



# ORANGE COUNTY FIRE AUTHORITY AGENDA

## Budget and Finance Committee Meeting

Wednesday, January 9, 2019

12:00 Noon

### Orange County Fire Authority Regional Fire Operations and Training Center

1 Fire Authority Road

Room AE117

Irvine, California 92602

Joe Muller, Chair

Shelley Hasselbrink, Vice Chair

Ed Sachs   Gene Hernandez   Don Sedgwick   Tri Ta

Jennifer Cervantez - Ex Officio

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

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



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

## CALL TO ORDER

## PLEDGE OF ALLEGIANCE by Director Ta

## ROLL CALL

## PUBLIC COMMENTS

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

**2. MINUTES****A. Minutes for the November 14, 2018, Budget and Finance Committee Meeting**

Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

**3. CONSENT CALENDAR****A. Monthly Investment Reports**

Submitted by: Patricia Jakubiak, Treasurer

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of January 24, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

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

Submitted by: Lori Zeller, Deputy Chief/Administration & Support Bureau

Recommended Action:

Receive and file the report.

**4. DISCUSSION CALENDAR****A. Organizational Service Level Assessments**

Submitted by: Lori Zeller, Deputy Chief/Administration & Support Bureau

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 24, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve and authorize the Purchasing Manager to issue individual Purchase Orders to Citygate Associates, LLC, under the general terms and conditions of the previously authorized Master Agreement, for each of the following Service Level Assessments:
  - a. Emergency Command Center - \$192,026
  - b. Emergency Medical Services - \$106,842
  - c. Fleet Services - \$92,922
  - d. Field Deployment Services – \$122,061
  - e. Executive Leadership Team/Human Resources, Integrated Strategic Planning - \$186,874
2. Direct staff to increase expenditures in the FY 2018/19 General Fund (121) budget by \$700,725 to fund the Service Level Assessments outlined above for 2019.

**B. FY 2018/19 Mid-Year Financial Report**

Submitted by: Lori Zeller, Deputy Chief/Administration & Support Bureau

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 24, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors direct staff to return to the Board of Directors in March 2019 for approval of the proposed budget adjustments for the FY 2018/19 budget.

**C. Request for Proposal for Financial Audit and Related Services**

Submitted by: Lori Zeller, Deputy Chief/Administration & Support Bureau

Recommended Action:

Authorize staff to issue the submitted Request for Proposals for financial and other audit/attest services.

**D. Annual Grant Priorities for 2019**

Submitted by: Lori Zeller, Deputy Chief/Administration & Support Bureau

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 24, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors approve OCFA's Annual Grant Priorities for 2019.

**REPORTS**

No items.

**ELECTION OF CHAIR AND VICE CHAIR****COMMITTEE MEMBER COMMENTS**

**ADJOURNMENT** – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, February 13, 2019, at 12:00 noon.

**AFFIDAVIT OF POSTING**

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 3<sup>rd</sup> day of January 2019.

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

**UPCOMING MEETINGS:**

Claims Settlement Committee Meeting	Thursday, January 24, 2019, 5:00 p.m.
Executive Committee Meeting	Thursday, January 24, 2019, 5:30 p.m.
Board of Directors Meeting	Thursday, January 24, 2019, 6:00 p.m.



# MINUTES ORANGE COUNTY FIRE AUTHORITY

**Budget and Finance Committee Regular Meeting**  
**Wednesday, November 14, 2018**  
**12:00 Noon**

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

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## **CALL TO ORDER**

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on November 14, 2018, at 12:00 p.m. by Chair Muller.

## **PLEDGE OF ALLEGIANCE**

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

## **ROLL CALL**

**Present:** Shelley Hasselbrink, Los Alamitos  
Joseph Muller, Dana Point  
Al Murray, Tustin  
Tri Ta, Westminster  
Don Sedgwick, Laguna Hills

**Absent:** Gene Hernandez, Yorba Linda  
Ed Sachs, Mission Viejo

## **Also present were:**

Deputy Chief Lori Zeller  
Fire Chief Brian Fennessy  
Clerk of the Authority Sherry Wentz

Deputy Chief Dave Anderson  
Assistant Chief Lori Smith

## **PUBLIC COMMENTS (F: 12.02B3)**

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

## **1. PRESENTATIONS**

No items.

## **2. MINUTES**

### **A. Minutes for the October 10, 2018, Budget and Finance Committee Regular Meeting (F: 12.02B2)**

On motion of Director Murray and second by Vice Chair Hasselbrink, the Budget and Finance Committee voted to approve the Minutes of the October 10, 2018, regular meeting as submitted.

Director Ta and Vice Chair Hasselbrink were recorded as abstentions due to their absence from the meeting.

## **3. CONSENT CALENDAR**

### **A. First Quarter Financial Newsletter (F: 15.07)**

On motion of Director Ta and second by Director Murray, the Committee voted unanimously by those present to receive and file the report.

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

On motion of Director Ta and second by Director Murray, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of November 15, 2018, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Review and approve the submitted Investment Policy of the Orange County Fire Authority, to be effective January 1, 2019.
2. Pursuant to Government Code Sections 53601 and 53607, renew delegation of investment authority to the Treasurer for a one-year period, to be effective January 1, 2019.

## **4. DISCUSSION CALENDAR**

### **A. Monthly Investments Reports (F: 11.10D2)**

Treasurer Patricia Jakubiak provided an overview of the Monthly Investment Reports.

On motion of Director Murray and second by Director Ta, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Executive Committee meeting of November 15, 2018, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

## **B. Audited Financial Reports for the Fiscal Year Ended June 30, 2018 (F: 15.06)**

Finance Manager/Auditor Jim Ruane introduced Roger Alfaro, Auditor/Partner with Vavrinek, Trine, Day & Co., who presented an overview of the audit report.

On motion of Director Ta and second by Director Sedgwick, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of November 15, 2018, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Receive and approve the reports.
2. Adopt the revised *Assigned Fund Balance Policy* effective November 14, 2018.
3. Review the calculations used to determine the fund balance amounts assigned to the capital improvement program and workers' compensation, and confirm the calculations' consistency with the OCFA's revised Assigned Fund Balance Policy.

## **C. 2018 Long Term Liability Study & Accelerated Pension Payment Plan (F: 17.06A)**

Treasurer Patricia Jakubiak provided a PowerPoint presentation on the Orange County Fire Authority Long Term Liability Study 2018.

On motion of Director Ta and second by Director Murray, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of November 15, 2018, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Direct staff to continue the Accelerated Pension Payment Plan as indicated in the Updated Snowball Strategy.
2. Direct staff to adjust the FY 2018/19 General Fund budget to increase expenditures by \$10 million for the purpose of allocating \$10 million of the \$13 million available unencumbered funds identified in the FY 2017/18 financial audit to OCFA's unfunded pension liability.
3. Direct staff to return to the Board of Directors in January, with the mid-year financial review, to consider any allocation of the remaining \$3 million of available unencumbered funds identified in the FY 2017/18 financial audit.

## **REPORTS**

No items.

## **COMMITTEE MEMBER COMMENTS (F: 12.02B4)**

Director Murray thanked staff for mutual aid assistance on the recent fires, and congratulated Jim Ruane for his promotion to Assistant Chief of Logistics. He thanked his colleagues for their work and dedication.

Chair Muller thanked Director Murray for his dedication and service to the OCFA during his tenure.

**ADJOURNMENT** – Chair Muller adjourned the meeting at 12:27 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, January 9, 2019, at 12:00 noon.

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



Orange County Fire Authority  
**AGENDA STAFF REPORT**

**Budget and Finance Committee Meeting**  
**January 9, 2019**

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

**Monthly Investment Reports**

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**Contact(s) for Further Information**

Tricia Jakubiak, Treasurer Treasury & Financial Planning	<a href="mailto:triciajakubiak@ocfa.org">triciajakubiak@ocfa.org</a>	714.573.6301
Jane Wong, Assistant Treasurer	<a href="mailto:jane Wong@ocfa.org">jane Wong@ocfa.org</a>	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**

Since there was no Budget and Finance Committee meeting held in December, no prior committee action was taken on the Final Investment Report – October 2018/Preliminary Report – November 2018; however, this item had been forwarded to members of the Budget and Finance Committee for review.

**RECOMMENDED ACTION(S)**

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of January 24, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

Since the Committee did not meet in December, attached are the final monthly investment reports for the months ending October 31 and November 30, 2018. A preliminary investment report as of December 14, 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 – October 2018/Preliminary Report – November 2018  
Final Investment Report – November 2018/Preliminary Report – December 2018



# ORANGE COUNTY FIRE AUTHORITY

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

Brian Fennessy, Fire Chief

(714) 573-6000

[www.ocfa.org](http://www.ocfa.org)

December 4, 2018

TO: Budget and Finance Committee  
Orange County Fire Authority

FROM: Patricia Jakubiak, Treasurer *PJ*

SUBJECT: **Investment Report**

Due to the cancellation of the December 12, 2018 meeting of the Budget and Finance Committee, I am enclosing the monthly investment report for your review. The report includes the following:

- Final Investment Report for October 2018
- Preliminary Investment Report for November 2018

Since the December meeting of the Executive Committee has also been cancelled, this report will be forwarded to the January 9, 2019 meeting of the Budget and Finance Committee for action to be taken. If you have any questions, please call me at (714) 573-6301.

Enclosure

# *Orange County Fire Authority Monthly Investment Report*



*Final Report – October 2018*

*Preliminary Report – November 2018*



## ***Monthly Investment Report Table of Contents***

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***Orange County Fire Authority***

***Final Investment Report***

***October 31, 2018***



## **EXECUTIVE SUMMARY**

### ***Portfolio Activity & Earnings***

During the month of October 2018, the size of the portfolio decreased significantly to \$121.1 million from \$140.1 million. Significant receipts for the month included cash contract payments, an apportionment of property taxes, charges for current services and intergovernmental agency payments totaling \$5.5 million. Significant disbursements for the month included primarily two biweekly payrolls which were approximately \$12.0 million each with related benefits. Significant disbursements also included a payment of \$1.4 million for fire apparatus. Total October cash outflows amounted to approximately \$28.0 million. The portfolio's balance is expected to increase in November.

In October, the portfolio's yield to maturity (365-day equivalent) increased by 14 basis points to 1.99%. The effective rate of return rose by 7 basis points to 1.95% for the month and edged up by 1 basis point to 1.90% for the fiscal year to date. The average maturity of the portfolio was about the same at 49 days to maturity.

### ***Economic News***

The U.S. economy continued to strengthen in October 2018, although overall economic activity remained mixed. On the upside, employment conditions advanced further. There was a total of 250,000 new jobs created in October, a much stronger number than expected, and the unemployment rate stayed unchanged at a nearly 50-year record low rate of 3.7%. Consumer confidence indices remained strong, and one index reached an 18-year high. Retail sales increased better than expected. On the other hand, both manufacturing and non-manufacturing activity pulled back slightly. The CPI (Consumer Price Index) rose more than expected by 0.3% in October. Durable goods orders dropped noticeably for the month while industrial production edged up slightly. Overall housing activity remained weaker than a year ago in October. On November 8, 2018, the Federal Open Market Committee met and voted to keep the federal funds rate unchanged at a target range of 2.0% to 2.25%. The Fed also upgraded its outlook on the economy. Current expectations are high for another rate hike by the Fed at their scheduled meeting in December.



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

3 Month T-Bill: 2.29%

1 Year T-Bill: 2.65%

6 Month T-Bill: 2.46%

LAIF: 2.14%

OCFA Portfolio: 1.95%

**PORTFOLIO SIZE, YIELD, & DURATION**

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>Prior Year</i></u>
<i>Book Value-</i>	\$121,052,604	\$140,072,367	\$118,668,912
<i>Yield to Maturity (365 day)</i>	1.99%	1.85%	1.11%
<i>Effective Rate of Return</i>	1.95%	1.88%	1.08%
<i>Days to Maturity</i>	49	48	137



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

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

(See Note 1 on page 9)

(See Note 2 on page 9)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	15,173,480.75	15,173,480.75	15,173,480.75	12.63	1	1	1.677	1.700
Federal Agency Coupon Securities	16,000,000.00	15,825,840.00	16,000,000.00	13.32	878	321	1.436	1.456
Federal Agency Disc. -Amortizing	8,000,000.00	7,987,920.00	7,987,888.88	6.65	26	25	2.214	2.245
Treasury Coupon Securities	9,000,000.00	8,997,030.00	8,997,451.79	7.49	210	14	1.982	2.010
Treasury Discounts -Amortizing	7,000,000.00	6,982,500.00	6,982,768.33	5.81	71	42	2.119	2.148
Local Agency Investment Funds	65,000,000.00	64,859,106.26	65,000,000.00	54.10	1	1	2.115	2.144
<b>Investments</b>	<b>120,173,480.75</b>	<b>119,825,877.01</b>	<b>120,141,589.75</b>	<b>100.00%</b>	<b>139</b>	<b>49</b>	<b>1.966</b>	<b>1.993</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	1,279,507.60	1,279,507.60	1,279,507.60		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>121,452,988.35</b>	<b>121,105,384.61</b>	<b>121,421,097.35</b>		<b>139</b>	<b>49</b>	<b>1.966</b>	<b>1.993</b>

Total Earnings	October 31 Month Ending	Fiscal Year To Date
Current Year	211,115.83	957,987.13
Average Daily Balance	127,546,311.17	149,602,419.56
Effective Rate of Return	1.95%	1.90%

"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)

\$ 121,421,097.35

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

\$ (368,493.66)

Total

\$ 121,052,603.69



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

(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
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	Federated Treasury Obligations			15,173,480.75	15,173,480.75	15,173,480.75	1.700	1.700	1	
<b>Subtotal and Average</b>			<b>11,882,826.59</b>		<b>15,173,480.75</b>	<b>15,173,480.75</b>	<b>15,173,480.75</b>		<b>1.700</b>	<b>1</b>	
<b>Federal Agency Coupon Securities</b>											
3133EGPD1	921	Federal Farm Credit Bank (Callable Anytime)		04/20/2017	7,000,000.00	6,925,380.00	7,000,000.00	1.180	1.375	273	08/01/2019
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,900,460.00	9,000,000.00	1.625	1.518	358	10/25/2019
<b>Subtotal and Average</b>			<b>20,516,129.03</b>		<b>16,000,000.00</b>	<b>15,825,840.00</b>	<b>16,000,000.00</b>		<b>1.456</b>	<b>321</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313385Q82	951	Fed Home Loan Bank		10/31/2018	8,000,000.00	7,987,920.00	7,987,888.88	2.180	2.245	25	11/26/2018
<b>Subtotal and Average</b>			<b>902,783.51</b>		<b>8,000,000.00</b>	<b>7,987,920.00</b>	<b>7,987,888.88</b>		<b>2.245</b>	<b>25</b>	
<b>Treasury Coupon Securities</b>											
912828M64	944	Treasury Note		04/19/2018	9,000,000.00	8,997,030.00	8,997,451.79	1.250	2.010	14	11/15/2018
<b>Subtotal and Average</b>			<b>17,700,283.51</b>		<b>9,000,000.00</b>	<b>8,997,030.00</b>	<b>8,997,451.79</b>		<b>2.010</b>	<b>14</b>	
<b>Treasury Discounts -Amortizing</b>											
912796QN2	950	US Treasury Bill		10/03/2018	7,000,000.00	6,982,500.00	6,982,768.33	2.110	2.148	42	12/13/2018
<b>Subtotal and Average</b>			<b>12,137,650.32</b>		<b>7,000,000.00</b>	<b>6,982,500.00</b>	<b>6,982,768.33</b>		<b>2.148</b>	<b>42</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			65,000,000.00	64,859,106.26	65,000,000.00	2.144	2.144	1	
<b>Subtotal and Average</b>			<b>64,406,638.21</b>		<b>65,000,000.00</b>	<b>64,859,106.26</b>	<b>65,000,000.00</b>		<b>2.144</b>	<b>1</b>	
<b>Total and Average</b>			<b>127,546,311.17</b>		<b>120,173,480.75</b>	<b>119,825,877.01</b>	<b>120,141,589.75</b>		<b>1.993</b>	<b>49</b>	

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10033	10033	Revolving Fund		07/01/2018	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2018	1,259,507.60	1,259,507.60	1,259,507.60		0.000	1
		<b>Average Balance</b>	<b>0.00</b>							<b>1</b>
<b>Total Cash and Investments</b>			<b>127,546,311.17</b>		<b>121,452,988.35</b>	<b>121,105,384.61</b>	<b>121,421,097.35</b>		<b>1.993</b>	<b>49</b>

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



**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of November 1, 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	( 11/01/2018 - 11/01/2018 )	4 Maturities	0 Payments	81,452,988.35	67.08%	81,452,988.35	81,312,094.61
Aging Interval: 1 - 30 days	( 11/02/2018 - 12/01/2018 )	2 Maturities	0 Payments	17,000,000.00	13.99%	16,985,340.67	16,984,950.00
Aging Interval: 31 - 60 days	( 12/02/2018 - 12/31/2018 )	1 Maturities	0 Payments	7,000,000.00	5.75%	6,982,768.33	6,982,500.00
Aging Interval: 61 - 91 days	( 01/01/2019 - 01/31/2019 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 92 - 121 days	( 02/01/2019 - 03/02/2019 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 122 - 152 days	( 03/03/2019 - 04/02/2019 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	( 04/03/2019 - 05/03/2019 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	( 05/04/2019 - 08/02/2019 )	1 Maturities	0 Payments	7,000,000.00	5.77%	7,000,000.00	6,925,380.00
Aging Interval: 275 - 365 days	( 08/03/2019 - 11/01/2019 )	1 Maturities	0 Payments	9,000,000.00	7.41%	9,000,000.00	8,900,460.00
Aging Interval: 366 days and after	( 11/02/2019 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		9 Investments	0 Payments		100.00	121,421,097.35	121,105,384.61





**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, 2018 includes a decrease of (\$121,754) to the LAIF investment and a decrease of (\$246,740) to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



## ***Local Agency Investment Fund (LAIF)***

As of October 31, 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 September 30, 2018 is 0.997832404. When applied to OCFA's LAIF investment, the fair value is \$64,859,106 or (\$140,894) 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 October 31, 2018 is included on the following page.



Fair Value Including Accrued Interest	\$	84,900,466,984.14
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*Orange County Fire Authority*

*Preliminary Investment Report*

*November 23, 2018*



ORANGE COUNTY FIRE AUTHORITY  
Portfolio Management  
Portfolio Summary  
November 23, 2018

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

(See Note 1 on page 18)

(See Note 2 on page 18)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	7,748,817.79	7,748,817.79	7,748,817.79	6.37	1	1	1.677	1.700
Federal Agency Coupon Securities	16,000,000.00	15,838,830.00	16,000,000.00	13.15	878	298	1.436	1.456
Federal Agency Disc. -Amortizing	8,000,000.00	8,000,000.00	7,999,031.11	6.57	26	2	2.214	2.245
Treasury Discounts -Amortizing	25,000,000.00	24,950,720.00	24,948,169.72	20.50	60	34	2.183	2.213
Local Agency Investment Funds	65,000,000.00	64,859,106.26	65,000,000.00	53.41	1	1	2.115	2.144
<b>Investments</b>	<b>121,748,817.79</b>	<b>121,397,474.05</b>	<b>121,696,018.62</b>	<b>100.00%</b>	<b>130</b>	<b>47</b>	<b>2.018</b>	<b>2.046</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	675,248.40	675,248.40	675,248.40		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>122,424,066.19</b>	<b>122,072,722.45</b>	<b>122,371,267.02</b>		<b>130</b>	<b>47</b>	<b>2.018</b>	<b>2.046</b>

Total Earnings	November 23 Month Ending	Fiscal Year To Date
Current Year	156,760.64	1,114,747.77
Average Daily Balance	123,749,972.04	145,529,773.72
Effective Rate of Return	2.01%	1.91%

"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)

\$ 122,371,267.02

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

\$ (368,493.66)

Total

\$ 122,002,773.36

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**November 23, 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
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	Federated Treasury Obligations			7,748,817.79	7,748,817.79	7,748,817.79	1.700	1.700	1	
<b>Subtotal and Average</b>			<b>9,805,670.47</b>		<b>7,748,817.79</b>	<b>7,748,817.79</b>	<b>7,748,817.79</b>		<b>1.700</b>	<b>1</b>	
<b>Federal Agency Coupon Securities</b>											
3133EGPD1	921	Federal Farm Credit Bank (Callable Anytime)		04/20/2017	7,000,000.00	6,932,520.00	7,000,000.00	1.180	1.375	250	08/01/2019
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,906,310.00	9,000,000.00	1.625	1.518	335	10/25/2019
<b>Subtotal and Average</b>			<b>16,000,000.00</b>		<b>16,000,000.00</b>	<b>15,838,830.00</b>	<b>16,000,000.00</b>		<b>1.456</b>	<b>298</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313385Q82	951	Fed Home Loan Bank		10/31/2018	8,000,000.00	8,000,000.00	7,999,031.11	2.180	2.245	2	11/26/2018
<b>Subtotal and Average</b>			<b>7,993,702.22</b>		<b>8,000,000.00</b>	<b>8,000,000.00</b>	<b>7,999,031.11</b>		<b>2.245</b>	<b>2</b>	
<b>Treasury Coupon Securities</b>											
<b>Subtotal and Average</b>			<b>5,477,540.72</b>								
<b>Treasury Discounts -Amortizing</b>											
912796QN2	950	US Treasury Bill		10/03/2018	7,000,000.00	6,992,930.00	6,992,204.72	2.110	2.148	19	12/13/2018
912796QQ5	952	US Treasury Bill		11/08/2018	9,000,000.00	8,982,990.00	8,981,932.50	2.190	2.227	33	12/27/2018
912796QS1	953	US Treasury Bill		11/08/2018	9,000,000.00	8,974,800.00	8,974,032.50	2.210	2.249	47	01/10/2019
<b>Subtotal and Average</b>			<b>19,473,058.62</b>		<b>25,000,000.00</b>	<b>24,950,720.00</b>	<b>24,948,169.72</b>		<b>2.213</b>	<b>34</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			65,000,000.00	64,859,106.26	65,000,000.00	2.144	2.144	1	
<b>Subtotal and Average</b>			<b>65,000,000.00</b>		<b>65,000,000.00</b>	<b>64,859,106.26</b>	<b>65,000,000.00</b>		<b>2.144</b>	<b>1</b>	
<b>Total and Average</b>			<b>123,749,972.04</b>		<b>121,748,817.79</b>	<b>121,397,474.05</b>	<b>121,696,018.62</b>		<b>2.046</b>	<b>47</b>	

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**November 23, 2018**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10033	10033	Revolving Fund		07/01/2018	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2018	655,248.40	655,248.40	655,248.40		0.000	1
		<b>Average Balance</b>	<b>0.00</b>							<b>1</b>
<b>Total Cash and Investments</b>			<b>123,749,972.04</b>		<b>122,424,066.19</b>	<b>122,072,722.45</b>	<b>122,371,267.02</b>		<b>2.046</b>	<b>47</b>

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**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of November 24, 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	( 11/24/2018 - 11/24/2018 )	4 Maturities	0 Payments		73,424,066.19	60.00%	73,424,066.19	73,283,172.45
Aging Interval: 1 - 30 days	( 11/25/2018 - 12/24/2018 )	2 Maturities	0 Payments		15,000,000.00	12.25%	14,991,235.83	14,992,930.00
Aging Interval: 31 - 60 days	( 12/25/2018 - 01/23/2019 )	2 Maturities	0 Payments		18,000,000.00	14.67%	17,955,965.00	17,957,790.00
Aging Interval: 61 - 91 days	( 01/24/2019 - 02/23/2019 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 92 - 121 days	( 02/24/2019 - 03/25/2019 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 122 - 152 days	( 03/26/2019 - 04/25/2019 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	( 04/26/2019 - 05/26/2019 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	( 05/27/2019 - 08/25/2019 )	1 Maturities	0 Payments		7,000,000.00	5.72%	7,000,000.00	6,932,520.00
Aging Interval: 275 - 365 days	( 08/26/2019 - 11/24/2019 )	1 Maturities	0 Payments		9,000,000.00	7.35%	9,000,000.00	8,906,310.00
Aging Interval: 366 days and after	( 11/25/2019 - )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Total for		10 Investments	0 Payments			100.00	122,371,267.02	122,072,722.45



**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, 2018 includes a decrease of (\$121,754) to the LAIF investment and a decrease of (\$246,740) to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.

