assembly Member Rodriguez

January 23, 2018

An act to amend Section 6508.1 of, to add Sections 6508.2, 20574.1, and 20575.1 to, and to repeal and add Section 20577.5 of, the Government Code, relating to public agencies, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1912, as amended, Rodriguez. Public employees' retirement: joint powers agreements: liability.

(1) Existing law establishes various public agency retirement systems, including, among others, the Public Employees' Retirement System, the State Teachers' Retirement System, the Judges' Retirement System II, and various county retirement systems pursuant to the County Employees Retirement Law of 1937. These systems provide defined pension benefits to public employees based on age, service credit, and amount of final compensation.

The Joint Exercise of Powers Act generally authorizes 2 or more public agencies, by agreement, to jointly exercise any common power.

Under the act, if an agency is not one or more of the parties to the agreement but is a public entity, commission, or board constituted pursuant to the agreement, the debts, liabilities, and obligations of the agency are the debts, liabilities, and obligations of the parties to the agreement, unless the agreement specifies otherwise. The act also authorizes a party to a joint powers agreement to separately contract for, or assume responsibilities for, specific debts, liabilities, or obligations of the agency.

This bill would eliminate that authorization, and would specify that if an agency established by a joint powers agreement participates in, or contracts with, a public retirement system, member agencies, both current and former to the agreement, would be required, ~~upon prior to~~ a termination or a decision to dissolve or cease ~~the~~ operations of the agency, to mutually agree as to the apportionment of the agency's retirement obligations among ~~themselves, within 60 calendar days,~~ *themselves*, provided that the agreement equals ~~the total~~ *100% of the* retirement liability of the agency. If the member agencies are unable to mutually agree to the apportionment, the bill would require ~~them to be jointly and severally liable for the retirement liability of the agency; the board to apportion the retirement liability of the agency to each member agency based on the share of service received from the agency, or the population of each member agency, as specified, and would establish procedures allowing a member agency to challenge the board's determination through the arbitration process.~~ The bill would also provide that if a judgment is rendered against an agency or a party to the agreement for a breach of its obligations to the retirement system, the time within which a claim for injury may be presented or an action commenced against the other party that is subject to the liability determined by the judgment begins to run when the judgment is rendered. The bill would specify that those provisions apply *both* retroactively to ~~all parties, both current and former, to the joint powers agreement; a member agency, or current and former member agency, that has an agreement with the board on or before January 1, 2019, and to new agreements with the board on or after that date.~~

(2) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which provides a defined benefit to members of the system, based on final compensation, credited service, and age at retirement, subject to certain variations. PERL vests management and control of PERS in its Board of Administration.

~~(3) Existing~~

Existing law authorizes the governing board of a contracting agency to terminate its membership with PERS, subject to specified criteria. Existing law requires the PERS board to enter into a specified agreement with the governing body of a terminating agency, upon request of that agency, to ensure that final compensation is calculated in the same manner as benefits of nonterminating agencies, and that related necessary adjustments in the employer's contribution rate are made and benefits adequately funded, including a lump-sum payment at termination, if agreed to by the terminating agency and the board. Existing law requires a terminating agency to notify the PERS board of its intention to enter into this agreement within a specified period of time. Existing law authorizes the PERS board to choose not to enter into an agreement to terminate if the board determines that it is not in the best interests of PERS. Existing law requires all plan assets and liabilities of a terminating agency to be deposited in a single pooled account, the terminated agency pool subaccount within the Public Employees' Retirement Fund, a continuously appropriated fund.

This bill would also require the PERS board to enter into the above-described agreement upon request of a member agency of a terminating agency formed under the Joint Exercise of Powers Act, and would require a member agency to notify the PERS board of its intention to enter into this agreement within a specified period of time. The bill would authorize the board, if it determines that it is not in the best interests of the retirement system, to choose not to enter into that agreement. To the extent that the bill would increase any lump-sum payments made by a terminating agency and deposited into a subaccount within the Public Employees' Retirement Fund, the bill would make an appropriation. The bill would also provide that if the governing body of a terminating agency or the governing bodies of its member agencies do not enter into an agreement, the member agencies would then assume the retirement obligations for their retirement systems.