## GLOSSARY

### INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

**Yield.** Rate of return on a bond.

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

### ECONOMIC TERMS

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

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

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

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

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

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

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

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

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

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

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

# *Orange County Fire Authority Monthly Investment Report*



*Final Report – November 2018*

*Preliminary Report – December 2018*





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***Orange County Fire Authority***

***Final Investment Report***

***November 30, 2018***





## **EXECUTIVE SUMMARY**

### ***Portfolio Activity & Earnings***

During the month of November 2018, the size of the portfolio reversed and increased to \$135.8 million from \$121.1 million. Significant receipts for the month included the first and second apportionments of secured property taxes for a total of \$44.1 million and various intergovernmental agency payments, a cash contract payment and other charges for current services totaling \$6.4 million. Significant disbursements for the month included primarily three biweekly payrolls (instead of the typical two per month) which were approximately \$11.4 million each with related benefits. Total November cash outflows amounted to approximately \$37.1 million. The portfolio's balance is expected to increase significantly in December when the next major property tax receipt is expected.

In November, the portfolio's yield to maturity (365-day equivalent) increased by 11 basis points to 2.10%. The effective rate of return rose by 13 basis points to 2.08% for the month and by 3 basis points to 1.93% for the fiscal year to date. The average maturity of the portfolio decreased by 4 days to 45 days to maturity.

### ***Economic News***

The U.S. economy continued to grow in November 2018, despite mixed economic activity. Employment conditions remained strong. There was a total of 155,000 new jobs created in November, and the unemployment rate was unchanged at 3.7%, staying at a nearly 50-year record low. Consumer confidence indices decreased slightly but remained at high levels. Retail sales increased 0.2% as expected in November. Both manufacturing and non-manufacturing activity reversed and picked up for the month. The CPI (Consumer Price Index) was unchanged in November, keeping inflation in check. Industrial production increased at a slightly better pace than expected. Existing home sales also increased, but remained weaker than a year ago. On December 19, 2018, the Federal Open Market Committee met and, as expected, voted to raise the federal funds rate by a quarter percentage point to a new target range of 2.25% to 2.50%. The Fed also maintained its upgraded outlook on the economy.



**BENCHMARK COMPARISON AS OF NOVEMBER 30, 2018**

3 Month T-Bill: 2.37%

1 Year T-Bill: 2.70%

6 Month T-Bill: 2.52%

LAIF: 2.21%

OCFA Portfolio: 2.08%

**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>	\$135,771,668	\$121,052,604	\$144,470,372
<i>Yield to Maturity (365 day)</i>	2.10%	1.99%	1.11%
<i>Effective Rate of Return</i>	2.08%	1.95%	1.15%
<i>Days to Maturity</i>	45	49	109



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Summary**  
**November 30, 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	12,866,817.79	12,866,817.79	12,866,817.79	9.48	1	1	1.736	1.760
Federal Agency Coupon Securities	16,000,000.00	15,843,240.00	16,000,000.00	11.78	878	291	1.436	1.456
Federal Agency Disc. -Amortizing	17,000,000.00	16,953,250.00	16,952,294.22	12.49	46	44	2.335	2.367
Treasury Discounts -Amortizing	25,000,000.00	24,961,420.00	24,958,741.67	18.38	60	27	2.183	2.213
Local Agency Investment Funds	65,000,000.00	64,859,106.26	65,000,000.00	47.87	1	1	2.178	2.208
<b>Investments</b>	<b>135,866,817.79</b>	<b>135,483,834.05</b>	<b>135,777,853.68</b>	<b>100.00%</b>	<b>121</b>	<b>45</b>	<b>2.069</b>	<b>2.098</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	362,307.68	362,307.68	362,307.68		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>136,229,125.47</b>	<b>135,846,141.73</b>	<b>136,140,161.36</b>		<b>121</b>	<b>45</b>	<b>2.069</b>	<b>2.098</b>

Total Earnings	November 30 Month Ending	Fiscal Year To Date
Current Year	213,055.98	1,171,043.11
Average Daily Balance	124,811,386.13	144,741,432.61
Effective Rate of Return	2.08%	1.93%

"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

12/7/18

**Cash and Investments with GASB 31 Adjustment:**

Book Value of Cash & Investments before GASB 31 (Above)	\$ 136,140,161.36
GASB 31 Adjustment to Books (See Note 3 on page 9)	\$ (368,493.66)
Total	<u>\$ 135,771,667.70</u>



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**November 30, 2018**

(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
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	Federated Treasury Obligations			12,866,817.79	12,866,817.79	12,866,817.79	1.760	1.760	1	
<b>Subtotal and Average</b>			<b>11,068,005.08</b>		<b>12,866,817.79</b>	<b>12,866,817.79</b>	<b>12,866,817.79</b>		<b>1.760</b>	<b>1</b>	
<b>Federal Agency Coupon Securities</b>											
3133EGPD1	921	Federal Farm Credit Bank (Callable Anytime)		04/20/2017	7,000,000.00	6,933,150.00	7,000,000.00	1.180	1.375	243	08/01/2019
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,910,090.00	9,000,000.00	1.625	1.518	328	10/25/2019
<b>Subtotal and Average</b>			<b>16,000,000.00</b>		<b>16,000,000.00</b>	<b>15,843,240.00</b>	<b>16,000,000.00</b>		<b>1.456</b>	<b>291</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313384AP4	954	Fed Home Loan Bank		11/29/2018	17,000,000.00	16,953,250.00	16,952,294.22	2.296	2.367	44	01/14/2019
<b>Subtotal and Average</b>			<b>7,791,939.03</b>		<b>17,000,000.00</b>	<b>16,953,250.00</b>	<b>16,952,294.22</b>		<b>2.367</b>	<b>44</b>	
<b>Treasury Coupon Securities</b>											
<b>Subtotal and Average</b>			<b>4,199,447.89</b>								
<b>Treasury Discounts -Amortizing</b>											
912796QN2	950	US Treasury Bill		10/03/2018	7,000,000.00	6,995,800.00	6,995,076.67	2.110	2.148	12	12/13/2018
912796QQ5	952	US Treasury Bill		11/08/2018	9,000,000.00	8,986,770.00	8,985,765.00	2.190	2.227	26	12/27/2018
912796QS1	953	US Treasury Bill		11/08/2018	9,000,000.00	8,978,850.00	8,977,900.00	2.210	2.249	40	01/10/2019
<b>Subtotal and Average</b>			<b>20,751,994.14</b>		<b>25,000,000.00</b>	<b>24,961,420.00</b>	<b>24,958,741.67</b>		<b>2.213</b>	<b>27</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			65,000,000.00	64,859,106.26	65,000,000.00	2.208	2.208	1	
<b>Subtotal and Average</b>			<b>65,000,000.00</b>		<b>65,000,000.00</b>	<b>64,859,106.26</b>	<b>65,000,000.00</b>		<b>2.208</b>	<b>1</b>	
<b>Total and Average</b>			<b>124,811,386.13</b>		<b>135,866,817.79</b>	<b>135,483,834.05</b>	<b>135,777,853.68</b>		<b>2.098</b>	<b>45</b>	

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**November 30, 2018**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10033	10033	Revolving Fund		07/01/2018	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2018	342,307.68	342,307.68	342,307.68		0.000	1
		<b>Average Balance</b>	<b>0.00</b>							<b>1</b>
<b>Total Cash and Investments</b>			<b>124,811,386.13</b>		<b>136,229,125.47</b>	<b>135,846,141.73</b>	<b>136,140,161.36</b>		<b>2.098</b>	<b>45</b>

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



**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of December 1, 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	( 12/01/2018 - 12/01/2018 )	4 Maturities	0 Payments	78,229,125.47	57.46%	78,229,125.47	78,088,231.73
Aging Interval: 1 - 30 days	( 12/02/2018 - 12/31/2018 )	2 Maturities	0 Payments	16,000,000.00	11.74%	15,980,841.67	15,982,570.00
Aging Interval: 31 - 60 days	( 01/01/2019 - 01/30/2019 )	2 Maturities	0 Payments	26,000,000.00	19.05%	25,930,194.22	25,932,100.00
Aging Interval: 61 - 91 days	( 01/31/2019 - 03/02/2019 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 92 - 121 days	( 03/03/2019 - 04/01/2019 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 122 - 152 days	( 04/02/2019 - 05/02/2019 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	( 05/03/2019 - 06/02/2019 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	( 06/03/2019 - 09/01/2019 )	1 Maturities	0 Payments	7,000,000.00	5.14%	7,000,000.00	6,933,150.00
Aging Interval: 275 - 365 days	( 09/02/2019 - 12/01/2019 )	1 Maturities	0 Payments	9,000,000.00	6.61%	9,000,000.00	8,910,090.00
Aging Interval: 366 days and after	( 12/02/2019 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		10 Investments	0 Payments		100.00	136,140,161.36	135,846,141.73



**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, 2018 includes a decrease of (\$121,754) to the LAIF investment and a decrease of (\$246,740) to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.





## ***Local Agency Investment Fund (LAIF)***

As of November 30, 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 September 30, 2018 is 0.997832404. When applied to OCFA's LAIF investment, the fair value is \$64,859,106 or (\$140,894) 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 November 30, 2018 is included on the following page.

**State of California  
Pooled Money Investment Account  
Market Valuation  
11/30/2018**

Description	Carrying Cost Plus		Fair Value	Accrued Interest		
	Accrued Interest	Purch.				
United States Treasury:						
Bills	\$	17,834,331,743.48	\$	17,984,428,000.00	NA	
Notes	\$	25,164,100,239.25	\$	25,063,391,500.00	\$	94,937,717.50
Federal Agency:						
SBA	\$	751,977,133.40	\$	743,809,603.40	\$	1,415,524.93
MBS-REMICs	\$	25,686,312.74	\$	26,022,473.20	\$	119,893.42
Debentures	\$	2,067,230,421.62	\$	2,051,829,700.00	\$	9,295,494.05
Debentures FR	\$	-	\$	-	\$	-
Debentures CL	\$	100,000,000.00	\$	99,387,500.00	\$	396,250.00
Discount Notes	\$	10,159,747,875.12	\$	10,215,334,000.00	NA	
Supranational Debentures	\$	489,118,743.08	\$	486,602,900.00	\$	1,951,973.00
Supranational Debentures FR	\$	150,344,087.56	\$	150,696,852.73	\$	464,581.53
CDs and YCDs FR	\$	425,000,000.00	\$	425,074,000.00	\$	1,884,625.74
Bank Notes	\$	850,000,000.00	\$	849,276,238.42	\$	6,447,444.45
CDs and YCDs	\$	11,500,000,000.00	\$	11,493,443,085.16	\$	65,961,166.73
Commercial Paper	\$	5,407,676,333.36	\$	5,426,067,444.42	NA	
Corporate:						
Bonds FR	\$	-	\$	-	\$	-
Bonds	\$	-	\$	-	\$	-
Repurchase Agreements	\$	-	\$	-	\$	-
Reverse Repurchase	\$	-	\$	-	\$	-
Time Deposits	\$	4,762,240,000.00	\$	4,762,240,000.00	NA	
AB 55 & GF Loans	\$	758,137,000.00	\$	758,137,000.00	NA	
TOTAL	\$	80,445,589,889.61	\$	80,535,740,297.33	\$	182,874,671.35

Fair Value Including Accrued Interest	\$ 80,718,614,968.68
---------------------------------------	----------------------

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



***Orange County Fire Authority***  
***Preliminary Investment Report***  
***December 14, 2018***



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Summary**  
**December 14, 2018**

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

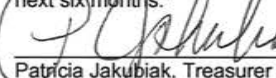
(See Note 1 on page 18)

(See Note 2 on page 18)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	10,616,125.30	10,616,125.30	10,616,125.30	8.39	1	1	1.736	1.760
Federal Agency Coupon Securities	16,000,000.00	15,856,660.00	16,000,000.00	12.64	878	277	1.436	1.456
Federal Agency Disc. -Amortizing	17,000,000.00	16,968,720.00	16,967,473.33	13.41	46	30	2.335	2.367
Treasury Discounts -Amortizing	18,000,000.00	17,981,100.00	17,979,065.00	14.21	56	19	2.208	2.238
Local Agency Investment Funds	65,000,000.00	64,859,106.26	65,000,000.00	51.36	1	1	2.178	2.208
<b>Investments</b>	<b>126,616,125.30</b>	<b>126,281,711.56</b>	<b>126,562,663.63</b>	<b>100.00%</b>	<b>126</b>	<b>42</b>	<b>2.072</b>	<b>2.101</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	572,025.98	572,025.98	572,025.98		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>127,188,151.28</b>	<b>126,853,737.54</b>	<b>127,134,689.61</b>		<b>126</b>	<b>42</b>	<b>2.072</b>	<b>2.101</b>

Total Earnings	December 14 Month Ending	Fiscal Year To Date
Current Year	108,006.48	1,279,049.59
Average Daily Balance	135,789,054.83	143,990,933.88
Effective Rate of Return	2.07%	1.94%

"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

12/21/18

**Cash and Investments with GASB 31 Adjustment:**

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

\$ 127,134,689.61

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

\$ (368,493.66)

Total

\$ 126,766,195.95



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**December 14, 2018**

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	YTM/C	Days to Maturity	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
<b>Money Mkt Mutual Funds/Cash</b>													
SYS528	528	Federated Treasury Obligations			10,616,125.30	10,616,125.30			10,616,125.30	1.760	1.760	1	
<b>Subtotal and Average</b>			<b>13,858,648.11</b>		<b>10,616,125.30</b>	<b>10,616,125.30</b>			<b>10,616,125.30</b>		<b>1.760</b>	<b>1</b>	
<b>Federal Agency Coupon Securities</b>													
3133EGPD1	921	Federal Farm Credit Bank (Callable Anytime)		04/20/2017	7,000,000.00	6,937,210.00			7,000,000.00	1.180	1.375	229	08/01/2019
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,919,450.00			9,000,000.00	1.625	1.518	314	10/25/2019
<b>Subtotal and Average</b>			<b>16,000,000.00</b>		<b>16,000,000.00</b>	<b>15,856,660.00</b>			<b>16,000,000.00</b>		<b>1.456</b>	<b>277</b>	
<b>Federal Agency Disc. -Amortizing</b>													
313384AP4	954	Fed Home Loan Bank		11/29/2018	17,000,000.00	16,968,720.00			16,967,473.33	2.296	2.367	30	01/14/2019
<b>Subtotal and Average</b>			<b>16,960,425.89</b>		<b>17,000,000.00</b>	<b>16,968,720.00</b>			<b>16,967,473.33</b>		<b>2.367</b>	<b>30</b>	
<b>Treasury Discounts -Amortizing</b>													
912796QQ5	952	US Treasury Bill		11/08/2018	9,000,000.00	8,994,330.00			8,993,430.00	2.190	2.227	12	12/27/2018
912796QS1	953	US Treasury Bill		11/08/2018	9,000,000.00	8,986,770.00			8,985,635.00	2.210	2.249	26	01/10/2019
<b>Subtotal and Average</b>			<b>23,969,980.83</b>		<b>18,000,000.00</b>	<b>17,981,100.00</b>			<b>17,979,065.00</b>		<b>2.238</b>	<b>19</b>	
<b>Local Agency Investment Funds</b>													
SYS336	336	Local Agency Invstmt Fund			65,000,000.00	64,859,106.26			65,000,000.00	2.208	2.208	1	
<b>Subtotal and Average</b>			<b>65,000,000.00</b>		<b>65,000,000.00</b>	<b>64,859,106.26</b>			<b>65,000,000.00</b>		<b>2.208</b>	<b>1</b>	
<b>Total and Average</b>			<b>135,789,054.83</b>		<b>126,616,125.30</b>	<b>126,281,711.56</b>			<b>126,562,663.63</b>		<b>2.101</b>	<b>42</b>	



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**December 14, 2018**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10033	10033	Revolving Fund		07/01/2018	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2018	552,025.98	552,025.98	552,025.98		0.000	1
		<b>Average Balance</b>	<b>0.00</b>							<b>1</b>
<b>Total Cash and Investments</b>			<b>135,789,054.83</b>		<b>127,188,151.28</b>	<b>126,853,737.54</b>	<b>127,134,689.61</b>		<b>2.101</b>	<b>42</b>

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**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of December 15, 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	( 12/15/2018 - 12/15/2018 )	4 Maturities	0 Payments		76,188,151.28	59.93%	76,188,151.28	76,047,257.54
Aging Interval: 1 - 30 days	( 12/16/2018 - 01/14/2019 )	3 Maturities	0 Payments		35,000,000.00	27.49%	34,946,538.33	34,949,820.00
Aging Interval: 31 - 60 days	( 01/15/2019 - 02/13/2019 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 61 - 91 days	( 02/14/2019 - 03/16/2019 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 92 - 121 days	( 03/17/2019 - 04/15/2019 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 122 - 152 days	( 04/16/2019 - 05/16/2019 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	( 05/17/2019 - 06/16/2019 )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	( 06/17/2019 - 09/15/2019 )	1 Maturities	0 Payments		7,000,000.00	5.51%	7,000,000.00	6,937,210.00
Aging Interval: 275 - 365 days	( 09/16/2019 - 12/15/2019 )	1 Maturities	0 Payments		9,000,000.00	7.08%	9,000,000.00	8,919,450.00
Aging Interval: 366 days and after	( 12/16/2019 - )	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Total for		9 Investments	0 Payments			100.00	127,134,689.61	126,853,737.54



**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, 2018 includes a decrease of (\$121,754) to the LAIF investment and a decrease of (\$246,740) to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



## GLOSSARY

### INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

**Yield.** Rate of return on a bond.

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

### ECONOMIC TERMS

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

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

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

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

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

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

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

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

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

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

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



Orange County Fire Authority  
**AGENDA STAFF REPORT**

**Budget and Finance Committee Meeting**  
**January 9, 2019**

**Agenda Item No. 3B**  
**Consent Calendar**

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

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**Contact(s) for Further Information**

Lori Zeller, Deputy Chief  
Administration & Support Bureau

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714.573.6020

Tricia Jakubiak, Treasurer  
Treasury & Financial Planning

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714.573.6301

**Summary**

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

**Prior Board/Committee Action**

Not Applicable.

**RECOMMENDED ACTION(S)**

Receive and file the report.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

**ACTIONS TAKEN/FINANCIAL POLICIES & PRACTICES OCTOBER – DECEMBER 2018**

There were no significant items to report this period.

**OCERS INVESTMENT RETURN**

OCERS return for November was 1.1% and the year-to-date (YTD) return is 0.5 %. As of late December, the markets and OCERS are experiencing negative returns. OCERS is on a calendar year basis and has an assumed rate of return of 7.0%.

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

**Attachment(s)**

None.



**Orange County Fire Authority**  
**AGENDA STAFF REPORT**

**Budget and Finance Committee Meeting**  
**January 9, 2019**

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

**Organizational Service Level Assessments**

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**Contact(s) for Further Information**

Lori Zeller, Deputy Chief  
Administration & Support Bureau

[lorizeller@ocfa.org](mailto:lorizeller@ocfa.org)

714.573.6020

Dave Anderson, Deputy Chief  
Emergency Operations Bureau

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714.573.6006

**Summary**

This agenda item is submitted for approval of Citygate's initial scope of work, associated costs, and necessary budget adjustments for performance of service level assessments (SLAs) in specified areas of the OCFA during 2019.

**Prior Board/Committee Action(s)**

At its meeting of November 15, 2018, the Executive Committee awarded a Master Consulting Agreement with Citygate Associates, LLC, the number one ranked firm in the OCFA's Request for Qualifications (RFQ) process for as-needed organizational service level review consulting services. Upon approval of the Master Agreement, staff was directed to return to the full Board of Directors in January with details regarding the initial year's scope of work, cost, and budget.

**RECOMMENDED ACTION(S)**

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 24, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve and authorize the Purchasing Manager to issue individual Purchase Orders to Citygate Associates, LLC, under the general terms and conditions of the previously authorized Master Agreement, for each of the following Service Level Assessments:
  - a. Emergency Command Center - \$192,026
  - b. Emergency Medical Services - \$106,842
  - c. Fleet Services - \$92,922
  - d. Field Deployment Services – \$122,061
  - e. Executive Leadership Team/Human Resources, Integrated Strategic Planning - \$186,874
2. Direct staff to increase expenditures in the FY 2018/19 General Fund (121) budget by \$700,725 to fund the Service Level Assessments outlined above for 2019.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Costs for year-one work total is \$700,725 and requires a budget adjustment for funding, since this project has not been anticipated during the FY 2018/19 budget development process.



## Background

In the past, the OCFA has hired consultants to assist in developing a long-term strategic plan for the Authority, designed to cover a five-year (or longer) planning horizon. Although long-term strategic planning is considered key to achieving major goals, many organizations have started questioning their value because of the pace of change, future uncertainties, and the need to be innovative and adaptive. This proposed Organizational Service Level Review project is intended to accomplish the same objectives as a strategic plan, but in smaller pieces, and allow for progress to be made on identified objectives, while other portions of the organization are still being assessed. To initiate this project, staff completed a competitive RFQ process resulting in the Executive Committee awarding a Master Consulting Agreement to Citygate Associates, LLC, the number one ranked firm. Staff was further directed to return in January with details regarding the initial year's scope of work, cost, and budget.