(4)

(3) Existing law makes a terminated agency liable to the system for any deficit in funding for earned benefits, interest, and for reasonable and necessary costs of collection, including attorney's fees. Existing law provides that the board has a lien on the assets of a terminated contracting agency, as specified, and that assets shall also be available to pay actual costs, including attorney's fees necessarily expended for collection on the lien.

This bill would extend that liability and lien to all of the parties of a terminating agency that was formed under the Joint Exercise of Powers Act. To the extent that these changes would increase deposits in the Public Employees' Retirement Fund, the bill would make an appropriation.

(5)

(4) Existing law authorizes the board of PERS to elect not to impose a reduction, or to impose a lesser reduction, on a terminated plan if the board has made all reasonable efforts to collect the amount necessary to fully fund the liabilities of the plan and the board finds that not reducing the benefits, or imposing a lesser reduction, will not impact the actuarial soundness of the terminated agency pool.

This bill would eliminate that provision. The bill would require the board, prior to exercising its authority to reduce benefits, to consider and exhaust all options and necessary actions, including evaluating whether to bring a civil action against any member agencies to a terminated agency formed by an agreement under the Joint Exercise of Powers Act to compel payment of the terminated public agency's pension obligations. The bill would also specify that the board is entitled to reasonable attorney's fees in addition to other costs. The bill would also set forth related legislative findings.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares as follows:
- 2 (a) Retirement security is important to families, workers, and
- 3 communities, as well as to the local, regional, and statewide
- 4 economies, and provides financial security and dignity to those
- 5 who retire.
- 6 (b) A defined benefit plan offers, among other types of
- 7 retirement plans, a guarantee of financial security in retirement.
- 8 (c) A Joint Power Authority (JPA) created pursuant to the Joint
- 9 Exercise of Powers Act (Chapter 5 (commencing with Section
- 10 6500) of Division 7 of Title 1 of the Government Code) provides
- 11 important services and benefits to its geographical areas and
- 12 communities.

1 (d) A JPA may offer a defined benefit plan to attract, recruit,
2 and retain highly skilled employees toward providing services and
3 fulfilling its purpose.

4 (e) Employees who have been promised a retirement allowance
5 and the other benefits of a defined benefit plan by their employer
6 should be provided those benefits after reaching the requisite age,
7 based on years of service and an established benefit formula, as
8 promised by that employer.

9 (f) Further, an employee who accepts employment with a JPA
10 employer that promises a defined benefit plan may detrimentally
11 rely on the retirement benefit, as committed by the employer,
12 during his or her employment and retirement from that employer.

13 (g) Moreover, a JPA might have limited sources of revenue,
14 and an inability to increase, or secure additional sources of revenue,
15 that may lead to financial distress or insolvency of the JPA, absent
16 the financial surety of its member agencies and for the retirement
17 benefits of the JPA's employees.

18 (h) Thus, member agencies of a JPA should not be permitted
19 to absolve themselves of financial liability, in whole or in part,
20 that may result in a reduction of a retirement benefit to an employee
21 or retiree of a JPA of which the agencies are, or were, members.

22 (i) Therefore, in order to ensure that the board of a public
23 retirement system is meeting its fiduciary duties and responsibilities
24 to its members and the system, the board should be required to
25 consider and exhaust all options and necessary actions and be
26 permitted to seek legal redress on behalf of its members if an action
27 by the governing body of the JPA may result in a reduction of
28 retirement benefits to the employees or retirees of a JPA.

29 (j) Further, to ensure that the board is meeting its fiduciary duties
30 and responsibilities, contracts with the retirement system by a JPA
31 must protect present and future retirees of the JPA.

32 (k) For purposes of this section, "public retirement system"
33 means any pension or retirement system of a public employer,
34 including, but not limited to, an independent retirement plan offered
35 by a public employer that the public employer participates in or
36 offers to its employees for the purpose of providing retirement
37 benefits, or a system of benefits for public employees that is
38 governed by Section 401(a) of Title 26 of the United States Code.

39 SEC. 2. Section 6508.1 of the Government Code is amended
40 to read:

6508.1. (a) If the agency is not one or more of the parties to the agreement but is a public entity, commission, or board constituted pursuant to the agreement, the debts, liabilities, and obligations of the agency shall be debts, liabilities, and obligations of the parties to the agreement, unless the agreement specifies otherwise. However, the parties to the agreement may not agree otherwise with respect to the retirement liabilities of the agency if the agency contracts with a public retirement system.

(b) For purposes of this section, “public retirement system” means any pension or retirement system of a public employer, including, but not limited to, an independent retirement plan offered by a public employer that the public employer participates in or offers to its employees for the purpose of providing retirement benefits, or a system of benefits for public employees that is governed by Section 401(a) of Title 26 of the United States Code.

SEC. 3. Section 6508.2 is added to the Government Code, to read:

6508.2. (a) (1) ~~Upon~~ *Prior to a termination pursuant to Section 20570, 20571, or 20572, or a decision by the governing body of the agency to dissolve or to cease the operations of the agency, member agencies of an agency established by agreement under this chapter that participates in, or contracts with, a public retirement system, member agencies, both current and former, to the agreement, including all amendments thereto, shall mutually agree as to the apportionment of the agency’s retirement obligations among themselves, within 60 calendar days, provided that the agreement equals 100 percent of the total retirement liability of the agency. A copy of this mutual agreement, signed by all parties thereto, shall be provided to the board, which shall be reflected in the agreement with the board. If the member agencies are unable to mutually agree to apportionment of the total retirement liability of the agency, pursuant to this section, the member agencies shall be jointly and severally liable for the retirement liability of the agency. agree, the board shall apportion the retirement liability of the agency to each member agency based on the share of service received from the agency, or population of each member agency, such that the apportionment equals one hundred percent of the retirement liability of the agency, which shall be reflected in the agreement with the board.*

1 ~~(2) This section also applies to an agency that merges or reforms~~
2 ~~and continues an agreement with the public retirement system.~~

3 (2) A member agency may challenge the determination by the
4 board to apportion the retirement liability of the agency. However,
5 a member, or a former member, that is not identified by the board
6 pursuant to subdivision (a) shall not be permitted to challenge a
7 determination by the board.

8 (A) A challenge pursuant to paragraph (2) of subdivision (a)
9 shall be referred to an arbitrator who shall, at his or her discretion,
10 apportion the liability among the member agencies such that the
11 apportionment equals 100 percent of the retirement liability of the
12 agency.

13 (B) The final decision by the arbitrator shall be binding on all
14 member agencies to the decision, and all costs of arbitration shall
15 be equally shared among the current, or current and former,
16 members of the agency that are subject to the decision. The
17 arbitrator shall submit an official copy of his or her final
18 determination to the board within seven calendar days of the
19 decision.

20 (3) Mutual agreement among the member agencies, or a
21 determination by the board, as to the apportionment of the
22 retirement liability of the agency pursuant to paragraph (1) of
23 subdivision (a), or a decision by the arbitrator pursuant to
24 paragraph (2) of subdivision (a), may include the apportionment
25 of retirement liability to a former member of the agency.

26 (b) An agency shall not be permitted to terminate pursuant to
27 Section 20570, 20571, or 20572, nor shall a decision by the
28 governing body of the agency to dissolve, become effective until
29 a final decision, pursuant to paragraph (1) or paragraph (2) of
30 subdivision (a), is final.

31 (c) This section shall apply retroactively to a member agency,
32 or current and former member agency, that has an agreement in
33 existence with the board on or before January 1, 2019. In addition,
34 this section shall apply to a new agreement between an agency
35 and the board on or after January 1, 2019. However, this section
36 shall not apply to an agency established pursuant to this chapter
37 that has dissolved prior to January 1, 2019.

38 ~~(3)~~

39 (d) For purposes of this section, “board” means the board of
40 any pension or retirement system of a public employer, including,

1 but not limited to, an independent retirement plan offered by a
2 public employer that the public employer participates in or offers
3 to its employees for the purpose of providing retirement benefits,
4 or a system of benefits for public employees that is governed by
5 Section 401(a) of Title 26 of the United States Code.