We have identified the following areas for review during 2019, and worked with Citygate regarding each scope of work and associated costs, with a total combined cost of \$700,725 as follows:

- Emergency Command Center - \$192,026
- Emergency Medical Services - \$106,842
- Fleet Services - \$92,922
- Field Deployment Services - \$122,061
- Executive Leadership Team/Human Resources, Integrated Strategic Planning - \$186,874

Detailed scopes of work for the areas listed above are provided as Attachment Nos. 1-5. The latter area which includes "Integrated Strategic Planning" is a category that we anticipate for inclusion during each year of this process. This particular area will enable the Fire Chief and his Executive Team to use Citygate resources as issues arise and/or overlap between SLAs. Furthermore, Citygate's project manager is responsible for coordinating all SLA issues into not just individual reports, but into an integrated strategic plan. This category will ultimately facilitate the final integrated strategic plan.

Staff is submitting this agenda item to the Budget and Finance Committee (B&FC) for review and input prior to submitting the item to the Board of Directors. Further, staff is recommending that the B&FC, as OCFA's Audit Oversight Committee, provide review, input, and oversight for all future phases of Citygate's work with OCFA. Essentially, the B&FC will vet all aspects of this work, prior to submitting final work products to the full Board of Directors.

## Attachment(s)

1. Emergency Command Center
2. Emergency Medical Services
3. Fleet Services
4. Field Deployment Services
5. Executive Leadership Team/Human Resources, Integrated Strategic Planning





2250 East Bidwell Street, Suite 100 ■ Folsom, CA 95630 ■ PH 916-458-5100 ■ FAX 916-983-2090

December 14, 2018

Brian Fennessy  
Fire Chief  
Orange County Fire Authority  
[brianfennessy@ocfa.org](mailto:brianfennessy@ocfa.org)

**RE: PROPOSAL TO PERFORM A SERVICE LEVEL ASSESSMENT OF THE EMERGENCY  
COMMAND CENTER (ECC) FOR THE ORANGE COUNTY FIRE AUTHORITY**

Dear Chief Fennessy:

In response to your request under our Master Agreement, Citygate Associates, LLC (Citygate) is pleased to present this scope of work and costs to prepare a service level assessment for the Orange County Fire Authority's (OCFA) Emergency Command Center (ECC).

***PROJECT APPROACH***

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We propose to prepare the ECC service level assessment meeting the OCFA's requested Statement of Work, incorporating guidelines and best practices from the National Fire Protection Association (NFPA), the Commission on Fire Accreditation International, relevant federal and state laws and regulations, and other recognized industry best practices.

Citygate's proposed project Work Plan consists of five tasks over a five-month project schedule, incorporating all of the elements contained in OCFA's Statement of Work. We will conduct the service level assessment pursuant to our project Work Plan below for a total cost not to exceed \$192,026.

***THE ORANGE COUNTY FIRE AUTHORITY'S REQUESTED ASSESSMENT***

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The OCFA has requested the following items to be reviewed:

**Objective**

Conduct an objective service level assessment of the ECC to assess the efficiency and effectiveness of activities and ensure compliance with policies/procedures, best practices, and regulatory agencies.

## **Core Areas of Interest**

- u Does the ECC meet NFPA performance standards? Report performance on all operational data.
- u Is the ECC appropriately staffed, per industry standards, to deal with anticipated and unforeseen surges in activity?
- u Are there any areas of weakness or vulnerability that require attention?
- u Does ECC organizational structure effectively support the administration and operational functions?
- u What are the opportunities to improve efficiency, performance, and service delivery?
- u What technologies and best practices should the OCFA consider?
- u What are the opportunities to improve the health and welfare of dispatchers?

## **Assumptions**

- u Analysis should be focused on the 12-hour shift schedule, which starts January 4, 2019.
- u The OCFA is dissatisfied with Criteria Based Dispatch and intends to seek a replacement triaging system.
- u The OCFA recently hired a consultant to assess and implement physical, cyber-security improvements and off-site co-location.
- u Division Chief and shift Battalion Chiefs will be added to the ECC starting December 4, 2019; their roles and responsibilities are under development.
- u Orange County Communications is making preparations to bring text-to-9-1-1 in the coming months.

## **Specific Questions and Tasks**

- u Policies/procedures
  - ¬ Are policies/procedures up to date and do they meet best practices?
  - ¬ Are policies and procedures clearly understood and consistently applied?
  - ¬ Assess initial and ongoing training and certifications; assess documentation.

- └ Are memorandums and directives translated into policies/procedures in reasonable time frames?
- u Call processing
  - └ Are room layout, information flow, and key positions aligned for effective operations?
  - └ Are roles/responsibilities of call taker, primary dispatcher, tactical radio operator, and shift supervisor clear, understood, and consistently applied?
  - └ Call taker
    - Can the call answering script be optimized to improve efficiency and reduce errors?
    - How often are errors generated at entry? How well are they documented? How does the OCFA compare to other agencies?
    - What is the frequency and what are the causes of misrouted calls?
    - Are there opportunities to improve handling of non-English-speaking parties and members of the hearing-impaired community (TTY/TTD)?
  - └ Primary dispatcher
    - Is there an opportunity to utilize technology to reduce call processing time?
- u Information technology
  - └ Does underlying GIS data allow for the effective locating of incident locations and dispatching of resources?
  - └ Are dispatchers provided robust mapping within computer-aided dispatch (CAD) to support their job function?
  - └ Is Information Technology adequately supporting the 24/7 environment for after-hours issues?
- u Preparedness
  - └ Are there policies/procedures, training materials, and exercises to support internal disruption and disaster recovery?

- u Staffing
  - ¬ At what call volume should the OCFA consider adding additional dispatchers?
  - ¬ If Garden Grove Fire was to partner with the OCFA for services, would the addition of four dispatchers meet anticipated workload?
- u Training
  - ¬ Does dispatcher and supervisor training meet the minimum job performance requirements of NFPA 1061?
  - ¬ Is training consistent, reliable, and documented?
- u Future
  - ¬ Would bridging CAD2CAD with law enforcement promote efficient 9-1-1 service?
  - ¬ Is there an opportunity to leverage 2-1-1 Orange County to a greater degree and reduce ECC workload?
  - ¬ Are there actions that the OCFA should be taking in preparation of NG911?

## **PROJECT WORK PLAN**

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For the ECC service level assessment, per our Master Agreement with the OCFA, Citygate is partnering with Mission Critical Partners (MCP) for many of the elements requested. Other elements, overall project management, integrated reporting, and strategic plan integration will be conducted by Citygate.

Our proposed ECC service level assessment Work Plan consists of five tasks, as follows.

<b>Task 1: Initiate and Manage the Project</b>
--

### **Subtasks:**

#### **1.1 Develop Detailed Work Plan Schedule for Project**

- u The Citygate/MCP team will develop a detailed work schedule for the project. This will assist both the Citygate/MCP team and the OCFA staff to monitor project progress.

## **1.2 Request and Review Authority Data and Documentation**

- u At the start of the project, Citygate will develop and submit a request for data/documentation relevant to this project, including:
  - ┐ Policies and procedures
    - Procurement, personnel, and project management
  - ┐ Infrastructure
  - ┐ 9-1-1
    - CPE, CAD, RMS, and Recorder
  - ┐ Personnel
    - Telecommunicators and supervisors, system administrators, and technology support staff
  - ┐ Oversight
  - ┐ External support provided to other agencies
  - ┐ Training and leadership development
    - Internal and external to ECC
  - ┐ Quality assurance
  - ┐ Disaster recovery
  - ┐ Existing succession plans.
- u MCP will provide the OCFA the additional data sets that are needed for discussion prior to the kick-off meeting in Task 1. Although they will be finalized at project kick-off, some data areas that may be candidates for collection include:
  - ┐ Job descriptions
  - ┐ Turnover rates
  - ┐ Emergency and non-emergency call volumes
  - ┐ Number of ten-digit administrative calls
  - ┐ Incident volumes including events generated from the field
  - ┐ Radio frequencies utilized



- └ Mobile data system currently being utilized
- └ Structured protocols currently in use
- └ External interfaces (e.g., CAD-CAD, automated alarms, National Crime Information Center [NCIC])
- └ Division of duties and responsibilities
- └ Supervision and schedules
- └ Training and certification
- └ Shift differentials
- └ Busy hour / demand data
- └ Costs, budgetary, and financial feasibility data
- └ Call characteristics
- └ Backup, redundancy, and diversity of systems/support.
- u Citygate will utilize a secure online file sharing service to make it convenient for OCFA staff to provide requested data/documentation.
- u After receiving the requested documentation, Citygate's team will review it prior to conducting the start-up meeting and stakeholder interviews in the following subtasks. Citygate has found that reviewing this information prior to interviews improves the effectiveness and value of the interviews since it results in more specific questions and more definitive information.

### **1.3 Project Kick-Off Meeting and Planning Session (Estimated One Day On-Site)**

- u Citygate and MCP will conduct a project kick-off meeting with the Fire Chief and any designated stakeholder representatives. Citygate's and MCP's project managers and project staffs will meet with the OCFA's project team and key stakeholders to establish mutual acquaintance, clarify roles, and reach a mutual understanding of the future vision and plans for the assessment. Prior to the meeting, Citygate and MCP staff will thoroughly review any available documentation or material the OCFA can make available from previous relevant work, such as previous staffing studies, letters, standard operating procedures, contracts, as-built documentation, presentation and training material, etc. Citygate's and MCP's project managers will facilitate the meeting and will review:

- └ Project and task milestones, schedules, and deliverables
- └ Project budget
- └ Scheduling of interviews with user and stakeholder representatives
- └ Scheduling of progress review meetings
- └ Collection of any existing material and discussion of any other available information on each of the current systems/subsystems.
- u A step-by-step review of the content and outline of the OCFA's plan and other deliverables for this phase of the project will be conducted during the project kick-off meeting. Any updates or changes from the initial outline will be documented for mutual agreement and to ensure that all expectations of the OCFA are addressed in the plan.
- u Bringing together the key stakeholders will be critical to developing a full understanding of the current state (as-is) and desired future state (to-be), along with the expectations and system requirements.
- u MCP has extensive experience engaging stakeholders to shape the vision and strategic objectives. MCP will gather data associated with the current state and focus on integration with future state and develop appropriate timelines for each objective. MCP will address gaps in operations, identification of partners, and opportunities to improve community engagement.
- u Expected current state components for OCFA's ECC that would be applicable to the assessment include:
  - └ History and regional benefits
  - └ OCFA ECC's vision
  - └ Implementation/progress to date on vision execution
  - └ Current regional partnerships
  - └ Operational challenges
  - └ Technology limitations (including system administrator staff and skillsets)
  - └ Communications needs
  - └ Memorandums of understanding (MOUs) / mutual aid agreements
  - └ Succession planning and leadership development

- Evaluation of impact and lessons-learned when adding new community partners
- Identification of the intersection between public safety and community organizations.

## 1.4 Ongoing Project Management

- u Citygate will provide monthly written status reports, along with an invoice, that describe work performed in the prior month, work scheduled in the upcoming month, and any study issues or project and budget issues.
- u In addition, if a serious issue is encountered at any point in the project, Citygate will immediately call and/or email the OCFA's Project Manager to work on an effective, timely resolution.

## Meetings and Deliverables

An on-site project kick-off meeting is anticipated for this task, which will include the delivery of the draft project plan. We will provide monthly project status updates throughout the project duration.

## Task 2: Data Gathering and Analysis

### Subtasks:

#### 2.1 Schedule Data Gathering Meetings

- u In conjunction with the kick-off meeting and planning session on site, Citygate and MCP will work with the OCFA to schedule initial data gathering meetings.

#### 2.2 Conduct Data Gathering Meetings

- u It is anticipated that MCP will be on site for up to four days following the kick-off meeting and planning session. Data gathering will be offered to include a survey, conference call follow-ups, and interviews, as needed.
- u MCP anticipates auditing existing equipment and discussing with the OCFA the current upgrade and replacement plan to gain an understanding of the current projects started and future projects planned. The audit inventory and assessment will include all the systems, focusing on operations, hardware/software, maintenance, expected upgrades, redundancy, ownership, financing etc., for mission critical activity such as:

- └ 9-1-1 Call Processing Equipment
  - └ CAD including remote access and interfaces
  - └ Logging
  - └ Mobile data software and connectivity
  - └ Networking
  - └ Radio dispatch consoles
  - └ Microwave connectivity to public safety answering point (PSAP)
  - └ Alerting.
- o Successful data collection requires full support of the OCFA to arrange calls, interviews, and/or observations/visits.

## 2.3 Conduct Detailed Analysis of ECC

- o The Citygate/MCP team will conduct detailed analysis of ECC operations to address all Statement of Work questions in the areas of: policies/procedures, call processing, information technology, preparedness, staffing, training, and future.
- o MCP's detailed review will include:
  - └ **Existing and Future 9-1-1 Technology** – MCP's subject matter experts will review the current documented standards for procurement and implementation of 9-1-1 and administrative technologies including interoperability, compatibility, system(s) lifecycle, maintenance, NG911, FirstNet, and system testing. These standards will be evaluated based upon the extensive public safety technology experience of MCP as well as industry standards.
  - └ **Policies and Procedures** – Existing policies and procedures will be evaluated to determine if they are sufficient to meet the current and future needs of the system and if they are being followed by the OCFA. MCP will determine if the policies and procedures in place are comprehensive enough for both the size and mission of the OCFA. MCP has extensive experience evaluating operating procedures at the state, county, and city level.
  - └ **Infrastructure** – The existing infrastructure will be documented and analyzed by MCP's subject matter experts to determine deficiencies, end-of-support scenarios, as well as potential points of failure.

Recommendations will be made for necessary upgrades or replacements to minimize current risks and to prepare for new technologies such as NG911.

- **Personnel** – Human resources are the most critical component to every public safety organization. MCP will document the existing business practices, organizational structure, and workloads of 9-1-1 call takers and dispatchers, system administrators and technology support staff, supervisory and administrative support staff. Analysis will be completed based upon MCP’s experience, industry standards, and the impact of NG911 and FirstNet, to evaluate if current staffing levels, skill sets, and structure are adequate to most efficiently and effectively meet the current and future needs of the OCFA. MCP’s recommendations will include suggested staffing levels, business practice modifications, and additional positions to perform functions not currently being met. Succession planning and leadership development will also be addressed from a strategic view as the OCFA plans for future changes to technology and growth.
- **Oversight** – As a component of the personnel and policies and procedures analysis, MCP will document and evaluate the current supervisory structure in place. The evaluation will focus on the effectiveness of the current structure to support the current and future mission of the OCFA. Alternatives to the methods of oversight will be identified based on industry best practices and MCP’s project experience.
- **Training** – Internal and external training content, methods, policies, and procedures will be evaluated to determine if the current level of training is adequate or if deficiencies exist. MCP will also identify gaps in training and skills projected for both current state and future operations and technology support staff required to operate and support the PSAP in the future state. This will be accomplished through a combination of documentation review and through the interview process with staff and users. Recommendations will be made for improvements and alternatives to enhance or supplement current training offerings and delivery.
- **Disaster Recovery** – A disaster recovery plan is one of the most critical components to every public safety organization in times of extreme emergencies. MCP will document the existing disaster recovery plan, processes, tools and training, as well as backup power, communication, and facilities for the PSAP. Analysis will be completed based upon MCP’s



experience and current industry standards for disaster recovery. MCP will evaluate if the current plan, backup facility, backup power, and communication capabilities are adequate to efficiently and effectively meet the current and future needs of the OCFA in times of disaster. MCP's recommendations will include suggestions around policy, plans, training, backup power, backup facility space, communication, staffing levels, business practice modifications, and additional positions needed to perform functions in an emergency situation and analyze potential needs for future changes to technology and growth.

### **Meetings and Deliverables**

Up to four on-site days is anticipated for this task, which may be possible to partially combine with the on-site trip in Task 1.

## **Task 3: Mid-Project Draft Opinions Briefing**

### **Subtasks:**

#### **3.1 Prepare and Conduct a Mid-Project Briefing**

- u Upon completion of Tasks 1 and 2, the Citygate/MCP team will conduct an on-site briefing to preview findings and recommendations. This briefing will also include a discussion of any anomalies in the data and the resolution of any remaining issues.
- u Pursuant to any input received from the briefing, Citygate and MCP will make any data-driven changes and then refinements, if needed, will be incorporated into the Draft Report.

### **Meetings and Deliverables**

There will be one on-site meeting for this task to present the Mid-Project Briefing, which will be provided in MS-PowerPoint to the OCFA.

## **Task 4: Prepare Draft Report**

### **Subtasks:**

#### **4.1 Prepare Draft Report with Exhibits**

- u The Citygate/MCP team will prepare a Draft Report, including appropriate exhibits.

- u Upon completion of the Draft Report, an electronic version in Microsoft Word will be sent to the OCFA's Project Manager for comments using the track changes and insert comments tools in MS-Word.

#### **4.2 Review Draft Report with OCFA Planning Assessment Team**

- u Citygate's normal practice is to review Draft Reports with management personnel to ensure that the factual basis for the recommendations is correct and to allow time for a thorough review. In addition, Citygate takes time to discuss any areas that require further clarification or amplification. It is during this time that understandings beyond the written text can be communicated.
- u The Citygate/MCP team will conduct a site meeting to review the Draft Report, answer any questions, and agree on the elements for the Final Report.

#### **Meetings and Deliverables**

There will be one on-site meetings for this task.

### **Task 5: Prepare and Present Final Report**

#### **Subtasks:**

#### **5.1 Prepare and Submit Final Report**

- u The process of Final Report preparation is an important one. Implicit in this process is the need for a sound understanding of how the review was conducted, what issues were identified, why the recommendations were made, and how implementation should be accomplished.
- u Based on results of the review process in Task 4, the Citygate/MCP team will prepare and submit an Executive Summary and comprehensive Final Report, including appropriate exhibits. The report will:
  - Describe why the ECC is being reviewed
  - Describe how the Citygate/MCP team performed the analysis
  - Describe best practice benchmarks
  - Present technical review findings
  - Present actionable recommendations

- Describe metrics and future needs for the ECC as an input to the overall OCFA applied strategic plan, which is continually built through each additional cost center service level review.

## 5.2 Final Report Presentation

- o The Citygate/MCP Project Managers will present key elements of the Final Report using Microsoft PowerPoint to an audience as determined by the OCFA's Executive Management team.

## Meetings and Deliverables

There will be one partial-day meeting to present key elements of the Final Report to an audience as determined by the OCFA's Project Manager.

### PROJECT SCHEDULE

Citygate's five-month schedule is presented below:

#### Sample Project Schedule

Task		Month 1	Month 2	Month 3	Month 4	Month 5
1	Initiate and Manage Project		●			
2	Data Gathering and Analysis		●			
3	Mid-Project Briefing			●		
4	Draft Report				●	
5	Final Report and Presentation					●

● On-site meeting

### CITYGATE/MCP PROJECT TEAM

The Citygate/MCP Project Team for this engagement includes the following experienced consultants:

#### **Chief Stewart Gary, MPA, Public Safety Practice Principal / OCFA Project Manager**



Chief Gary is the Public Safety Principal for Citygate Associates and is the retired Fire Chief of the Livermore-Pleasanton Fire Department in Alameda County, California. In 1996, he successfully designed and led the implementation of the Livermore-Pleasanton Fire Department consolidation. For many years, he was the lead instructor and program content developer for the Standards of Coverage process and annually taught a 40-hour course on this systems approach for fire deployment at the California Fire Academy. He

consults on all aspects of fire and EMS services design, planning, and performance auditing. Over the last 15 years, he has performed over 300 studies for clients of all sizes and projects of all complexities, such as the counties of San Diego and Los Angeles (Fire EMS Bureau), the cities of San Jose and San Diego, and one-station rural districts.

Chief Gary has excellent problem solving and facilitation skills having used planning, team building, culture development, and process re-design tools to successfully design, lead, and manage the California League of Cities Helen Putnam award-winning Livermore-Pleasanton Fire Department Consolidation. He also served his community of Livermore as a School Board and then City Council member for eight years, and is a long-time Rotarian.

*Chief Gary will serve as the Project Manager for this engagement and will manage all of the technical work and written work products related to this study.*

### **Chief Michael Dyer, MPA, Fire & Emergency Services Specialist**



Fire Chief Michael W. Dyer began his public safety career over 36 years ago. This career has taken him through various assignments that afforded him the opportunity to gain invaluable experience in many different disciplines, either as a direct participant, supervisor, or manager.

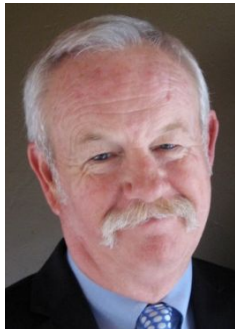
Chief Dyer has served as an Ocean Lifeguard Specialist, Firefighter, Firefighter Paramedic, Firefighter Specialist, Fire Captain, Battalion Chief, Assistant Fire Chief, Deputy Chief, and Chief Deputy in the Los Angeles County Fire Department, and is the retired Fire Chief of the Santa Barbara County Fire Department. Chief Dyer previously held the #2 ranking position in the Los Angeles County Fire Department.

Chief Dyer holds a Bachelor's Degree in Physical Education and a Master's Degree in Public Administration from California State University, Northridge. Chief Dyer recently completed the Executive Leadership Program at the Naval Postgraduate School. In addition to his formal education, he is also certified as a Hazardous Materials Specialist, Paramedic, and achieved the certification of Fire Chief from the California State Fire Marshal.

Chief Dyer recently served on several state wide committees. He served on the California Joint Apprenticeship Management Board, Chair of CALFIRE Contract Counties, and the Chair of the FIRESCOPE Board of Directors.

*Chief Dyer will assist with the review of ECC large incident management and regional mutual/auto aid functions.*

**Dallas “Denny” Neville, Public Safety Communications Specialist**



Mr. Neville is a Retired Deputy Fire Chief, with over 40 years of service in California. He has served as Interim Fire Chief, Director at two large joint-dispatch facilities, and provided dispatch-oriented consulting services to several agencies, large and small. During his career in the fire service he served on two California Type I Incident Management Teams, served as Fire Marshal, Operations Chief, and has also served in career fire departments, all volunteer and combination paid/volunteer agencies. Mr. Neville is a member of Associated Public-Safety Communications Officials (APCO) and serves on its Emerging Technologies workgroup.

He performed an important role in the design of the San Diego County Regional Communications System’s trunked radio project. He served on that project’s Steering Committee during construction and rollout, which dealt with issues for all participating disciplines, including private ambulance providers and base station hospitals, and then served as an alternate Board Member on the RCS Board of Directors. In addition, Mr. Neville has successfully served as Interim Director of Heartland Communications Facility Authority and as Administrator for North County Dispatch JPA. He was also responsible for managing two consecutive re-writing cycles for Fire and EMS Annexes of the San Diego County Mutual Aid Plan.

In 2013, Mr. Neville was nominated for and received the San Diego County Fire Chiefs Association “Maltese Award” for his dedicated efforts to improve communications interoperability for regional First Responders.

*Mr. Neville will review fire operational aspects of the ECC and assist with overall opinions and recommendations given his experience in managing regional fire dispatch centers in Southern California.*

**David DeRoos, MPA, CMC, Citygate President**



Mr. DeRoos has over 30 years of experience as a consultant to local government, preceded by five years as an assistant to the City Administrator. He earned his undergraduate degree in political science / public service (Phi Beta Kappa) from the University of California at Davis and holds a Master of Public Administration degree from the University of Southern California. Prior to becoming a Principal in Citygate in 1991, he was a Senior Manager in the local government consulting division of Ernst & Young.

*Mr. DeRoos is responsible for ensuring the assessment is conducted smoothly and efficiently within the schedule and budget allocated and that assessment deliverables meet Citygate’s and the client’s quality standards.*



## **Mission Critical Partners, Public Safety Communications Specialists**



Mission Critical Partners (MCP) is a professional services firm that helps public safety clients enhance and evolve their mission critical systems and operations. Through MCP's breadth and depth of experience and an extensive network of resources, MCP offers unique, vendor-independent and successful solutions that solve its clients' complex challenges. MCP's planning, implementation, and lifecycle management services span all aspects of mission critical communications, while its expertise covers everything from radio to broadband, networks and 9-1-1, and facilities and operations. MCP provides confidence and support every step of the way, from design and procurement to building and management. The result is a high-performing public safety system that achieves maximum value and optimal efficiency.

*MCP has assigned a team of seven consultants to perform this service level assessment of the OCFA's ECC. MCP's consultants will lead the technical, in-depth data review and operations analysis of the ECC, participate in on-site meetings, and author their portion of assessment report. Resumes for MCP's five primary consultants on this project are provided in **Attachment A**.*

### **PROJECT FEES**

Our charges are based on **actual time** spent by our consultants at their established billing rates, plus reimbursable expenses incurred in conjunction with travel, printing, clerical, and support services related to the engagement. Our travel as needed for out-of-area consultants is budgeted at Southwest Airlines full fares and average local hotel rates. If advance planning allows, then lower fares will be used. In either event, the OCFA only pays the actual out-of-pocket expenses.

We will undertake this study for a not-to-exceed total cost based on our proposed project Work Plan, Statement of Work, and schedule as presented in the following table. Any additional work outside the scope of services described in this proposal, as mutually agreed to in writing as a change order, will be billed at the hourly rate of the respective consultant(s), including any reimbursable expenses plus a five percent administrative fee.

### **Project Cost Summary**

<b>Firm</b>	<b>Consulting Fees of Project Team</b>	<b>Reimbursable Expenses</b>	<b>Administration (5% of Hourly Fees)</b>	<b>Total Project Amount</b>
<b>Citygate</b>	\$50,095	\$5,072	\$2,505	<b>\$57,672</b>
<b>MCP</b>	\$116,528	\$12,000	\$5,826	<b>\$134,354</b>
<b>Total</b>	<b>\$166,623</b>	<b>\$17,072</b>	<b>\$8,331</b>	<b>\$192,026</b>

## Detailed Project Hours

The following is a breakdown of project hours by task:

Task	Citygate Associates					Mission Critical Partners								Total
	Stewart Gary	Michael Dyer	Denny Neville	David DeRoos	Administrative Project & Report Support	Bonnie Maney	Gordon Vanauken	Jaime Young	Richard Harrison	Milton Schober	Michael Miller	Glenn Bischoff	Admin/Clerical	
1. Initiate and Manage Project	12	6	6	4	6	3	16	24	16	16	10	0	0	119
2. Data Gathering and Analysis	6	18	30	2	4	3	40	62	40	40	27	0	0	272
3. Mid-Project Briefing	10	12	16	2	8	1	6	10	6	6	2	0	0	79
4. Draft Report	11	9	9	2	36	1	16	40	16	16	5	16	16	193
5. Final Report and Presentation	14	1	1	2	16	2	8	32	8	8	10	4	4	110
<b>Total</b>	<b>53</b>	<b>46</b>	<b>62</b>	<b>12</b>	<b>70</b>	<b>10</b>	<b>86</b>	<b>168</b>	<b>86</b>	<b>86</b>	<b>54</b>	<b>20</b>	<b>20</b>	<b>773</b>

This cost proposal reflects our best effort to be responsive to the OCFA's needs for this project, as we understand them, at a reasonable cost. If our proposed scope of work and/or cost is not in alignment with the OCFA's needs or expectations, we are open to discussing modifications to our proposed scope of work and associated costs.

Citygate's proposal includes one (1) draft review cycle as described in Task 4 of the Work Plan, to be completed by Citygate and the OCFA within 30 calendar days of the OCFA receiving the Draft Report. Additional Draft Report cycles or processing delays requested by the OCFA would be billed in addition to the contracted amount at Citygate's time and materials rates. When changes are agreed upon, Citygate will provide the Final Report in reproducible .PDF format. The Draft Report will be considered to be the Final Report if there are no suggested changes within 30 days of the delivery of the Draft Report.

## Standard Hourly Billing Rates

### Citygate Consultants and Staff Hourly Rates

Consultant	Title	Hourly Rate
<b>Citygate Consultants</b>		
Stewart Gary	Public Safety Principal / OCFA Project Manager	\$275
Michael Dyer	Fire & Emergency Services Specialist	\$215
Dallas "Denny" Neville	Public Safety Communications Specialist	\$215
<b>Citygate Project Support &amp; Oversight</b>		
David DeRoos	Citygate President	\$250
Various	Project Report Administrator	\$140
Various	Administrative Assistant	\$115

### Mission Critical Partners Hourly Rates

Consultant	Title	Hourly Rate
Bonnie Maney	Program Manager	\$255
Gordon Vanauken	Technology Specialist II	\$240
Jaime Young	Project Manager	\$230
Richard Harrison	Technology Specialist I	\$222
Milton Schober	Technology Specialist I	\$222
Michael Miller	Assistant Project Manager	\$211
Glenn Bischoff	Policy Specialist/Technical Writer	\$164
Admin/Clerical	Support Specialist	\$92

## Billing Schedule

We will bill monthly for time, reimbursable expenses incurred at actual costs (travel), plus a five percent (5%) administration charge in lieu of individual charges for copies, phone, etc. Our invoices are payable within thirty (30) days. Citygate's billing terms are net thirty (30) days plus two percent (2%) for day thirty-one (31) and two percent (2%) per month thereafter. Our practice is to send both our monthly status report and invoice electronically. Once we are selected for this project, we will request the email for the appropriate recipients of the electronic documents. Hard copies of these documents will be provided only upon request. We prefer to receive payment via ACH Transfer, if available.

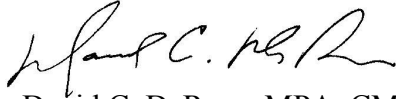
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Chief Fennessy  
December 14, 2018  
Page 19

As President of the firm, I am authorized to execute a binding contract on behalf of Citygate Associates, LLC. Please feel free to contact me at our headquarters office, located in Folsom, California, at (916) 458-5100, extension 101, or via email at [dderoos@citygateassociates.com](mailto:dderoos@citygateassociates.com) if you wish further information.

Sincerely,



David C. DeRoos, MPA, CMC, President

cc: Stewart Gary



2250 East Bidwell Street, Suite 100 ■ Folsom, CA 95630 ■ PH 916-458-5100 ■ FAX 916-983-2090

December 18, 2018

Brian Fennessy  
Fire Chief  
Orange County Fire Authority  
[brianfennessy@ocfa.org](mailto:brianfennessy@ocfa.org)

**RE: PROPOSAL TO PERFORM A SERVICE LEVEL ASSESSMENT OF THE EMERGENCY MEDICAL SERVICES DEPARTMENT FOR THE ORANGE COUNTY FIRE AUTHORITY**

Dear Chief Fennessy:

In response to your request under our Master Agreement, Citygate Associates, LLC (Citygate) is pleased to present the scope of work and costs to prepare a service level assessment for the Orange County Fire Authority's (OCFA) Emergency Medical Services (EMS) Department.

***PROJECT APPROACH***

---

We propose to prepare the EMS Department service level assessment meeting the OCFA's requested Statement of Work, incorporating guidelines and best practices from the National Fire Protection Association (NFPA), the Commission on Fire Accreditation International, local and state EMS laws and regulations, local service level expectations, and other recognized industry best practices.

Citygate's proposed project Work Plan consists of five tasks over a five-month project schedule, incorporating all of the elements contained in the OCFA's Statement of Work. We will conduct the service level assessment pursuant to the following project Work Plan for a total cost not to exceed \$106,842.

***THE ORANGE COUNTY FIRE AUTHORITY'S REQUESTED ASSESSMENT***

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The OCFA has requested the following items to be reviewed:

**Objective**

The EMS Department, formerly the EMS Section, had remained relatively unchanged within the organizational structure, and the legacy composition of the section had fallen behind the significant increase in EMS responses, increase in EMS personnel, emerging EMS



trends/technology, and regulatory oversight requirements on EMS staff. With a reorganization implemented under Fire Chief Brian Fennessy, an Assistant Chief of EMS/Training has been established, and the stature of the EMS Section was elevated to the level of a Department to more appropriately represent its importance within the framework of the OCFA. The overarching objective in this review is to ensure the Department and its staffing and support tools can provide the needed patient care quality oversight.

### **Core Areas of Interest**

- u Is the EMS Department administered, equipped, and staffed to ensure the readiness and reliability as required by OCFA's operational needs?
- u Is the EMS Department being operated in a cost-effective manner?
- u Does the EMS Department meet performance standards for nationally accepted practices?
- u Are there any areas of weakness or vulnerability that require attention in the EMS Department?
- u Does the EMS Department's organizational structure effectively support both administration and operational functions?
- u What are the opportunities to improve efficiency, performance, and service delivery in the EMS Department?
- u What technologies and best practices should the OCFA consider in the EMS Department?
- u What are the opportunities to improve the health and welfare of EMS Department personnel?
- u Review the operational and clinical needs to modernize Criteria Based Dispatching.
- u Provide outcome-based clinical statistics for the Medical Director to better align response types with patient care needs across a very large, diverse, and widespread geography of communities.
- u Review OCFA's use of emergency medical response data and trends to public health initiatives and education.

### **Specific Questions**

- u Does the OCFA leadership appropriately give the EMS Department the needed organizational focus to be successful?

- u How well does the current EMS Department support integration into the regional healthcare system?
- u Does the EMS Department structure and staffing support all administrative and operational needs? Including the following areas:
  - Is there sufficient professional staffing within the EMS Department?
    - EMS Coordinator
    - Nurse Educators
    - Medical Director
    - IT Support
    - Management Analysts
    - Quality Assurance / Improvement Analysts
    - Equipment Technicians
    - Administrative Assistant
  - Is there sufficient sworn staff integrated within the EMS Department to support the EMS Department mission?
    - Training Captain Paramedics
  - Is there sufficient sworn staff within the EMS Department to support EMS incident responses?
    - Mass casualty, wildland fires, and large-scale incident
  - Is there sufficient fiscal and administrative support for professional development/training for the EMS Department staff?
    - Benchmark staff counts to three to five other similar size fire EMS departments
- u Is the EMS Committee functioning effectively, including the peer development/review of issues?
- u Is there sufficient EMS Department support for field operations personnel? Specifically, in the following areas:
  - Quality assurance/improvement feedback

- └ Data-driven training, system improvements, etc.
- └ Training and continuing education
- └ Development of future paramedics
- └ Remediation, improvement, and discipline
- u Is the EMS Department adequately obtaining, analyzing, and applying findings based on empirical data?
  - └ What data metrics support updates to response and patient care delivery with statistical significance?
  - └ What additional staffing, if any, is necessary to support the ever-growing demands for data-driven expectations, outcomes, and training within the EMS system?
  - └ What opportunities exist to inform public health and education efforts, by OCFA or regional stakeholder agencies, to improve the health and safety of residents?
- u What improvements and investment are necessary to enhance and modernize the overall logistical support of all EMS activities?
  - └ Equipment testing, purchasing, and resupply
  - └ Supply inventory ordering and resupply
  - └ Control drugs mandated accountability and resupply
  - └ Use of technology to tie the actual use of supplies to the ordering and resupply process
- u Is the EMS Department meeting compliance in all areas of regulatory oversight, including, but not limited to the following?
  - └ Orange County Health Care
  - └ California EMS Authority
  - └ California Health and Safety Code
  - └ Drug Enforcement Agency
  - └ Cal/OSHA
  - └ NFPA best practices

- └ DMV – personnel security in ambulances
- u Is there an adequate budgetary plan to support the future of the EMS Department?
- u Regarding issues related to Human Resources within the EMS Department and system:
  - └ Is the current pay incentive structure efficient, and does it support the EMS Department's mission within the OCFA rank structure?
  - └ Is the use of the Paramedic certification within the ranks of Fire Apparatus Engineer and Fire Captain effective/efficient?
  - └ Is there sufficient assessment and evaluation of medical knowledge and skills within the current employee performance evaluation process?
  - └ Does the healthcare initiative for accountability, "Just Culture," have a place within the EMS Department's culture of training and learning?
- u With the increasing requirement to use technology within the EMS environment, does the EMS Department receive sufficient IT support in all aspects of the EMS Department, including, but not limited to the following?
  - └ iPads
  - └ Cloud interface and use
  - └ Monitors/defibrillators
  - └ Orange County Medical Emergency Data System (OC-MEDS)
  - └ Immunization records
  - └ Controlled drug logs
  - └ Integration with the staffing system
- u Is the EMS Department keeping up with EMS innovations in the following areas?
  - └ Education
  - └ Simulations
  - └ Equipment
  - └ Techniques

- u How well are the Emergency Command Center, Emergency Medical Dispatcher, and EMS systems and staffing integrating for effective response, as well as quality assurance/improvement?

## **PROJECT WORK PLAN**

Our proposed EMS Department service level assessment Work Plan consists of five tasks, as follows.

### **Task 1: Initiate and Manage the Project**

#### **Subtasks:**

##### **1.1 Develop Detailed Work Plan Schedule for Project**

- u We will develop a detailed work schedule for the project. This will assist both Citygate's team and the OCFA staff to monitor project progress.

##### **1.2 Request and Review OCFA Data and Documentation**

- u At the start of the project, Citygate will develop and submit a request for data/documentation relevant to this project, including documents describing the EMS Department's organization, services, budgets, expenses, and performance measures, if any. This questionnaire is extensive and will require the Department manager to produce *existing* documents about the EMS Department's operations, including workload measures and demand forecasts as available.
- u Citygate will utilize a secure online file sharing service to make it convenient for OCFA staff to provide the requested data/documentation.
- u After receiving the requested documentation, Citygate's team will review it prior to conducting the start-up meeting and stakeholder interviews in the following subtasks. Citygate has found that reviewing this information prior to interviews improves the effectiveness and value of the interviews since it results in more specific questions and more definitive information.

##### **1.3 Project Kick-Off Meeting**

- u We will conduct a project kick-off meeting with the Fire Chief and any designated stakeholder representatives. Citygate's project staff will meet with the OCFA's project team and key stakeholders to establish mutual acquaintance, clarify roles, and reach a mutual understanding of the future vision and plans for the assessment. Prior to the meeting, Citygate will thoroughly review any



available documentation or material the OCFA can make available from previous relevant work, such as previous staffing studies, letters, standard operating procedures, contracts, as-built documentation, presentation and training material, etc. Citygate's Project Manager will facilitate the meeting and will review:

- ▢ Project and task milestones, schedules, and deliverables
  - ▢ Project budget
  - ▢ Scheduling of interviews with user and stakeholder representatives
  - ▢ Scheduling of progress review meetings
  - ▢ Collection of any existing material and discussion of any other available information on each of the current systems/subsystems.
- u A step-by-step review of the content and outline of the OCFA's plan and other deliverables for this phase of the project will be conducted during the project kick-off meeting. Any updates or changes from the initial outline will be documented for mutual agreement and to ensure that all expectations of the OCFA are addressed in the plan.

#### **1.4 Ongoing Project Management**

- u Citygate will provide monthly written status reports, along with an invoice, that describe work performed in the prior month, work scheduled in the upcoming month, and any study issues or project and budget issues.
- u In addition, if a serious issue is encountered at any point in the project, Citygate will immediately call and/or email the OCFA's Project Manager to work on an effective, timely resolution.

#### **Meetings and Deliverables**

An on-site project kick-off meeting is anticipated for this task, which will include the delivery of the draft project plan. We will provide monthly project status updates throughout the project duration.

## **Task 2: Data Gathering and Analysis**

### **Subtasks:**

#### **2.1 Schedule Data Gathering Meetings**

- u In conjunction with the kick-off meeting, Citygate's team will begin the initial data listening and follow-up meetings.

#### **2.2 Conduct Data Gathering Meetings**

- u It is anticipated that Citygate will be on-site for two initial days for data follow-up and issues listening to managers and line staff.

#### **2.3 Conduct Detailed Analysis of EMS Operations**

- u The Citygate team will conduct detailed analysis of EMS Department operations to address all Statement of Work questions and tasks.
- u As needed, information follow-up will be conducted via conference call and/or written documents.
- u One additional site day for follow-up will also be used in case not all of the stakeholders can be reached.

### **Meetings and Deliverables**

Up to two on-site days are anticipated for this task, which will be combined with the on-site trip in Task 1. There will also be an additional day on-site for stakeholder listening.

## **Task 3: Mid-Project Draft Opinions Briefing**

### **Subtasks:**

#### **3.1 Prepare and Conduct a Mid-Project Briefing**

- u Upon completion of Tasks 1 and 2, the Citygate team will conduct an on-site briefing to preview findings and recommendations. This briefing will also include a discussion of any anomalies in the data and the resolution of any remaining issues.
- u Pursuant to any input received from the briefing, Citygate will make any data-driven changes and then refinements, if needed, will be incorporated into the Draft Report.

## **Meetings and Deliverables**

There will be one on-site meeting for this task to present the Mid-Project Briefing, which will be provided in MS-PowerPoint to the OCFA.

### **Task 4: Prepare Draft Report**

#### **Subtasks:**

#### **4.1 Prepare Draft Report with Exhibits**

- u The Citygate team will prepare a Draft Report, including appropriate exhibits.
- u Upon completion of the Draft Report, an electronic version in Microsoft Word will be sent to the OCFA's Project Manager for comments using the track changes and insert comments tools in MS-Word.

#### **4.2 Review Draft Report with OCFA Planning Assessment Team**

- u Citygate's normal practice is to review Draft Reports with management personnel to ensure that the factual basis for the recommendations is correct and to allow time for a thorough review. In addition, Citygate takes time to discuss any areas that require further clarification or amplification. It is during this time that understandings beyond the written text can be communicated.
- u The Citygate team will conduct a site meeting to review the Draft Report, answer any questions, and agree on the elements for the Final Report.

## **Meetings and Deliverables**

There will be one on-site meeting for this task.

### **Task 5: Prepare and Present Final Report**

#### **Subtasks:**

#### **5.1 Prepare and Present Final Report**

- u The process of Final Report preparation is an important one. Implicit in this process is the need for a sound understanding of how the review was conducted, what issues were identified, why the recommendations were made, and how implementation should be accomplished.

- u Based on results of the review process in Task 4, the Citygate team will prepare and submit an Executive Summary and comprehensive Final Report, including appropriate exhibits. The report will:
  - Describe why the EMS Department is being reviewed
  - Describe how the Citygate team performed the analysis
  - Describe best practice benchmarks
  - Present technical review findings
  - Present actionable recommendations
  - Describe metrics and future needs for the EMS Department as an input to the overall OCFA applied strategic plan, which is continually built through each additional cost center service level review.

## 5.2 Final Report Presentation

- u The Citygate Project Manager will present key elements of the Final Report using Microsoft PowerPoint to an audience as determined by the OCFA's Executive Management team.

## Meetings and Deliverables


There will be one partial-day meeting to present key elements of the Final Report.

## Project Schedule

Citygate's five-month schedule is presented below:

### Sample Project Schedule

Task		Month 1				Month 2				Month 3				Month 4				Month 5			
1	Initiate and Manage Project																				
2	Data Gathering and Analysis																				
3	Mid-Project Briefing																				
4	Draft Report																				
5	Final Report and Presentation																				

 On-site meeting

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## **CITYGATE PROJECT TEAM**

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The Citygate Project Team for this engagement includes the following experienced senior Citygate consultants:

### **Chief Stewart Gary, MPA, Public Safety Practice Principal / OCFA Project Manager**



Chief Gary is the Public Safety Principal for Citygate Associates and is the retired Fire Chief of the Livermore-Pleasanton Fire Department in Alameda County, California. In 1996, he successfully designed and led the implementation of the Livermore-Pleasanton Fire Department consolidation. For many years, he was the lead instructor and program content developer for the Standards of Coverage process and annually taught a 40-hour course on this systems approach for fire deployment at the California Fire Academy. He consults on all aspects of fire and emergency medical services design, planning, and performance auditing. Over the last 15 years, he has performed over 300 studies for clients of all sizes and projects of all complexities, such as the counties of San Diego and Los Angeles (Fire EMS Bureau), the cities of San Jose and San Diego, and one-station rural districts.

Chief Gary has excellent problem solving and facilitation skills having used planning, team building, culture development, and process re-design tools to successfully design, lead, and manage the California League of Cities Helen Putnam Award-winning Livermore-Pleasanton Fire Department Consolidation. He also served his community of Livermore as a School Board and then City Council member for eight years, and is a long-time Rotarian.

*Chief Gary will serve as the Project Manager for this engagement and will manage all of the technical work, with an emphasis on clinical research, dispatch, and updates to service delivery, and oversee all written work products related to this study.*

### **Chief Garret Olson, MA, EFO, Strategic Planning Specialist**



Chief Olson, a second-generation Firefighter and Fire Chief, began his fire service career in 1988 as a paid-call firefighter with the Fire Department in Orange County, California.

In 1990, Chief Olson was hired as a 9-1-1 dispatcher for the Fire Department in Long Beach, California. He joined the Fire Department in Mesa, Arizona, later that same year and held the positions of Firefighter, Fire Engineer, Fire Captain, Battalion Chief, and Deputy Fire Chief. He was a certified Paramedic and Technical Rescue Technician.

In 2001, Chief Olson was deployed to New York City to assist with recovery from the September 11 terrorist attacks, serving as the government liaison between the City and the American Red Cross. In 2004, Chief Olson was recruited to join the City of Scottsdale, Arizona,



in building its new municipal fire department. He served as Deputy Chief of Training and Special Operations and the Deputy Chief of Field Operations before being promoted to Fire Chief in 2011. During his tenure as Fire Chief, Chief Olson was proud to lead efforts to initiate changes in Department staffing and deployment, strategic planning, organizational culture, and the Department's community-focused mission.