6 ~~(b)~~

7 (e) Notwithstanding any other law, if a judgment is rendered
8 against an agency or a party to the agreement for a breach to its
9 obligations to the public retirement system, the time within which
10 a claim for injury may be presented or an action commenced
11 against any other party that is subject to the liability determined
12 by the judgment begins to run when the judgment is rendered.

13 ~~(e) This section shall apply retroactively to all parties, both~~
14 ~~current and former, to the agreement.~~

15 SEC. 4. Section 20574.1 is added to the Government Code, to
16 read:

17 20574.1. In lieu of the procedure set forth in Section 20574,
18 all parties to a terminating agency that was formed by an agreement
19 under Chapter 5 (commencing with Section 6500) of Division 7
20 of Title 1 shall be liable to the system for any deficit in funding
21 for earned benefits, as determined pursuant to Section 20577,
22 interest at the actuarial rate from the date of termination to the date
23 the agency pays the system, and reasonable and necessary costs
24 of collection, including attorney's fees. The board shall have a lien
25 on the assets of a terminated contracting agency and on the assets
26 of all parties to the terminating contracting agency, subject only
27 to a prior lien for wages, in an amount equal to the actuarially
28 determined deficit in funding for earned benefits of the employee
29 members of the agency, interest, and collection costs. The assets
30 shall also be available to pay actual costs, including attorney's
31 fees, necessarily expended for collection of the lien.

32 SEC. 5. Section 20575.1 is added to the Government Code, to
33 read:

34 20575.1. (a) Notwithstanding any other provision of this part
35 to the contrary, upon request of a terminating agency formed by
36 an agreement under Chapter 5 (commencing with Section 6500)
37 of Division 7 of Title 1 or of any member agency to the agreement,
38 the board shall enter into an agreement with the governing body
39 of a terminating agency or the governing body of the member
40 agency in order to ensure that (1) the final compensation used in

1 the calculation of benefits of its employees shall be calculated in
2 the same manner as the benefits of employees of agencies that are
3 not terminating, regardless of whether they retire directly from
4 employment with the terminating agency or continue in other
5 public service; and (2) related necessary adjustments in the
6 employer's contribution rate are made, from time to time, by the
7 board prior to the date of termination to ensure that benefits are
8 adequately funded or any other actuarially sound payment
9 technique, including a lump-sum payment at termination, is agreed
10 to by the governing body of the terminating agency and the board.

11 (b) A terminating agency formed by an agreement under Chapter
12 5 (commencing with Section 6500) of Division 7 of Title 1 that
13 will cease to exist or its member agency shall notify the board not
14 sooner than three years nor later than one year prior to the
15 terminating agency's termination date of its intention to enter into
16 agreement pursuant to this section. The terms of the agreement
17 shall be reflected in an amendment to the agency's contract with
18 the board.

19 (c) If the board, itself, determines that it is not in the best
20 interests of the system, it may choose not to enter into an agreement
21 pursuant to this section.

22 (d) If the governing body of a terminating agency formed by
23 an agreement under Chapter 5 (commencing with Section 6500)
24 of Division 7 of Title 1 or the governing bodies of its member
25 agencies do not enter into an agreement pursuant to this section,
26 the member agencies shall assume the retirement obligations on
27 their retirement systems.

28 SEC. 6. Section 20577.5 of the Government Code is repealed.

29 SEC. 7. Section 20577.5 is added to the Government Code, to
30 read:

31 20577.5. The board shall, prior to exercising authority granted
32 pursuant to Section 20577, consider and exhaust all options and
33 necessary actions, including evaluating whether to bring a civil
34 action against any and all of the member agencies that are parties
35 to a terminated agency formed by an agreement under Chapter 5
36 (commencing with Section 6500) of Division 7 of Title 1 to compel
37 payment of the terminated agency's retirement obligations pursuant

- 1 to Section 20575.1, and shall be entitled to reasonable attorney's
- 2 fees in addition to other costs.

O