In 2012, Chief Olson returned to his home state of California to become the first ever Deputy Chief in the long-established San Luis Obispo City Fire Department. For the previous 138 years, San Luis Obispo City Fire did not have a second-in-command to the Fire Chief. Bringing this new position to life in a Department steeped with tradition was an exciting opportunity. In 2013, Olson was then selected to lead the San Luis Obispo City Fire Department as its Fire Chief.

*Chief Olson will review the EMS Department records, co-conduct the on-site assessments, and co-author all findings and reports, with an emphasis on staffing to meet the Department's needs.*

#### **Chief Michael Samuels, Fire Services Specialist**



With over 32 years of experience in the fire service Chief Samuels' experience is varied and vast. He has an extensive background in both line and management functions. During the course of Chief Samuels' career, he has served at every rank in the Corona Fire Department from Firefighter, Engineer, Captain, Battalion Chief, and Deputy Chief. As a line officer he has had the opportunity to respond to many incidents where he has operated at both a tactical and strategic level. As a staff officer he has served as the Emergency Medical Services Chief and Deputy Fire Chief. His staff experience includes management of the budget process, discipline and labor relations, and oversight of the Training Division, EMS Division, Facilities, Communications, and Fleet.

*Chief Samuels will review the EMS Department records, co-conduct the on-site assessment, and co-author findings and reports with a particular focus on continuous quality improvement, training, and equipment resources.*

#### **Eric Lind, MA, Statistical and Operations Analysis Associate**



Mr. Lind's 18 years' experience spans several industries, including two years in municipal government as a performance improvement analyst. His municipal government experience has largely focused on public safety performance improvement projects. He has developed baseline system-wide EMS response time capability and testing alternative models, reviewed MPDS systems and dispatch priorities for EMS systems, and improved Fire/EMS dispatch process flow. He has also performed a fire facilities location study, alternative fire service delivery modeling, and an administrative performance assessment of civilian police staff.

Mr. Lind has used performance improvement and business transformation techniques throughout his career across the globe. He is skilled with developing and conducting statistical research to answer operations questions. He is equally comfortable with survey research. Mr. Lind has two published survey research papers, including one he developed for Rotary International.

Mr. Lind is a Lean Six Sigma Certified Black Belt and has a bachelor's degree and two master's degrees in international business, with both master's degrees from different countries.

*Mr. Lind will assist with the clinical and staff workload statistical research needs.*

### **TriTech Software Systems, Geo-Mapping Specialist**



TriTech (formerly The Omega Group) has assisted Citygate for over 10 years. TriTech has revolutionized the public safety industry by becoming one of the first vendors to embed mapping technology into computer-aided dispatch software and to develop one of the most sophisticated recommendation algorithms. Today, TriTech leads the way as the undisputed leader with software that covers every facet within the incident-response workflow, including 9-1-1, computer-aided dispatch, field-based reporting, records management, jail management, analytics and intelligence, patient care reporting, and ambulance billing software. Providing customers with unmatched satisfaction levels and delivering innovative solutions has made TriTech the most trusted partner in public safety software.

*TriTech's GIS deployment specialist will assist with the spatial mapping of patient and incident statistical research trends across the diverse service area.*

### **Michael D. Fay (Animated Data), Statistical Specialist**



Mr. Fay has assisted Citygate with deployment studies for over 10 years. He has over 30 years' experience and has served as a firefighter, EMS director, educator, consultant, and publisher. As President of Animated Data, Inc., he is the designer and publisher of StatsFD, formerly NFIRS 5 Alive. Using standard NFIRS 5 datasets, StatsFD quickly performs diagnostic analysis of fire department operations.

*Mr. Fay will assist with the clinical patient and incident statistical research needs.*

## David DeRoos, MPA, CMC, Citygate President



Mr. DeRoos has over 30 years of experience as a consultant to local government, preceded by five years as an assistant to the City Administrator. He earned his undergraduate degree in political science / public service (Phi Beta Kappa) from the University of California at Davis and holds a Master of Public Administration degree from the University of Southern California. Prior to becoming a Principal in Citygate in 1991, he was a Senior Manager in the local government consulting division of Ernst & Young.

*Mr. DeRoos is responsible for ensuring the assessment is conducted smoothly and efficiently within the schedule and budget allocated and that assessment deliverables meet Citygate's and the client's quality standards.*

## **PROJECT FEES**

Our charges are based on **actual time** spent by our consultants at their established billing rates, plus reimbursable expenses incurred in conjunction with travel, printing, clerical, and support services related to the engagement. Our travel as needed for out-of-area consultants is budgeted at Southwest Airlines full fares and average local hotel rates. If advance planning allows, then lower fares will be used. In either event, the OCFA only pays the actual out-of-pocket expenses.

We will undertake this study for a not-to-exceed total cost based on our proposed project Work Plan, Statement of Work, and schedule as presented in the following table. Any additional work outside the scope of services described in this proposal, as mutually agreed to in writing as a change order, will be billed at the hourly rate of the respective consultant(s), including any reimbursable expenses plus a five percent administrative fee.

### **Project Cost Summary**

<b>Consulting Fees of Project Team</b>	<b>Reimbursable Expenses</b>	<b>Administration (5% of Hourly Fees)</b>	<b>Total Citygate Project Amount</b>
\$94,310	\$7,816	\$4,716	<b>\$106,842</b>

## Detailed Project Hours

The following is a breakdown of project hours by task:

Task	Stewart Gary	Garret Olson	Michael Samuels	Eric Lind	TriTech	Animated Data	David DeRoos	Administrative Project & Report Support	Total
1. Initiate and Manage Project	14	23	23	0	0	0	2	6	68
2. Data Gathering and Analysis	30	40	32	20	12	12	2	4	152
3. Mid-Project Briefing	14	16	16	2	0	0	2	8	58
4. Draft Report	27	30	13	2	0	0	2	36	110
5. Final Report and Presentation	10	14	8	0	0	0	2	14	48
<b>Total</b>	<b>95</b>	<b>123</b>	<b>92</b>	<b>24</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>68</b>	<b>436</b>

This cost proposal reflects our best effort to be responsive to the OCFA's needs for this project, as we understand them, at a reasonable cost. If our proposed scope of work and/or cost is not in alignment with the OCFA's needs or expectations, we are open to discussing modifications to our proposed scope of work and associated costs.

Citygate's proposal includes one (1) draft review cycle as described in Task 4 of the Work Plan, to be completed by Citygate and the OCFA within 30 calendar days of the OCFA receiving the Draft Report. Additional Draft Report cycles or processing delays requested by the OCFA would be billed in addition to the contracted amount at Citygate's time and materials rates. When changes are agreed upon, Citygate will provide the Final Report in reproducible .PDF format. The Draft Report will be considered to be the Final Report if there are no suggested changes within 30 days of the delivery of the Draft Report.

## Standard Hourly Billing Rates

### Citygate Consultants and Staff Hourly Rates

Consultant	Title	Hourly Rate
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Stewart Gary	Public Safety Principal / OCFA Project Manager	\$275
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Michael Samuels	Fire Services Specialist	\$215
Eric Lind	Statistical and Operations Analysis Associate	\$215
TriTech	Geo-Mapping Specialist	\$225
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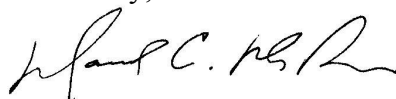
## Billing Schedule

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\* \* \*

As President of the firm, I am authorized to execute a binding contract on behalf of Citygate Associates, LLC. Please feel free to contact me at our headquarters office, located in Folsom, California, at (916) 458-5100, extension 101, or via email at [dderoos@citygateassociates.com](mailto:dderoos@citygateassociates.com) if you wish further information.

Sincerely,



David C. DeRoos, MPA, CMC, President

cc: Stewart Gary





2250 East Bidwell Street, Suite 100 ■ Folsom, CA 95630 ■ PH 916-458-5100 ■ FAX 916-983-2090

December 17, 2018

Brian Fennessy  
Fire Chief  
Orange County Fire Authority  
[brianfennessy@ocfa.org](mailto:brianfennessy@ocfa.org)

**RE: PROPOSAL TO PERFORM A SERVICE LEVEL ASSESSMENT OF THE FLEET SERVICES  
DIVISION FOR THE ORANGE COUNTY FIRE AUTHORITY**

Dear Chief Fennessy:

In response to your request under our Master Agreement, Citygate Associates, LLC (Citygate) is pleased to present the scope of work and costs to prepare a service level assessment for the Orange County Fire Authority's (OCFA) Fleet Services Division.

***PROJECT APPROACH***

---

We propose to prepare the Fleet Services Division service level assessment meeting the OCFA's requested Statement of Work, incorporating guidelines and best practices from the National Fire Protection Association (NFPA), the Commission on Fire Accreditation International, relevant federal and state laws and regulations, and other recognized industry best practices.

Citygate's proposed project Work Plan consists of five tasks over a five-month project schedule, incorporating all of the elements contained in the OCFA's Statement of Work. We will conduct the service level assessment pursuant to our proposed project Work Plan for a total cost not to exceed \$92,922.

***THE ORANGE COUNTY FIRE AUTHORITY'S REQUESTED ASSESSMENT***

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The OCFA has requested the following items to be reviewed:

**Objective**

Conduct an objective service level assessment of OCFA Fleet Services to assess the efficiency and effectiveness of Fleet Services' operations and ensure compliance with policies/procedures, best practices, and regulatory agency requirements.

## Core Areas of Interest

- ☹ Is Fleet Services administered, equipped, and staffed to ensure the readiness and reliability of fleet assets as required by the OCFA's operational needs?
- ☹ Is Fleet Services being operated in a cost-effective manner?
- ☹ Do the maintenance levels, asset condition assessments, and methods for determination of useful life result in the optimal use of capital outlay?
- ☹ Does Fleet Services meet NFPA performance standards? Report performance on all operational data.
- ☹ Is Fleet Services appropriately staffed and equipped to deal with anticipated and unforeseen surges in activity?
- ☹ Are there any areas of weakness or vulnerability that require attention?
- ☹ Does the Fleet Services organizational structure effectively support the administration and operational functions?
- ☹ What are the opportunities to improve efficiency, performance, and service delivery?
- ☹ What technologies and best practices should the OCFA consider for Fleet Services?
- ☹ What are the opportunities to improve the health and welfare of Fleet Services personnel?

## Assumptions

- ☹ Analysis could include variations of the current 9/80 Monday–Friday work schedule.

## Specific Questions and Tasks

- ☹ Policies/procedures
  - ☹ Are the policies and procedures up to date, and do they meet best practices?
  - ☹ Are the policies and procedures clearly understood and consistently applied?
  - ☹ Assess initial and ongoing training and certifications; assess documentation.

- ☛ Are levels of service clearly identified and understood by all? For example, what are the minimum requirements for a unit to be placed into service and what are the desired standards for returning a unit to service?
- ☛ Are memorandums and directives translated into policies and procedures in reasonable time frames?
- ☛ Do Fleet Services accounting procedures ensure the accurate allocation of direct and overhead costs to the OCFA's cost centers (divisions)?



#### Work area

- ☛ Is the floor layout for the mechanics and parts storage aligned for an efficient operation?
- ☛ Are the employees working in a safe environment?
- ☛ Does Fleet Services have the resources to ensure continuous compliance with Cal/OSHA regulations, including hazardous materials identification, storage, disclosure, and inspection/certification of pressure vessels, vehicle lifts, etc.?
- ☛ Is there a written plan for providing mission critical services in the event the Fleet Services facility is inaccessible due to a disaster event?



#### Information technology

- ☛ Are there opportunities to take advantage of existing technology to improve efficiency?
- ☛ Is the fleet management application utilized by the OCFA technically current and utilized to the greatest practical extent, or are alternatives that better meet the OCFA's needs available?



#### Inventory

- ☛ How is the current on-site inventory determined?
- ☛ Is it adequate for a 24/7 fire operation?



#### Internal controls

- ☛ Are there adequate controls in place to account for and monitor the inventory of vehicles and parts?
- ☛ Is there a periodic inventory and reconciliation that occurs?



#### Vehicle replacement plan



How does the OCFA's vehicle replacement plan compare to the fire industry average?



Identify any areas where the OCFA is not meeting best practices regarding vehicle replacement.



#### Vehicle surplus plan



Does the OCFA's management of surplus fleet assets ensure optimal revenue recovery?



Identify any areas where the OCFA is not meeting best practices in this area.



#### Staffing



Is the supervisor-to-employee ratio adequate?



At what fleet size should the OCFA consider adding additional personnel to Fleet Services?



What is the industry average for mechanics-to-vehicles for both light and heavy duty?



Should there be consideration of additional work schedules due to the workload?



As the OCFA fleet grows and the OCFA potentially takes on additional agencies, how can the OCFA maximize its shop and resources to meet the increased workload? Should it look at evening and night shifts? Should operating 24/7 be considered?



#### Procurement



Is the current vehicle procurement process effective; specifically, are the roles and responsibilities of the following groups clearly defined and documented?

- Apparatus/equipment committees
- Fleet Services
- Purchasing



#### Training



Is training consistent, reliable, and documented?

☂ Is there a list of training requirements by position or classification?

- How often is it updated?
- How is it prioritized?

🗨 Communication

☂ Is communication with vehicle operators adequate; does the information and method of presentation provide an accurate/realistic schedule for completion of maintenance/repairs or outfitting of new vehicles?

☂ Are service scheduling time frames reasonable, and are they properly prioritized?

🗨 Planning

☂ Does Fleet Services management perform mid- to long-term planning for adaptation to possible industry changes, such as electrification?

🗨 Future

☂ Has any planning or consideration of the impact of smart technology been incorporated into the future planning?

- Has the use of hybrid and/or electric vehicles been considered?
- Has the use of alternative fuels been examined?

## PROJECT WORK PLAN

Our proposed ECC service level assessment Work Plan consists of five tasks as follows.

### Task 1: Initiate and Manage the Project

#### Subtasks:



##### 1.1 Develop Detailed Work Plan Schedule for Project

🗨 We will develop a detailed work schedule for the project. This will assist both Citygate's team and the OCFA staff to monitor project progress.








##### 1.2 Request and Review OCFA Data and Documentation

🗨 At the start of the project, Citygate will develop and submit a request for data/documentation relevant to this project, including documents describing Fleet Services organization, services, budgets, expenses, and performance measures, if

any. This questionnaire is extensive and will require the Division manager to produce *existing* documents about Fleet Services operations, including workload measures and demand forecasts as available.

-  Citygate will utilize a secure online file sharing service to make it convenient for OCFA staff to provide requested data/documentation.
-  After receiving the requested documentation, Citygate's team will review it prior to conducting the start-up meeting and stakeholder interviews in the following subtasks. Citygate has found that reviewing this information prior to interviews improves the effectiveness and value of the interviews since it results in more specific questions and more definitive information.

### 1.3 Project Kick-Off Meeting

-  Citygate will conduct a project kick-off meeting with the Fire Chief and any designated stakeholder representatives. Citygate's project staff will meet with the OCFA's project team and key stakeholders to establish mutual acquaintance, clarify roles, and reach a mutual understanding of the future vision and plans for the assessment. Prior to the meeting, Citygate will thoroughly review any available documentation or material the OCFA can make available from previous relevant work, such as previous staffing studies, letters, standard operating procedures, contracts, as-built documentation, presentation and training material, etc. Citygate's Project Manager will facilitate the meeting and will review:
  -  Project and task milestones, schedules, and deliverables
  -  Project budget
  -  Scheduling of interviews with user and stakeholder representatives
  -  Scheduling of progress review meetings
  -  Collection of any existing material and discussion of any other available information on each of the current systems/subsystems.
-  A step-by-step review of the content and outline of the OCFA's plan and other deliverables for this phase of the project will be conducted during the project kick-off meeting. Any updates or changes from the initial outline will be documented for mutual agreement and to ensure that all of the OCFA's expectations are addressed in the plan.



## 1.4 Ongoing Project Management

- ☺ Citygate will provide monthly written status reports, along with an invoice, that describe work performed in the prior month, work scheduled in the upcoming month, and any study issues or project and budget issues.
- ☺ In addition, if a serious issue is encountered at any point in the project, Citygate will immediately call and/or email the OCFA's Project Manager to work on an effective, timely resolution.

## Meetings and Deliverables

An on-site project kick-off meeting is anticipated for this task, which will include the delivery of the draft project plan. We will provide monthly project status updates throughout the project duration.

## Task 2: Data/Information Gathering

### Subtasks:

#### 2.1 Schedule Data/Information Gathering Meetings

- ☺ In conjunction with the kick-off meeting, Citygate's team will work with the OCFA to schedule initial data gathering meetings.

#### 2.2 Conduct Data/Information Gathering Meetings

- ☺ It is anticipated that Citygate will be on site for one initial day for data follow-up and issues listening to managers and line staff.

#### 2.3 Conduct Detailed Analysis of Fleet Services Division

- ☺ The Citygate team will conduct detailed analysis of Fleet Services operations to address all of the questions within the Statement of Work, including regarding policies/procedures, work area, information technology, inventory, internal controls, vehicle replacement plan, vehicle surplus plan, staffing, procurement, training, communication, planning, and future.
- ☺ As needed, information follow-up will be conducted via conference call and/or written documents.



## Meetings and Deliverables

Up to one on-site day is anticipated for this task, which may be possible to partially combine with the on-site trip in Task 1.

### **Task 3: Analysis and Mid-Project Draft Opinions Briefing**

#### **Subtasks:**

#### **3.1 Prepare and Conduct a Mid-Project Briefing**

-  Upon completion of Tasks 1 and 2, the Citygate team will prepare and conduct an on-site briefing to preview findings and recommendations. This briefing will also include a discussion of any anomalies in the data and the resolution of any remaining issues.
-  Pursuant to any input received from the briefing, Citygate will make any data-driven changes and then refinements, if needed, will be incorporated into the Draft Report.



#### **Meetings and Deliverables**

There will be one on-site meeting for this task to present the Mid-Project Briefing, which will be provided in MS-PowerPoint to the OCFA.



### **Task 4: Prepare Draft Report**

#### **Subtasks:**

#### **4.1 Prepare Draft Report with Exhibits**

-  The Citygate team will prepare a Draft Report, including appropriate exhibits.
-  Upon completion of the Draft Report, an electronic version in Microsoft Word will be sent to the OCFA's Project Manager for comments using the track changes and insert comments tools in MS-Word.

#### **4.2 Review Draft Report with OCFA Planning Assessment Team**

-  Citygate's normal practice is to review Draft Reports with management personnel to ensure that the factual basis for the recommendations is correct and to allow time for a thorough review. In addition, Citygate takes time to discuss any areas that require further clarification or amplification. It is during this time that understandings beyond the written text can be communicated.
-  The Citygate team will conduct an on-site meeting to review the Draft Report, answer any questions, and agree on the elements for the Final Report.









## Meetings and Deliverables

There will be one on-site meetings for this task.


### Task 5: Prepare and Present Final Report

#### Subtasks:

##### 5.1 Prepare and Submit Final Report

-  The process of Final Report preparation is an important one. Implicit in this process is the need for a sound understanding of how the review was conducted, what issues were identified, why the recommendations were made, and how implementation should be accomplished.
-  Based on results of the review process in Task 4, the Citygate team will prepare and submit an Executive Summary and comprehensive Final Report, including appropriate exhibits. The report will:
  -  Describe why Fleet Services is being reviewed
  -  Describe how the Citygate team performed the analysis
  -  Describe best practice benchmarks
  -  Present technical review findings
  -  Present actionable recommendations
  -  Describe metrics and future needs for Fleet Services as an input to the overall OCFA applied strategic plan, which is continually built through each additional cost center service level review.

##### 5.2 Final Report Presentation

-  The Citygate Project Manager will present key elements of the Final Report using Microsoft PowerPoint to an audience as determined by the OCFA's Executive Management team.

## Meetings and Deliverables

There will be one partial-day meeting to present key elements of the Final Report to an audience as determined by the OCFA's Project Manager.

## Project Schedule

Citygate's five-month schedule is presented below:

### Sample Project Schedule

Task		Month 1	Month 2	Month 3	Month 4	Month 5
1	Initiate and Manage Project					
2	Data Gathering and Analysis					
3	Mid-Project Briefing					
4	Draft Report					
5	Final Report and Presentation					

● On-site meeting

## **CITYGATE PROJECT TEAM**

The Citygate Project Team for this engagement includes the following experienced senior Citygate consultants:

### **Chief Stewart Gary, MPA, Public Safety Practice Principal / OCFA Project Manager**



Chief Gary is the Public Safety Principal for Citygate Associates and is the retired Fire Chief of the Livermore-Pleasanton Fire Department in Alameda County, California. In 1996, he successfully designed and led the implementation of the Livermore-Pleasanton Fire Department consolidation. For many years, he was the lead instructor and program content developer for the Standards of Coverage process and annually taught a 40-hour course on this systems approach for fire deployment at the California Fire Academy. He consults on all aspects of fire and EMS services design, planning, and performance auditing. Over the last 15 years, he has performed over 300 studies for clients of all sizes and projects of all complexities, such as the Counties of San Diego and Los Angeles (Fire EMS Bureau), the Cities of San Jose and San Diego, and one-station rural districts.

Chief Gary has excellent problem solving and facilitation skills having used planning, team building, culture development, and process re-design tools to successfully design, lead, and manage the California League of Cities Helen Putnam award-winning Livermore-Pleasanton Fire

Department consolidation. He also served his community of Livermore as a School Board and then City Council member for eight years, and is a long-time Rotarian.

*Chief Gary will serve as the Project Manager for this engagement and will manage all of the technical work and written work products related to this study.*

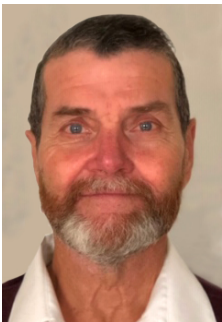
**Chief Samuel Mazza, CFC, CFO, EFO, Senior Fire Services Specialist / OCFA Assistant Project Manager**



Chief Mazza is a Senior Fire and Emergency Services Specialist with over 40 years of fire service experience. He is the retired Fire Chief of the City of Monterey, California, where he oversaw a successful consolidation of fire services with the City of Pacific Grove. Prior to his service with Monterey, Chief Mazza spent over 30 years with CAL FIRE in numerous assignments spanning state, county, and special district services. He has extensive collaborative and command experience, including appointment as the Incident Commander of a statewide Type-1 Incident Command Team. Chief Mazza is a California state Certified Fire Chief, CPSE Chief Fire Officer, Executive Fire Officer, and National Fire Academy instructor. He has performed many community risk assessments for Citygate and assists with strategic planning.

*Chief Mazza will assist with the on-site review of Fleet Services functions and NFPA Standards compliance given his experience with fire fleet services for large agencies.*

**Tony Vargas, MS, Fleet Specialist**



Mr. Vargas has over 25 years of experience in public works and fleet management. He is the former longtime Fleet Manager for the City of Sunnyvale, where he planned, organized, and supervised fleet management operations for all City departments and programs, and performed a variety of technical tasks relative to transportation administration. He has also served as the Fleet Superintendent for the City of Fremont, the Fleet Manager for the Stanislaus County, and the Public Works Site Program Manager as well as Transportation Services Director for the Navy's Public Works in San Francisco Bay. Mr. Vargas' professional affiliations include the National Association of Fleet Administrators, the California County Fleet Manager's Association, and the Public Fleet Supervisors Association, where he served as Vice President. He has a bachelor's degree in business management and master's degree in human resources management and development.

*Mr. Vargas will review the Fleet Services records, co-conduct the on-site assessment, and co-author all findings and reports.*



### **Chief William Sager, CFC, EFO, Senior Fire Services Specialist**



Chief Sager, Citygate's Senior Fire Services Specialist, has more than 40 years in the fire service. With Citygate he has worked on over fifty strategic/master plans, organizational analyses, deployment studies, and training projects. Chief Sager's last assignment with CAL FIRE was as the Butte Unit Chief, and the Butte County Fire Chief. Chief Sager is a nationally recognized course developer and instructor in leadership, organizational development and management courses.

He was the editorial consultant for Blueprint 2020, the Office of State Fire Marshal's new statewide training plan for the California Fire Service (this plan is downloadable <http://osfm.fire.ca.gov/training/pdf/BP2020finaldraft0108.pdf>). *He has led additional strategic planning projects for the Beverly Hills Fire Department, Corona Fire Department, and Los Angeles Regional Fire Chiefs Training Plan, to name several.*

During his CAL FIRE career, he worked at all levels in two units and a region office; he participated in numerous personnel and finance projects, including chairing a streamlining task force on the "Changing Face of CDF." He also was a CAL FIRE Type 1 Team Incident Commander. He is a Certified Fire Chief, and in 2003 he was designated a Chief Fire Officer. Chief Sager retired from CAL FIRE in 2003.

*Chief Sager will assist with the technical measures and large agency practices review of Fleet Services functions and NFPA Standards compliance given his experience with fire fleet services for large agencies.*

### **David DeRoos, MPA, CMC, Citygate President**



Mr. DeRoos has over 30 years of experience as a consultant to local government, preceded by five years as an assistant to the City Administrator. He earned his undergraduate degree in political science / public service (Phi Beta Kappa) from the University of California at Davis and holds a Master of Public Administration degree from the University of Southern California. Prior to becoming a Principal in Citygate in 1991, he was a Senior Manager in the local government consulting division of Ernst & Young.

*Mr. DeRoos is responsible for ensuring the assessment is conducted smoothly and efficiently within the schedule and budget allocated and that assessment deliverables meet Citygate's and the client's quality standards.*

## PROJECT FEES

Our charges are based on **actual time** spent by our consultants at their established billing rates, plus reimbursable expenses incurred in conjunction with travel, printing, clerical, and support services related to the engagement. Our travel as needed for out-of-area consultants is budgeted at Southwest Airlines full fares and average local hotel rates. If advance planning allows, then lower fares will be used. In either event, the OCFA only pays the actual out-of-pocket expenses.

We will undertake this study for a not-to-exceed total cost based on our proposed project Work Plan, Scope of Work, and schedule as presented in the following table. Any additional work outside the scope of services described in this proposal, as mutually agreed to in writing as a change order, will be billed at the hourly rate of the respective consultant(s), including any reimbursable expenses plus a five percent administrative fee.

### Project Cost Summary

Consulting Fees of Project Team	Reimbursable Expenses	Administration (5% of Hourly Fees)	Total Citygate Project Amount
\$76,925	\$12,151	\$3,846	<b>\$92,922</b>

## Detailed Project Hours

The following is a breakdown of project hours by task:

Task	Stewart Gary	Samuel Mazza	Tony Vargas	Bill Sager	David DeRoos	Administrative Project & Report Support	Total
1. Initiate and Manage Project	2	22	22	3	2	6	<b>57</b>
2. Data Gathering and Analysis	2	28	64	12	2	4	<b>112</b>
3. Mid-Project Briefing	4	16	16	2	2	8	<b>48</b>
4. Draft Report	4	30	30	4	2	36	<b>106</b>
5. Final Report and Presentation	9	10	10	0	2	14	<b>45</b>
<b>Total</b>	<b>21</b>	<b>106</b>	<b>142</b>	<b>21</b>	<b>10</b>	<b>68</b>	<b>368</b>

This cost proposal reflects our best effort to be responsive to the OCFA's needs for this project, as we understand them, at a reasonable cost. If our proposed scope of work and/or cost is not in

alignment with the OCFA's needs or expectations, we are open to discussing modifications to our proposed scope of work and associated costs.

Citygate's proposal includes one (1) draft review cycle as described in Task 4 of the Work Plan, to be completed by Citygate and the OCFA within 30 calendar days of the OCFA receiving the Draft Report. Additional Draft Report cycles or processing delays requested by the OCFA would be billed in addition to the contracted amount at Citygate's time and materials rates. When changes are agreed upon, Citygate will provide the Final Report in reproducible .PDF format. The Draft Report will be considered to be the Final Report if there are no suggested changes within 30 days of the delivery of the Draft Report.

## Standard Hourly Billing Rates

### Citygate Consultants and Staff Hourly Rates

Consultant	Title	Hourly Rate
<b>Citygate Consultants</b>		
Stewart Gary	Public Safety Principal / OCFA Project Manager	\$275
Samuel Mazza	Senior Fire Services Specialist / OCFA Project Assistant Manager	\$225
William Sager	Senior Fire Services Specialist	\$250
Tony Vargas	Fleet Specialist	\$215
<b>Citygate Project Support &amp; Oversight</b>		
David DeRoos	Citygate President	\$250
Various	Project Report Administrator	\$140
Various	Administrative Assistant	\$115

## Billing Schedule

We will bill monthly for time, reimbursable expenses incurred at actual costs (travel), plus a five percent (5%) administration charge in lieu of individual charges for copies, phone, etc. Our invoices are payable within thirty (30) days. Citygate's billing terms are net thirty (30) days plus two percent (2%) for day thirty-one (31) and two percent (2%) per month thereafter. Our practice is to send both our monthly status report and invoice electronically. Once we are selected for this project, we will request the email for the appropriate recipients of the electronic documents. Hard copies of these documents will be provided only upon request. We prefer to receive payment via ACH Transfer, if available.

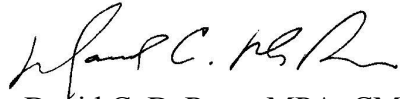
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Chief Fennessy  
December 17, 2018  
Page 16

As President of the firm, I am authorized to execute a binding contract on behalf of Citygate Associates, LLC. Please feel free to contact me at our headquarters office, located in Folsom, California, at (916) 458-5100, extension 101, or via email at [dderoos@citygateassociates.com](mailto:dderoos@citygateassociates.com) if you wish further information.

Sincerely,



David C. DeRoos, MPA, CMC, President

cc: Stewart Gary



2250 East Bidwell Street, Suite 100 ■ Folsom, CA 95630 ■ PH 916-458-5100 ■ FAX 916-983-2090

December 18, 2018

Brian Fennessy  
Fire Chief  
Orange County Fire Authority  
[brianfennessy@ocfa.org](mailto:brianfennessy@ocfa.org)

**RE: PROPOSAL TO PERFORM A SERVICE LEVEL ASSESSMENT FOR FIELD DEPLOYMENT PROGRAMS FOR THE ORANGE COUNTY FIRE AUTHORITY**

Dear Chief Fennessy:

In response to your request under our Master Agreement, Citygate Associates, LLC (Citygate) is pleased to present the scope of work and costs to prepare a service level assessment for the Orange County Fire Authority's field deployment services.

***PROJECT APPROACH***

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We propose to prepare the deployment service level assessment meeting the OCFA's requested Statement of Work, incorporating guidelines and best practices from the National Fire Protection Association (NFPA), the Commission on Fire Accreditation International (CFAI), federal and state laws and regulations, and other recognized industry best practices.

Citygate's proposed project Work Plan consists of five tasks over a six-month project schedule, incorporating all of the elements contained in OCFA's Statement of Work. We will conduct the service level assessment pursuant to the following project Work Plan for a total cost not to exceed \$122,061.

***THE ORANGE COUNTY FIRE AUTHORITY'S REQUESTED ASSESSMENT***

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The OCFA has requested the following field deployment items to be reviewed:

**Objective**

- ◆ Provide a response system metrics review.
- ◆ Peer review OCFA response measures and tools to local need and best practices.

- ◆ Provide advice on internal tools and personnel skill sets to conduct operational performance reviews to best practices internally going forward.

### **Core Areas of Interest**

- ◆ Build an independent data performance model for assessment of OCFA deployment metrics.
- ◆ Build a model of deployment statistics and GIS to include traffic congestion.
- ◆ Advise on software analysis tools meeting the OCFA's needs.

### **Specific Tasks**

- ◆ Build a comprehensive assessment of response times and incident types by fire station first-due and community-wide service areas.
- ◆ Conduct a unit hour utilization workload assessment of all OCFA primary responding apparatus types.
- ◆ Prepare GIS models that measure and visualize the deployment needs and types of responses and time across the geography.
- ◆ Where incident workload for a unit or area exceeds best practice thresholds and results in lowered response time and capacity, conduct a gap analysis and offer recommendations for focused improvement.

### **PROJECT WORK PLAN**

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Citygate's project approach for the requested Standards of Coverage assessment work is consistent with each Project Team member's experience in fire service administration. Citygate utilizes various NFPA publications, the Insurance Services Office (ISO), and the self-assessment criteria of the CFAI as best practice guidelines. Citygate does not use simple or one-size-fits-all measures.

### **Fire and EMS Deployment Methodology**

The core methodology used by Citygate in its deployment and operational response assessment work for this engagement will be that of the Standards of Coverage systems approach to fire department deployment as published by the CFAI. This is a systems-based approach using local risk and demographics to determine the level of protection best fitting the OCFA's needs.



### ***Deployment Assessment Methodology***

Citygate proposes to provide a deployment assessment incorporating the following process elements:

1. Existing deployment – a description of the OCFA’s current fire and EMS response system.
  - The Citygate team will understand the OCFA’s existing fire and EMS deployment model, strategies, and performance measures.
  - The assessment will provide the OCFA with fire and EMS response performance goals from which it can adjust, if needed, the fire services deployment system, with a clear understanding of the costs involved with any recommended changes.
  - While this is not a study of adjacent fire agencies, the study will consider the impacts of the OCFA’s existing or potential mutual aid agreements on its fire and EMS deployment system.
2. Community outcome expectations – identification of what community stakeholders expect of the OCFA’s fire and EMS response system.
  - Citygate will update stakeholder expectations for fire, EMS, and special hazard responses.
3. Distribution study – evaluation of the location and effectiveness of first-due fire and EMS resources within the OCFA’s service area using the FireView™ software GIS mapping tool combined with cutting-edge traffic congestion analysis.
4. Concentration study – evaluation of the OCFA’s current fire and EMS response system to provide an effective multiple-resource response to serious emergencies using the FireView™ software GIS mapping tool.
5. Historical reliability – evaluation of the OCFA’s fire and EMS response system’s concurrent incident response performance utilizing the StatsFD™ software tool.
6. Historical response effectiveness studies – evaluation of the OCFA’s fire and EMS response system performance compared to existing OCFA or best practice performance goals.
7. Overall evaluation – revised deployment policy statements by risk type, as needed.

- Citygate will provide a summary assessment of the deployment analysis, including recommended deployment policies as appropriate.
- The overall evaluation will also include a summary assessment of the current fire and EMS response system's performance throughout the OCFA's service area, including the number and location of fire stations, quantity and types of apparatus, operational staffing levels, and specialized technical capabilities.
- Citygate will recommend deployment and/or operational changes as appropriate to enhance fire service and EMS delivery, including implementation strategies, recommended timing, estimated costs, and potential funding sources.
- Citygate's recommended performance goals will be consistent with recognized guidelines and our experiences with large, diverse clients.

Citygate strongly encourages the OCFA to create a deployment analysis team, which will include a representative cross-section of key OCFA managers, operational staff, data analysts, and labor group leaders, to not only assist in growing Citygate's understanding of the OCFA's fire and EMS response system but also to be coached by Citygate on state-of-the-art deployment methods and tools.

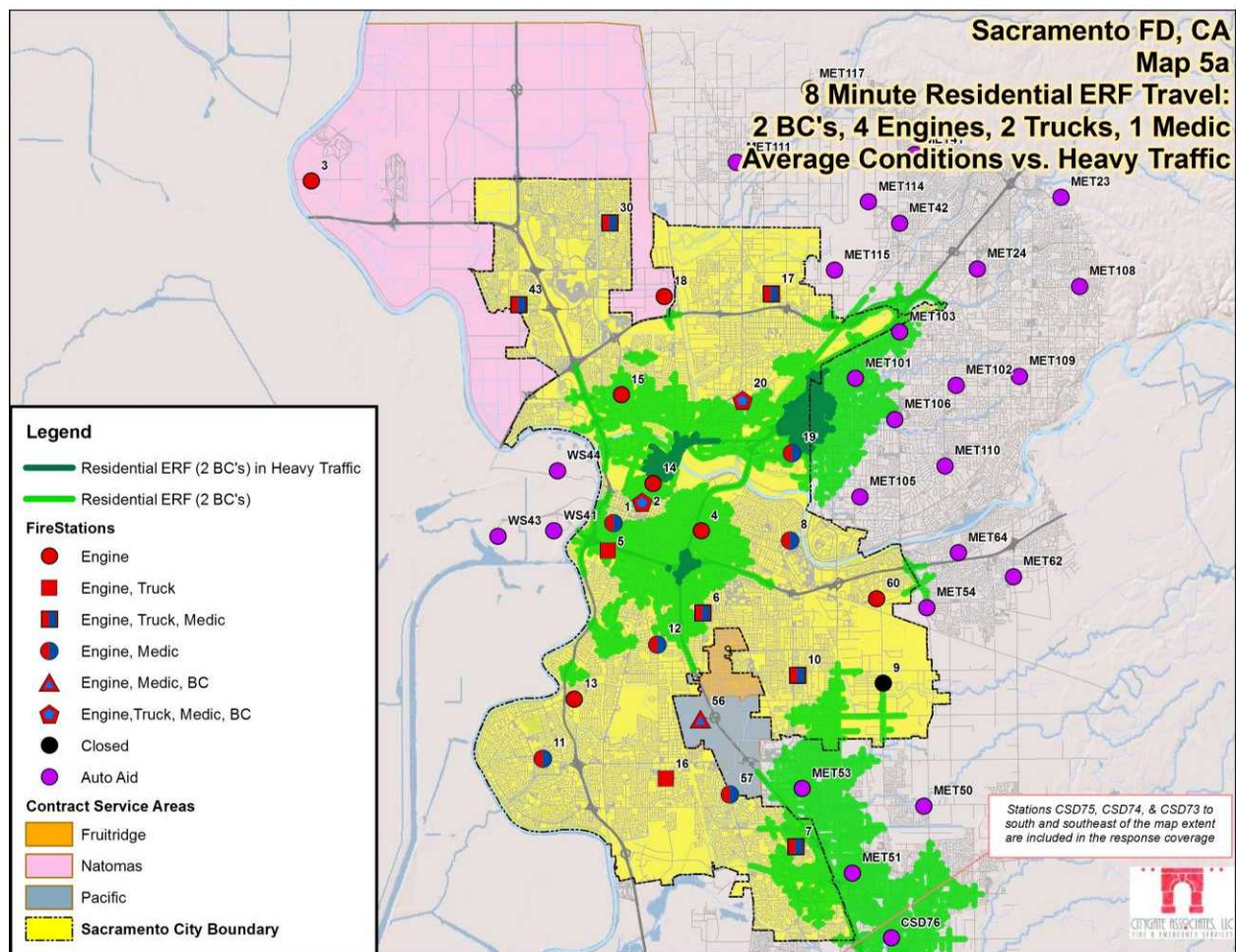
Once the Citygate team has debated the data results internally to reach a preliminary understanding, the team will then meet at length with the OCFA's deployment analysis team to explain and vet the initial results against the OCFA's long-term agency knowledge and common sense about its deployment geography, statistics, and staffing. In this way, Citygate coaches, pushes against legacy thinking, and *listens* for issues that may indicate errors in the initial model results. This avoids a common trap of believing the model when local experience reveals a flaw in the first data build. Using this process of leveraging both teams' strengths, the final work product is robust, meets the local situation, and is implementable.

## **Traffic Congestion**

Citygate is the first consultancy (and still likely only) in the nation to utilize advanced traffic congestion data (not social media data) from which to model rush-hour impacted fire apparatus travel times. This is the same data used to display traffic congestion on mobile devices by coloring road networks green, yellow, and red. We have successfully used this tool in cities like San Diego, San Jose, Sacramento, and many more. A sample map and table from the City of San Sacramento, one of Citygate's SOC clients, follows:



**Figure 1—Sample – Congested vs. Non-Congested Residential First Alarm (ERF) Travel**



**Table 1—Road Mile Coverage for First-Due and First Alarm Units**

Measure	Total Public Road Miles	Non-Congested Miles Reached by Open Fire Stations	Congested Road Miles	Difference (Miles)
4-minute travel, OPEN Fire Stations	2,336	1,544 (66% of total public miles)		792
		1,544	989 (42.3% of open station area)	555
Citygate minimum First Alarm @ 8-minute travel; 3 engines, 1 ladder truck, 1 Battalion Chief	2,336	1,521 (65.1% of total public miles)		815
		1,521	665 (28.5% of open station area)	856

## Project Reports

Given Citygate's experience in local agency administration and presentation of complex issues to governing bodies, Citygate will create reports and briefing materials that make understanding the technical material easier while accepting the credibility of the conclusions and recommendations.

As requested by the OCFA, we will make draft findings and exhibits typical for this type of study available to the OCFA's other cost of services consultants to ensure coordination across the different studies, such as the EMS and Fleet reviews.

This section details Citygate's proposed project Work Plan to complete the Statement of Work requested. The proposed project Work Plan consists of five tasks to be completed over a six-month project period, as follows:

### **Task 1: Initiate and Manage the Project**

#### **Subtasks:**

##### **1.1 Develop Detailed Work Plan Schedule for the Project**

- ◆ Citygate will develop a detailed work schedule for the project. This will assist both the consultants and OCFA staff to monitor project progress.

##### **1.2 Request and Review OCFA Data and Documentation**

- ◆ At the start of the project, Citygate will develop and submit a request for data/documentation relevant to this project, including Community Development General Plans within the OCFA's service area; growth forecasts; any appropriate prior studies; OCFA documentation, including (as available) dispatch and incident data, fleet inventory, staffing, facilities, and response policies; and other relevant information.
- ◆ Citygate will also review travel time performance measure(s) and historical calls-for-service data from the OCFA's data systems.
- ◆ Citygate will utilize a secure online file sharing service to make it convenient for OCFA staff to provide requested data/documentation.
- ◆ After receiving the requested documentation, Citygate will review it prior to conducting the start-up meeting and stakeholder interviews in the following subtasks. Citygate has found that reviewing this information prior to interviews improves the effectiveness and value of the interviews since it results in more specific questions and more definitive information.



### **1.3 Meet with OCFA Representatives to Initiate Project**

- ◆ In collaboration with the OCFA deployment analysis team, Citygate will review and finalize a detailed project Work Plan, the schedule, activities, deliverables, roles and responsibilities, and project benchmarks.
- ◆ To better understand the issues at stake in this project, Citygate, as appropriate and/or as requested, will meet with:
  - The Fire Chief
  - OCFA leadership and other key administrative/support staff
  - Employee labor group leadership as/if directed
  - Other project stakeholders from the contract communities.
- ◆ Citygate encourages clients to not only appoint a Project Manager as the focal point to coordinate with Citygate but to also appoint an internal deployment analysis team. The team can proof the draft data, contribute opinions, and provide feedback on technical and personnel issues in the OCFA. Finally, after Citygate has completed the project, the OCFA's staff will have been "taught to fish" by understanding the project methods, OCFA data, and recommendations so they can continue the analyses, as well as explain it effectively to other OCFA personnel.

### **1.4 Ongoing Project Management**

- ◆ Citygate will provide monthly written status reports, along with an invoice, that describe work performed in the prior month, work scheduled in the upcoming month, and any study issues or project and budget issues.
- ◆ In addition, if a serious issue is encountered at any point in the project, Citygate will immediately call and/or email the OCFA's Project Manager to work on an effective, timely resolution.

### **Meetings and Deliverables**

There will be one, one-day on-site visit during this task to initiate the project, establish relationships, and conduct stakeholder interviews.

Citygate will deliver the final project schedule and data/documentation request in writing. We will also provide monthly project status updates throughout the project duration.

## Task 2: Standards of Coverage Assessment

### Subtasks:

#### 2.1 Community Served and Services Provided

The Citygate team will understand and describe the OCFA's service area to include:

- ◆ General description, formation, and history of the OCFA.
- ◆ Service area description, including boundaries, authority, key demographic and socio-economic indicators, projected growth, values at risk, and existing risk mitigation programs.
- ◆ Description of services provided.
- ◆ Description and analysis of the OCFA's current operational deployment model, including station locations, apparatus deployment, and operational staffing level.
- ◆ Identification, description, and review of any current mutual and/or automatic aid agreements.

#### 2.2 Community Outcome Expectations and Performance Goals

- ◆ Citygate will review any existing community expectations and performance goals and identify and describe any differential expectations relative to fire protection services and response performance as a result of the stakeholder interviews.

#### 2.3 Deployment Analysis

Citygate will use the FireView™ software GIS mapping tool, including traffic congestion data, to study the effectiveness of existing station locations to understand the existing deployment system performance and test proposed service measures by risk types in different zones for first-due, all-risk units.

- ◆ We also include traffic congestion impacts on response times and are the only firm currently capable of doing so. We will utilize TriTech to prepare analysis maps of the OCFA's current and expected operational situation.
  - **Distribution analysis** – Citygate will review the effectiveness of existing station locations to evaluate the deployment system's performance by risk types in different zones for first-due, all-risk units. Citygate's cost and scope of work includes the impacts of traffic congestion on response times.



- **Concentration analysis** – Using prior incident statistics of coverage, Citygate will conduct an analysis of the OCFA's capability to achieve an Effective Response Force (ERF) within best practice response times to resolve more serious/complex emergencies.

## 2.4 Historical Response Effectiveness and Reliability

Citygate will utilize StatsFD™ software to provide a comprehensive statistical analysis of:

- ◆ Current response workload of each staffed fire company, including crew unit hour utilization.
- ◆ Concurrent service demand and operational impacts.
- ◆ Historical response performance components.
- ◆ Mutual and automatic aid provided and received.

## 2.5 Overall Deployment Evaluation

Citygate will provide an overall deployment analysis summary, to include:

- ◆ A description of the current deployment system.
- ◆ A summary assessment of the current deployment system's performance within the OCFA, including the number and location of fire stations, the quantity and types of apparatus, operational staffing levels, specialized technical capabilities, and first-due and ERF performance.
- ◆ Recommendation, as needed, of revised performance objectives by risk type, including measures and compliance methodologies in alignment with recognized industry best practices, community expectations, and current and prospective future OCFA resources.
  - The recommended performance goals will be consistent with recognized guidelines from the NFPA, the CFAI, and the ISO.
- ◆ Identification of areas that are underserved, inefficient, or over-covered.
- ◆ Recommended deployment and/or operational changes as appropriate to enhance fire service and EMS delivery, including implementation strategies, recommended timing, and estimated costs.

## Meetings and Deliverables

There is one on-site meeting in this task for follow-up work with the OCFA staff on deployment analysis techniques to date. Our deployment analysis, including applicable findings and recommendations, will be incorporated into the Draft Report in Task 4.

### Task 3: Mid-Project Draft Opinions Briefing

#### Subtasks:

#### 3.1 Prepare and Conduct a Preliminary Findings Briefing

- ◆ Upon completion of Tasks 1 and 2, Citygate will conduct an on-site briefing of the deployment analysis findings for the OCFA's deployment analysis team. This briefing will also include a discussion of any anomalies in the data and the resolution of any remaining issues.
- ◆ Pursuant to any input received from the OCFA's Project Team, Citygate will make any data-driven changes and then refinements, if needed, will be incorporated into the Draft Report.

## Meetings and Deliverables

There will be one on-site meeting for this task to present the Mid-Project Briefing, which will be provided in MS-PowerPoint to the OCFA with supporting exhibits as appropriate.

### Task 4: Prepare Draft Report

#### Subtasks:

#### 4.1 Prepare Draft Deployment with Exhibits

- ◆ The entire Citygate team will prepare a deployment Draft Report, including appropriate statistical and geographic mapping exhibits.
- ◆ Upon completion of the Draft Report, an electronic version in Microsoft Word will be sent to the OCFA's Project Manager for comments using the track changes and insert comments tools in MS-Word.

#### 4.2 Review Draft Report with OCFA's Team

- ◆ Citygate's normal practice is to review the Draft Report with management personnel to ensure that the factual basis for the recommendations is correct and to allow time for a thorough review. In addition, Citygate takes time to discuss

any areas that require further clarification or amplification. It is during this time that understandings beyond the written text can be communicated.

- ◆ Citygate will conduct an on-site meeting on the Draft Report, answer any questions, and agree on the elements for the Final Report.

## Meetings and Deliverables

There will be one on-site meeting for this task.

### Task 5: Prepare and Present Final Report

#### 5.1 Prepare and Submit Final Report

- ◆ The process of Final Report preparation is an important one. Implicit in this process is the need for a sound understanding of how the review was conducted, what issues were identified, why the recommendations were made, and how implementation should be accomplished.
- ◆ Based on results of the review process in Task 4, the Citygate team will prepare and submit an Executive Summary and comprehensive Final Report, including appropriate statistical and mapping exhibits. The report will include:
  - A review of the approach and analyses conducted.
  - A summary of the OCFA's current deployment model and response performance, including any opportunities for improvement.
  - Analysis of service delivery expectations, including labor, management, elected officials', and community expectations for delivery of fire service, EMS, and special hazard service.
  - An analysis of the values to be protected in the OCFA.
  - An analysis of the efficiency of the current deployment scheme of firefighting resources within the OCFA's fire stations.
  - An analysis of the OCFA's ability to meet its fire and EMS first responder deployment needs and expectations.
  - Recommendations for deployment of existing resources, including probable growth, within the OCFA's service area to optimize service delivery.
  - Recommendations for deployment of new resources, if any, to meet current and future service delivery needs.



- Provision of supporting data and rationale for all recommendations.
- Provision of supporting statistics and other visual data to fully illustrate the current situation and consultant recommendations.

## 5.2 Final Report Presentation

- ◆ Citygate will present key elements of the Final Report using Microsoft PowerPoint to an audience as determined by the OCFA's Executive Management team.

### Meetings and Deliverables

There will be one partial-day meeting to present key elements of the Final Report.

Deliverables for this task include a comprehensive written Final Report, including statistical and mapping exhibits, and a Microsoft PowerPoint presentation of key elements of the Final Report.

### PROJECT SCHEDULE

Citygate anticipates that the duration of this project will be six months. Citygate's schedule is presented below:

#### Proposed Project Schedule

Task		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
1	Initiate and Manage Project						
2	SOC Assessment						
3	Mid-Project Briefing						
4	Draft Report						
5	Final Report and Presentation						

● On-site meeting

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## **CITYGATE PROJECT TEAM**

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The Citygate Project Team for this engagement includes the following experienced senior Citygate consultants:

### **Chief Stewart Gary, MPA, Public Safety Practice Principal / OCFA Project Manager**



Chief Gary is the Public Safety Principal for Citygate Associates and is the retired Fire Chief of the Livermore-Pleasanton Fire Department in Alameda County, California. In 1996, he successfully designed and led the implementation of the Livermore-Pleasanton Fire Department consolidation. For many years, he was the lead instructor and program content developer for the Standards of Coverage process and annually taught a 40-hour course on this systems approach for fire deployment at the California Fire Academy. He consults on all aspects of fire and emergency medical services design, planning, and performance auditing. Over the last 15 years, he has performed over 300 studies for clients of all sizes and projects of all complexities, such as the counties of San Diego and Los Angeles (Fire EMS Bureau), the cities of San Jose and San Diego, and one-station rural districts.

Chief Gary has excellent problem solving and facilitation skills having used planning, team building, culture development, and process re-design tools to successfully design, lead, and manage the California League of Cities Helen Putnam Award-winning Livermore-Pleasanton Fire Department Consolidation. He also served his community of Livermore as a School Board and then City Council member for eight years, and he is a long-time Rotarian.

*Chief Gary will serve as the Project Manager for this engagement and will manage all of the technical work, with an emphasis on deployment metrics, analysis, and adaptive deployment techniques to best meet future challenges, and oversee all written work products related to this study.*

### **Chief Samuel Mazza, CFC, CFO, EFO, Senior Fire Services Specialist / OCFA Assistant Project Manager**



Chief Mazza is a Senior Fire and Emergency Services Specialist with over 40 years of fire service experience. He is the retired Fire Chief of the City of Monterey, California, where he oversaw a successful consolidation of fire services with the City of Pacific Grove. Prior to his service with Monterey, Chief Mazza spent over 30 years with CAL FIRE in numerous assignments spanning state, county, and special district services. He has extensive collaborative and command experience, including appointment as the Incident Commander of a statewide Type-1 Incident Command Team. Chief

Mazza is a California state Certified Fire Chief, CPSE Chief Fire Officer, Executive Fire Officer, and National Fire Academy instructor. He has performed many community risk assessments for Citygate and assists with strategic planning.

*Chief Mazza will assist with the overall background information understanding and the future growth plans in the OCFA's service area and assist Chief Gary with reporting and briefings.*

**Chief Garret Olson, MA, EFO, Strategic Planning Specialist**



Chief Olson, a second-generation Firefighter and Fire Chief, began his fire service career in 1988 as a paid-call firefighter with the Fire Department in Orange County, California.

In 1990, Chief Olson was hired as a 9-1-1 dispatcher for the Fire Department in Long Beach, California. He joined the Fire Department in Mesa, Arizona, later that same year and held the positions of Firefighter, Fire Engineer, Fire Captain, Battalion Chief, and Deputy Fire Chief. He was a certified Paramedic and Technical Rescue Technician.

In 2001, Chief Olson was deployed to New York City to assist with recovery from the September 11 terrorist attacks, serving as the government liaison between the City and the American Red Cross. In 2004, Chief Olson was recruited to join the City of Scottsdale, Arizona, in building its new municipal fire department. He served as Deputy Chief of Training and Special Operations and the Deputy Chief of Field Operations before being promoted to Fire Chief in 2011. During his tenure as Fire Chief, Chief Olson was proud to lead efforts to initiate changes in Department staffing and deployment, strategic planning, organizational culture, and the Department's community-focused mission.

In 2012, Chief Olson returned to his home state of California to become the first ever Deputy Chief in the long-established San Luis Obispo City Fire Department. For the previous 138 years, San Luis Obispo City Fire did not have a second-in-command to the Fire Chief. Bringing this new position to life in a Department steeped with tradition was an exciting opportunity. In 2013, Olson was then selected to lead the San Luis Obispo City Fire Department as its Fire Chief.

*Chief Olson will assist with the review of the incident demands by community.*



**Eric Lind, MA, Statistical and Operations Analysis Associate**



Mr. Lind's 18 years' experience spans several industries, including two years in municipal government as a performance improvement analyst. His municipal government experience has largely focused on public safety performance improvement projects. He has developed baseline system-wide EMS response time capability and testing alternative models, reviewed MPDS systems and dispatch priorities for EMS systems, and improved Fire/EMS dispatch process flow. He has also performed a fire facilities location study, alternative fire service delivery modeling, and an administrative performance assessment of civilian police staff.

Mr. Lind has used performance improvement and business transformation techniques throughout his career across the globe. He is skilled with developing and conducting statistical research to answer operations questions. He is equally comfortable with survey research. Mr. Lind has two published survey research papers, including one he developed for Rotary International.

Mr. Lind is a Lean Six Sigma Certified Black Belt and has a bachelor's degree and two master's degrees in international business, with both master's degrees from different countries.

*Mr. Lind will assist with the staff workload statistical research needs.*

**TriTech Software Systems, Geo-Mapping Specialist**



**TRITECH** TriTech (formerly The Omega Group) has assisted Citygate for over 10 years. TriTech has revolutionized the public safety industry by becoming one of the first vendors to embed mapping technology into computer-aided dispatch software and to develop one of the most sophisticated recommendation algorithms. Today, TriTech leads the way as the undisputed leader with software that covers every facet within the incident-response workflow, including 9-1-1, computer-aided dispatch, field-based reporting, records management, jail management, analytics and intelligence, patient care reporting, and ambulance billing software. Providing customers with unmatched satisfaction levels and delivering innovative solutions has made TriTech the most trusted partner in public safety software.

*TriTech's GIS deployment specialist will assist with the spatial mapping of incident statistical trends across the diverse service area.*

### **Michael D. Fay (Animated Data), Statistical Specialist**



Mr. Fay has assisted Citygate with deployment studies for over 10 years. He has over 30 years' experience and has served as a firefighter, EMS director, educator, consultant, and publisher. As President of Animated Data, Inc., he is the designer and publisher of StatsFD, formerly NFIRS 5 Alive. Using standard NFIRS 5 datasets, StatsFD quickly performs diagnostic analysis of fire department operations.

*Mr. Fay will provide incident statistical research using his StatsFD software tool.*

### **David DeRoos, MPA, CMC, Citygate President**



Mr. DeRoos has over 30 years of experience as a consultant to local government, preceded by five years as an assistant to the City Administrator. He earned his undergraduate degree in political science / public service (Phi Beta Kappa) from the University of California at Davis and holds a Master of Public Administration degree from the University of Southern California. Prior to becoming a Principal in Citygate in 1991, he was a Senior Manager in the local government consulting division of Ernst & Young.

*Mr. DeRoos is responsible for ensuring the assessment is conducted smoothly and efficiently within the schedule and budget allocated and that assessment deliverables meet Citygate's and the client's quality standards.*

### **PROJECT FEES**

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Our charges are based on **actual time** spent by our consultants at their established billing rates, plus reimbursable expenses incurred in conjunction with travel, printing, clerical, and support services related to the engagement. Our travel as needed for out-of-area consultants is budgeted at Southwest Airlines full fares and average local hotel rates. If advance planning allows, then lower fares will be used. In either event, the OCFA only pays the actual out-of-pocket expenses.

We will undertake this study for a not-to-exceed total cost based on our proposed project Work Plan, Statement of Work, and schedule as presented in the following table. Any additional work outside the scope of services described in this proposal, as mutually agreed to in writing as a change order, will be billed at the hourly rate of the respective consultant(s), including any reimbursable expenses plus a five percent administrative fee.



### **Project Cost Summary**

<b>Consulting Fees of Project Team</b>	<b>Reimbursable Expenses</b>	<b>Administration (5% of Hourly Fees)</b>	<b>GIS Data with Traffic Congestion</b>	<b>Total Citygate Project Amount</b>
\$99,005	\$9,156	\$4,950	\$8,950	<b>\$122,061</b>

### **Detailed Project Hours**

The following is a breakdown of project hours by task:

<b>Task</b>	<b>Stewart Gary</b>	<b>Samuel Mazza</b>	<b>Garret Olson</b>	<b>Eric Lind</b>	<b>TriTech</b>	<b>Animated Data</b>	<b>David DeRoos</b>	<b>Administrative Project &amp; Report Support</b>	<b>Total</b>
1. Initiate and Manage Project	13	15	11	0	0	0	2	5	<b>46</b>
2. Deployment Assessment	44	25	11	10	95	60	2	4	<b>251</b>
3. Mid-Project Briefing	10	8	8	1	0	0	2	8	<b>37</b>
4. Draft Report	19	8	8	1	0	0	2	36	<b>74</b>
5. Final Report and Presentation	10	6	6	0	0	0	4	18	<b>44</b>
<b>Total</b>	<b>96</b>	<b>62</b>	<b>44</b>	<b>12</b>	<b>95</b>	<b>60</b>	<b>12</b>	<b>71</b>	<b>452</b>

This cost proposal reflects our best effort to be responsive to the OCFA's needs for this project, as we understand them, at a reasonable cost. If our proposed scope of work and/or cost is not in alignment with the OCFA's needs or expectations, we are open to discussing modifications to our proposed scope of work and associated costs.

Citygate's proposal includes one (1) draft review cycle as described in Task 4 of the Work Plan, to be completed by Citygate and the OCFA within 30 calendar days of the OCFA receiving the Draft Report. Additional Draft Report cycles or processing delays requested by the OCFA would be billed in addition to the contracted amount at Citygate's time and materials rates. When changes are agreed upon, Citygate will provide the Final Report in reproducible .PDF format. The Draft Report will be considered to be the Final Report if there are no suggested changes within 30 days of the delivery of the Draft Report.

## Standard Hourly Billing Rates

### Citygate Consultants and Staff Hourly Rates

Consultant	Title	Hourly Rate
<b>Citygate Consultants</b>		
Stewart Gary	Public Safety Principal / OCFA Project Manager	\$275
Samuel Mazza	Senior Fire Services Specialist / OCFA Project Assistant Manager	\$225
Garret Olson	Strategic Planning Specialist	\$215
Eric Lind	Statistical and Operations Analysis Associate	\$215
TriTech	Geo-Mapping Specialist	\$225
Animated Data	Statistical Specialist	\$215
<b>Citygate Project Support &amp; Oversight</b>		
David DeRoos	Citygate President	\$250
Various	Project Report Administrator	\$140
Various	Administrative Assistant	\$115

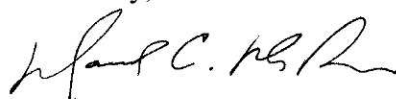
## Billing Schedule

We will bill monthly for time, reimbursable expenses incurred at actual costs (travel), plus a five percent (5%) administration charge in lieu of individual charges for copies, phone, etc. Our invoices are payable within thirty (30) days. Citygate's billing terms are net thirty (30) days plus two percent (2%) for day thirty-one (31) and two percent (2%) per month thereafter. Our practice is to send both our monthly status report and invoice electronically. Once we are selected for this project, we will request the email for the appropriate recipients of the electronic documents. Hard copies of these documents will be provided only upon request. We prefer to receive payment via ACH Transfer, if available.

\* \* \*

As President of the firm, I am authorized to execute a binding contract on behalf of Citygate Associates, LLC. Please feel free to contact me at our headquarters office, located in Folsom, California, at (916) 458-5100, extension 101, or via email at [dderoos@citygateassociates.com](mailto:dderoos@citygateassociates.com) if you wish further information.

Sincerely,



David C. DeRoos, MPA, CMC, President

cc: Stewart Gary



2250 East Bidwell Street, Suite 100 ■ Folsom, CA 95630 ■ PH 916-458-5100 ■ FAX 916-983-2090

December 13, 2018

Brian Fennessy  
Fire Chief  
Orange County Fire Authority  
[brianfennessy@ocfa.org](mailto:brianfennessy@ocfa.org)

**RE: PROPOSAL TO PERFORM A SERVICE LEVEL ASSESSMENT OF THE EXECUTIVE LEADERSHIP TEAM AND HUMAN RESOURCES FUNCTIONS FOR THE ORANGE COUNTY FIRE AUTHORITY**

Dear Chief Fennessy:

In response to your request under our Master Agreement, Citygate Associates, LLC (Citygate) is pleased to present the scope of work and costs to prepare a service level assessment for the Orange County Fire Authority's (OCFA) Executive Leadership Team and Human Resources functions.

***PROJECT APPROACH***

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We propose to prepare our service level assessment to meet the needs of leading and managing personnel by incorporating guidelines and best practices from the National Fire Protection Association (NFPA), the Commission on Fire Accreditation International, relevant federal and state laws and regulations, and other recognized industry best practices.

Citygate's proposed project Work Plan consists of five tasks over a six- to eight-month project schedule, starting in February 2019. We will begin reviewing the Executive Management function and then work further down the organization chart into Human Resources functions. Our Work Plan incorporates the elements contained in the following Statement of Work. We will conduct the service level assessment work pursuant to the project Work Plan presented in this proposal for a total cost not to exceed \$186,874.



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## **THE ORANGE COUNTY FIRE AUTHORITY'S REQUESTED ASSESSMENT**

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The OCFA has requested the following items to be reviewed:

### **Objective**

- ☹ Conduct an objective service level assessment of OCFA's Executive Management and Human Resources functions to assess the efficiency and effectiveness of leadership and personnel operations, and ensure compliance with policies/procedures, best practices, and regulatory agency requirements.
- ☹ Provide service level assessment coordination and strategic advice to the Executive Leadership Team as all of the service level assessments are being conducted and provide continuity of effort into the final step of strategic planning.

### **Core Areas of Interest**

- ☹ Do the structure and operations of the Executive Leadership Team and Human Resource functions meet OCFA's operational needs?
- ☹ Are Corporate Communications and Public Information functions meeting OCFA's needs and consistent with contemporary best practices?
- ☹ How effective are the decision-making and time utilization methods and/or structures in the Executive Leadership Team and Human Resources functions?
- ☹ Is the management and oversight of personnel functions consistent with best practices and regulatory requirements?
- ☹ Are the Executive Leadership Team and Human Resources functions appropriately staffed and equipped to deal with anticipated and unforeseen surges in activity?
- ☹ Are there any areas of weakness or vulnerability within these functions that require attention?
- ☹ What are the opportunities to improve efficiency, performance, and service delivery in these functions?
- ☹ What technologies and best practices should be considered for these functions?

### **Assumptions**

- ☹ That the existing organizational structure, division of duties, and reporting relationships are sufficient given the recent high level re-organization.

## Specific Questions/Tasks

- ☺ Observe and review Executive Leadership Team interactions, communications, and decision flow as to how they meet the overall organizational needs,
- ☺ Provide coaching and ad hoc assistance to OCFA senior leadership as requested.
- ☺ Provide integration across all of the service level assessments into Executive Leadership Team and budget decisions until the overall Strategic Plan is completed and adopted.
- ☺ Policies/procedures:
  - ☹ Are policies/procedures up-to-date and meeting best practices?
  - ☹ Are policies and procedures clearly understood and consistently applied?
  - ☹ Are levels of service clearly identified and understood by all?
- ☺ Are memorandums and directives translated into policies/procedures in reasonable timeframes?
- ☺ Public Information functional review—is the program delivering the desired results?
- ☺ Human Resources functions and personnel internal controls:
  - ☹ Are there adequate controls in place for Human Resources?
  - ☹ Are overall Human Resources services meeting the needs of OCFA and regulatory requirements?
  - ☹ Is there effective coordination of Human Resources and labor relations policies with Executive Management?
  - ☹ Is the staffing in these functions adequate to meet regulatory requirements?

## **PROJECT WORK PLAN**

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Our proposed Executive Leadership Team and Human Resources functions service level assessment Work Plan consists of five broad tasks across six to eight months, as follows.

## **Task 1: Initiate and Manage the Project and Provide Integration of All the Service Level Assessments and Strategic Planning**

### **Subtasks:**

#### **1.1 Develop Detailed Work Plan Schedule for Project**

- ☹ We will develop a detailed work schedule for the project. This will assist both Citygate's team and the OCFA staff to monitor project progress.

#### **1.2 Request and Review Authority Data and Documentation**

- ☹ At the start of the project, Citygate will develop and submit a request for data/documentation relevant to this project, including documents describing the Executive Leadership Team and Human Resources organization, services, budgets, expenses, and performance measures, if any. This questionnaire is extensive and will require the unit managers to produce *existing* documents about their operations, including workload measures and demand forecasts as available.
- ☹ Citygate will utilize a secure online file sharing service to make it convenient for OCFA staff to provide requested data/documentation.
- ☹ After receiving the requested documentation, Citygate's team will review it prior to conducting the start-up meeting and stakeholder interviews in the following subtasks. Citygate has found that reviewing this information prior to interviews improves the effectiveness and value of the interviews since it results in more specific questions and more definitive information.

#### **1.3 Project Kick-Off Meeting**

- ☹ Citygate will conduct a project kick-off meeting with the Fire Chief and any designated stakeholder representatives. Citygate's project staff will meet with the OCFA's project team and key stakeholders to establish mutual acquaintance, clarify roles, and reach a mutual understanding of the future vision and plans for the assessment. Prior to the meeting, Citygate will thoroughly review any available documentation or material the OCFA can make available from previous relevant work on the project, such as previous studies, Board letters, standard operating procedures, contracts, as-built documentation, presentation and training material, etc. Citygate's Project Manager will facilitate the meeting and will review:

- ☹ Project and task milestones, schedules, and deliverables

- ☛ Project budget
- ☛ Scheduling of interviews with user and stakeholder representatives
- ☛ Scheduling of progress review meetings
- ☛ Collection of any existing material and discussion of any other available information on each of the current systems/subsystems.

- ☛ A step-by-step review of the content and outline of the OCFA's plan and other deliverables for this phase of the project will be conducted during the project kick-off meeting. Any updates or changes from the initial outline will be documented for mutual agreement and to ensure that all expectations of the OCFA are addressed in the plan.

#### **1.4 Ongoing Project Management**

- ☛ Citygate will provide monthly written status reports, along with an invoice, that describe work performed in the prior month, work scheduled in the upcoming month, and any study issues or project and budget issues.
- ☛ In addition, if a serious issue is encountered at any point in the project, Citygate will immediately call and/or email the OCFA's Project Manager to work on an effective, timely resolution.

#### **1.5 Provide Integration of All the Service Level Assessments and Strategic Planning**

- ☛ Citygate's Project Manager will provide service level assessment coordination and strategic advice to the Executive Leadership Team as all of the service level assessments are being conducted and provide continuity of effort into the final step of strategic planning.

#### **Meetings and Deliverables**

- ☛ Conduct project kick-off meeting on site
- ☛ Deliver draft project plan
- ☛ Provide monthly project status update

## **Task 2: Data/Information Gathering and Analysis**

### **Subtasks:**

#### **2.1 Schedule Data/Information Gathering Meetings**

- ☎ In conjunction with the kick-off meeting, Citygate's team will work with the OCFA to schedule initial data gathering meetings.

#### **2.2 Conduct Data/Information Gathering Meetings**

- ☎ It is anticipated that Citygate will be on site for two initial days for data follow-up and issues listening to managers and line staff across the Executive Management and Human Resources functions.

#### **2.3 Conduct Detailed Analysis**

- ☎ The Citygate team will conduct detailed analysis of the Executive Leadership Team and Human Resources functions to address all Statement of Work questions and tasks.
- ☎ As needed, Citygate will conduct conference calls and/or submit written documents/questionnaires to clarify information obtained through our data and document request and our initial interviews.

### **Meetings and Deliverables**

Up to four on-site days are anticipated for this task, which may be possible to partially combine with the on-site trip in Task 1.

## **Task 3: Mid-Project Draft Opinions Briefing**

### **Subtasks:**

#### **3.1 Prepare and Conduct a Mid-Project Briefing**

- ☎ Upon completion of Tasks 1 and 2, the Citygate team will prepare and conduct an on-site briefing to preview findings and recommendations. This briefing will also include a discussion of any anomalies in the data and the resolution of any remaining issues.
- ☎ Pursuant to any input received from the briefing, Citygate will make any data-driven changes and then refinements, if needed, will be incorporated into the Draft Report.





## Meetings and Deliverables

There will be one on-site meeting for this task to present the Mid-Project Briefing, which will be provided in MS-PowerPoint to the OCFA.



### Task 4: Prepare Draft Report

#### Subtasks:

##### 4.1 Prepare Draft Report with Exhibits

-  The Citygate team will prepare a Draft Report, including appropriate exhibits.
-  Upon completion of the Draft Report, an electronic version in Microsoft Word will be sent to the OCFA's Project Manager for comments using the track changes and insert comments tools in MS-Word.

##### 4.2 Review Draft Report with OCFA Planning Assessment Team

-  Citygate's normal practice is to review Draft Reports with management personnel to ensure that the factual basis for the recommendations is correct and to allow time for a thorough review. In addition, Citygate takes time to discuss any areas that require further clarification or amplification. It is during this time that understandings beyond the written text can be communicated.
-  The Citygate team will conduct a site meeting to review the Draft Report, answer any questions, and agree on the elements for the Final Report.


## Meetings and Deliverables


There will be one on-site meetings for this task.







### Task 5: Prepare and Present Final Report

#### Subtasks:


##### 5.1 Prepare and Submit Final Report

-  The process of Final Report preparation is an important one. Implicit in this process is the need for a sound understanding of how the review was conducted, what issues were identified, why the recommendations were made, and how implementation should be accomplished.

 Based on results of the review process in Task 4, the Citygate team will prepare and submit an Executive Summary and comprehensive Final Report, including appropriate exhibits. The report will:

-  Describe why the functions are being reviewed
-  Describe how the Citygate team performed the analysis
-  Describe best practice benchmarks
-  Present technical review findings
-  Present actionable recommendations
-  Describe metrics and future needs for the functions as an input to the overall OCFA applied strategic plan, which is continually built through each additional cost center service level review.

## 5.2 Final Report Presentation

 The Citygate Project Manager and other key consultants will present key elements of the Final Report using Microsoft PowerPoint to an audience as determined by the OCFA's Executive Management team.

## Meetings and Deliverables

There will be one partial-day meeting to present key elements of the Final Report to an audience as determined by the OCFA's Project Manager.

## Project Schedule

Citygate anticipates that this project will take six to eight months to complete, starting in February 2019. A sample eight-month schedule is presented below:

**Sample Project Schedule**

Tasks		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
1	Initiate and Manage Project		●						
2	Data Gathering and Analysis			●					
3	Mid-Project Briefing							●	
4	Draft Report								●
5	Final Report and Presentation								●

● On-site meeting

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## **CITYGATE PROJECT TEAM**

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The Citygate Project Team for this engagement includes the following experienced senior Citygate consultants:

### **Chief Stewart Gary, MPA, Public Safety Practice Principal / OCFA Project Manager**



Chief Gary is the Public Safety Principal for Citygate Associates and is the retired Fire Chief of the Livermore-Pleasanton Fire Department in Alameda County, California. In 1996, he successfully designed and led the implementation of the Livermore-Pleasanton Fire Department consolidation. For many years, he was the lead instructor and program content developer for the Standards of Coverage process and annually taught a 40-hour course on this systems approach for fire deployment at the California Fire Academy. He consults on all aspects of fire and EMS services design, planning, and performance auditing. Over the last 15 years, he has performed over 300 studies for clients of all sizes and projects of all complexities, such as the counties of San Diego and Los Angeles (Fire EMS Bureau), the cities of San Jose and San Diego, and one-station rural districts.

Chief Gary has excellent problem solving and facilitation skills having used planning, team building, culture development, and process re-design tools to successfully design, lead, and manage the California League of Cities Helen Putnam award-winning Livermore-Pleasanton Fire Department Consolidation. He also served his community of Livermore as a School Board and then City Council member for eight years, and is a long-time Rotarian.

*Chief Gary will serve as the Project Manager for this engagement and will manage all of the technical work and written work products related to these areas of review and provide overall integration of the service level assessments and strategic planning.*

### **Janet Upton, Public Safety Corporate Communications Specialist**



Ms. Upton has over 31 years of local and state fire service experience, including a decade as a member of the command staff for CAL FIRE's Incident Management Team 5. She also has nearly a decade of experience serving on CAL FIRE's executive team as an appointee of two governors. Her duties as a chief officer included the development and oversight of the crisis communications, public information and public education programs for one of the largest fire departments in the United States. Ms. Upton holds a bachelor's degree and State of California Multiple Subjects Teaching Credential from CSU, Chico and is an alumna of the National Fire Academy. She is active in her community, volunteering her time in the areas of children's health, animal rescue, and arts/culture.

*Ms. Upton will assist with the review of Executive Leadership Team interpersonal functions and Corporate Communications.*

**Chief Michael Dyer, MPA, Fire & Emergency Services Specialist**



Fire Chief Michael W. Dyer began his public safety career over 36 years ago. This career has taken him through various assignments that afforded him the opportunity to gain invaluable experience in many different disciplines, either as a direct participant, supervisor, or manager.

Chief Dyer has served as an Ocean Lifeguard Specialist, Firefighter, Firefighter Paramedic, Firefighter Specialist, Fire Captain, Battalion Chief, Assistant Fire Chief, Deputy Chief, and Chief Deputy in the Los Angeles County Fire Department, and is the retired Fire Chief of the Santa Barbara County Fire Department. Chief Dyer previously held the #2 ranking position in the Los Angeles County Fire Department.

Chief Dyer holds a Bachelor's Degree in Physical Education and a Master's Degree in Public Administration from California State University, Northridge. Chief Dyer recently completed the Executive Leadership Program at the Naval Postgraduate School. In addition to his formal education, he is also certified as a Hazardous Materials Specialist, Paramedic, and achieved the certification of Fire Chief from the California State Fire Marshal.

Chief Dyer recently served on several state wide committees. He served on the California Joint Apprenticeship Management Board, Chair of CALFIRE Contract Counties, and the Chair of the FIRESCOPE Board of Directors.

*Chief Dyer will assist with the review of Executive Leadership Team functions overall and internal communication of strategies and intent.*

**Jane Chambers, MPA, ICMA-CM, Local Government Management Specialist**



Ms. Chambers is a Senior Associate with Citygate Associates. Ms. Chambers' 25 years in local government includes executive leadership as a City Manager, Assistant City Manager, Public Works Director, and Human Resources Director in full-service urban and suburban communities (Burbank, CA; Daly City, CA; San Bruno, CA; and Burnsville, MN).

Ms. Chambers served as Ukiah, CA City Manager for seven years, retiring in June 2015, and then served as Interim Assistant City Manager for the City of Sunnyvale, CA, and has recently again provided interim support to the City Manager's office in Sunnyvale during its permanent Deputy City Manager search process. Throughout her career, Ms. Chambers successfully implemented strategic realignment of service

delivery systems, including financial resources, to achieve improved and sustainable programs for citizens.

Ms. Chambers has expertise assisting elected officials, city staff, and community stakeholders identify and achieve desired goals in complex financial and operational environments, as well as operational and service delivery experience in economic and community development, housing, human resources, parks and recreation, public works, water, sewer, and solid waste. Ms. Chambers is an ICMA Retired Credentialed Manager, having earned and maintained this recognition annually for more than a decade, and earned a master's of Public Administration Degree from UCLA, and an undergraduate degree in Political Science from California State University, Northridge.

*Ms. Chambers will assist with the general Human Resources review, focusing on how Human Resources assists with overall leadership strategy implementation.*

**Mario Beas, MPA, IPMA-CP, Human Resources Specialist**



Mr. Beas has 34 years of municipal human resources experience, including 28 years of human resource management experience. Prior to his retirement in 2013, he served for 17 years as the Executive Director for the City of Long Beach, CA Civil Service Department. He also worked in two other leadership positions for the City of Long Beach—Recruitment Officer and Deputy Director. In addition, he worked as the Director of Personnel for the City of Monterey Park. Mr. Beas has extensive experience in recruitment, employee selection processes, program development, and training. Throughout his career, Mr. Beas has developed and implemented innovative ideas to enhance diversity in selection processes, streamline operations to improve efficiency, and trained staff at all levels in human resources topics. After retirement, Mr. Beas worked as interim Director of Human Resources for the City of Compton and the City of Commerce. Throughout his career and while retired he served as a consultant to multiple public agencies and organizations.

While working, Mr. Beas was active in the profession. He served as President on the Board of Directors of the Western Region International Public Management Association-Human Resources (WRIPMA-HR). He was also a board member, and President of the South California Public Management Association-Human Resources (SCPMA-HR), of which he was honored with a Lifetime Membership. He holds an IPMA-CP, a professional certification offered to successful public sector human resource professionals. Mr. Beas earned a Bachelor of Arts degree in Political Science from UC Davis and a Master's degree in Public Administration from CSU Long Beach.

*Mr. Beas will assist with the general Human Resources technical services staffing review.*





**Steven Harman, MPA, IPMA-CP, Senior Human Resources Specialist**



Mr. Steven Harman is an experienced and acknowledged leader in the public sector human resource management community, and retired as the Director of Human Resources in the City of Livermore. He has more than thirty-two years of personnel management experience covering the full array of management functions including recruitment and selection, classification and compensation, training and development, policy and procedure development and other related areas. Mr. Harman has extensive experience in providing human resource management services for fire departments. He is a certified expert witness in California and Federal Courts in matters pertaining to employment discrimination and wrongful termination. Mr. Harman has assisted Chief Gary with many large fire and EMS reviews, including for Los Angeles County and the City of San Jose.

*Mr. Harman will assist with the Human Resources policies and regulatory compliance review.*

**David DeRoos, MPA, CMC, Citygate President**



Mr. DeRoos has over 30 years of experience as a consultant to local government, preceded by five years as an assistant to the City Administrator. He earned his undergraduate degree in political science / public service (Phi Beta Kappa) from the University of California at Davis and holds a Master of Public Administration degree from the University of Southern California. Prior to becoming a Principal in Citygate in 1991, he was a Senior Manager in the local government consulting division of Ernst & Young.

*Mr. DeRoos is responsible for ensuring the assessment is conducted smoothly and efficiently within the schedule and budget allocated and that assessment deliverables meet Citygate's and the client's quality standards.*

**PROJECT FEES**

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Our charges are based on ***actual time*** spent by our consultants at their established billing rates, plus reimbursable expenses incurred in conjunction with travel, printing, clerical, and support services related to the engagement. Our travel as needed for out-of-area consultants is budgeted at Southwest Airlines full fares and average local hotel rates. If advance planning allows, then lower fares will be used. In either event, the OCFA only pays the actual out-of-pocket expenses.

We will undertake this study for a not-to-exceed total cost based on our proposed project Work Plan, Statement of Work, and schedule as presented in the following table. Any additional work outside the scope of services described in this proposal, as mutually agreed to in writing as a

change order, will be billed at the hourly rate of the respective consultant(s), including any reimbursable expenses plus a five percent administrative fee.

### **Project Cost Summary**

<b>Consulting Fees of Project Team</b>	<b>Reimbursable Expenses</b>	<b>Administration (5% of Hourly Fees)</b>	<b>Total Citygate Project Amount</b>
<b>\$158,150</b>	<b>\$20,816</b>	<b>\$7,908</b>	<b>\$186,874</b>

### **Detailed Project Hours**

The following is a breakdown of project hours by task:

<b>Total</b>	<b>Stewart Gary</b>	<b>Janet Upton</b>	<b>Michael Dyer</b>	<b>Jane Chambers</b>	<b>Mario Beas</b>	<b>Steven Harman</b>	<b>David DeRoos</b>	<b>Administrative Project &amp; Report Support</b>	<b>Total</b>
1. Initiate and Manage the Project	30	14	14	14	14	6	2	6	<b>100</b>
2. Data Gathering and Analysis	49	40	24	32	44	16	2	4	<b>211</b>
3. Mid-Project Briefing	29	14	8	12	10	4	2	14	<b>93</b>
4. Draft Report	39	26	13	25	30	8	6	60	<b>207</b>
5. Final Report and Presentation	33	12	6	10	8	2	4	28	<b>103</b>
<b>Total</b>	<b>180</b>	<b>106</b>	<b>65</b>	<b>93</b>	<b>106</b>	<b>36</b>	<b>16</b>	<b>112</b>	<b>714</b>

This cost proposal reflects our best effort to be responsive to the OCFA's needs for this project, as we understand them, at a reasonable cost. If our proposed scope of work and/or cost is not in alignment with the OCFA's needs or expectations, we are open to discussing modifications to our proposed scope of work and associated costs.

Citygate's proposal includes one (1) draft review cycle as described in Task 4 of the Work Plan, to be completed by Citygate and the OCFA within 30 calendar days of the OCFA receiving the Draft Report. Additional Draft Report cycles or processing delays requested by the OCFA would be billed in addition to the contracted amount at Citygate's time and materials rates. When changes are agreed upon, Citygate will provide the Final Report in reproducible .PDF format. The Draft Report will be considered to be the Final Report if there are no suggested changes within 30 days of the delivery of the Draft Report.

## Standard Hourly Billing Rates

### Citygate Consultants and Staff Hourly Rates

Consultant	Title	Hourly Rate
<b>Citygate Consultants</b>		
Stewart Gary	Public Safety Principal / OCFA Project Manager	\$275
Janet Upton	Public Safety Corporate Communications Specialist	\$225
Michael Dyer	Fire & Emergency Services Specialist	\$215
Jane Chambers	Local Government Management Specialist	\$215
Mario Beas	Human Resources Specialist	\$225
Steven Harman	Senior Human Resources Specialist	\$225
<b>Citygate Project Support &amp; Oversight</b>		
David DeRoos	Citygate President	\$250
Various	Project Report Administrator	\$140
Various	Administrative Assistant	\$115

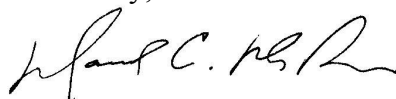
## Billing Schedule

We will bill monthly for time, reimbursable expenses incurred at actual costs (travel), plus a five percent (5%) administration charge in lieu of individual charges for copies, phone, etc. Our invoices are payable within thirty (30) days. Citygate's billing terms are net thirty (30) days plus two percent (2%) for day thirty-one (31) and two percent (2%) per month thereafter. Our practice is to send both our monthly status report and invoice electronically. Once we are selected for this project, we will request the email for the appropriate recipients of the electronic documents. Hard copies of these documents will be provided only upon request. We prefer to receive payment via ACH Transfer, if available.

\* \* \*

As President of the firm, I am authorized to execute a binding contract on behalf of Citygate Associates, LLC. Please feel free to contact me at our headquarters office, located in Folsom, California, at (916) 458-5100, extension 101, or via email at [dderoos@citygateassociates.com](mailto:dderoos@citygateassociates.com) if you wish further information.

Sincerely,



David C. DeRoos, MPA, CMC, President

cc: Stewart Gary



CITYGATE ASSOCIATES, LLC  
FIRE & EMERGENCY SERVICES



# Organizational Service Level Review Consultant Services for the Orange County Fire Authority

Presented on January 9, 2019





# Citygate's Large Client Experience

- Many of our recent projects:
  - Were large or complex, requiring extensive project management expertise
  - Required rigorous analysis of complex fact patterns
  - Involved diverse stakeholder perspectives
- The results of our projects are routinely accepted by elected officials
- Many clients use Citygate repeatedly
  - City of San Jose
  - Sacramento Metropolitan Fire District
  - Ports of Long Beach and Los Angeles
  - City of San Diego
  - University of California



# Our Team Successfully Addresses OCFA's Needs

- We provide a strong, multi-disciplinary team meeting all of the service level review challenges presented in the OCFA
- The team was designed with redundancy, including a Project Manager and Co-Manager; also, all service level reviews are performed by at least two consultants
- The team consists of three technical subcontractor partners that are the best in the United States at what they do
- The team possesses both fire and general government skills in many types and sizes of agencies

# Citygate's Project Tenets

- In addition to our technical skills and experience:
- We DO NOT come with preconceived notions or solutions
  - We will actively *LISTEN* and use our skills to help the OCFA understand the service, cost, and policy choices it faces
  - We will only deliver factual information and choices that can be *implemented* within the OCFA's current and future resources

# Overall Scope of Work

- Up to ten service level reviews of major areas will be performed, both operational and administration/support
- Each review will forward renewed operational metrics and recommendations to an “*Applied Strategic Planning*” process team facilitated by Citygate
- As reviews are completed, near term actionable recommendations will be provided for the annual budget
- The final Strategic Plan will provide operating metrics and multi-year service and fiscal strategies

# What is a Service Level Review?

- Each service level review will evaluate, at a forensic, data-driven level, the operational performance of the cost center, not just compared to national and Citygate team best practices, but *to the needs of the OCFA, its employees, and its agency customers.*



# Service Level Review Steps

- Staffed by at least two subject matter experts
- All follow the same methods:
  - Obtain division/unit documentation and measures
  - On-site listening for understanding with managers and, as needed, line personnel
  - Strengths, Weaknesses, Opportunities, and Threats (SWOT) questionnaires
  - Identify gaps and best practices, using robust analytics as needed
  - Mid-project review of emerging opinions
  - Draft Report
  - Final Report and briefings as needed

# Questions and Discussion





## Orange County Fire Authority **AGENDA STAFF REPORT**

**Budget and Finance Committee Meeting  
January 9, 2019**

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

### **FY 2018/19 Mid-Year Financial Report**

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#### **Contact(s) for Further Information**

Lori Zeller, Deputy Chief Administration & Support Bureau	<a href="mailto:lorizeller@ocfa.org">lorizeller@ocfa.org</a>	714.573.6020
Tricia Jakubiak, Treasurer	<a href="mailto:triciajakubiak@ocfa.org">triciajakubiak@ocfa.org</a>	714.573.6301
Deborah Gunderson, Budget Manager	<a href="mailto:deborahgunderson@ocfa.org">deborahgunderson@ocfa.org</a>	714.573.6302

#### **Summary**

This item is submitted to provide a mid-year financial update on the FY 2018/19 budget in accordance with the OCFA's Fiscal Health Plan.

#### **Prior Board/Committee Action**

Not applicable.

#### **RECOMMENDED ACTION(S)**

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 24, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors direct staff to return to the Board of Directors in March 2019 for approval of the proposed budget adjustments for the FY 2018/19 budget.

#### **Impact to Cities/County**

Mid-year budget adjustments do not impact annual contract charges for cash contract cities, which are fixed at the beginning of each fiscal year.

#### **Fiscal Impact**

Financial impact has been presented in the attached report.

#### **Background**

The OCFA's Fiscal Health Plan calls for a comprehensive system to monitor OCFA's fiscal performance. This includes a review and comparison of forecasted revenues and expenditures against actual revenues and expenditures, as well as a mid-year budget review. The attached report reviews the current year budget, highlights any potential financial challenges to the OCFA, and previews anticipated FY 2019/20 budget issues, to the extent they are known at this time.

#### ***FY 2018/19 Budget Review***

Significant changes have occurred since the budget was adopted in May 2018, including increases to budgeted beginning fund balance, increase in property tax revenue, increases in both revenue and expenditures related to assistance-by-hire emergency responses, as well as all approved adjustments to-date such as Carryover and new grant funds. These changes are detailed in the attached Mid-Year Financial Report.

**Attachment(s)**

Mid-year Financial Report

Exhibit 1 – 2018 Trend Analysis - Forecast to Actual Comparison

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

Exhibit 3 – Five-Year Financial Forecast Assumptions



In May 2018, the Board of Directors approved the updated Fiscal Health Plan and Financial Stability Budget Policies. These documents describe the Authority's strong fiscal policies, a comprehensive system for monitoring OCFA's fiscal performance, and a framework to assure timely and appropriate response to adverse fiscal circumstances. Included in the Fiscal Health Plan is the requirement for a mid-year financial report, which is presented below.

### **ECONOMIC OUTLOOK**

Property tax is OCFA's largest source of revenue; therefore, this section focuses on economic factors impacting property values. The December 2018 Chapman Economic and Business Review forecast estimates a decline in housing appreciation rates from 5.6% in 2018 to 2.9% in 2019. Mortgage rates are projected to increase to 5.3% by the end of 2019, contributing to declining housing affordability. Rosenow Spevacek Group (RSG) reports that housing sales volume through October 2018 has decreased remarkably in OCFA member agencies jurisdictions', down 9.4% from last year. Property tax revenue growth rate estimates are likely to be adversely impacted by these factors.

In 2019 residential permit activity is expected to decrease by 7.3%, on top of a 7.3% decline from 2017 to 2018. However, commercial building permit valuation increased 72% in the past year and valuation of commercial construction is expected to grow 4.0% in 2019.

### **CURRENT FISCAL YEAR FINANCES**

The following are estimated changes to the General Fund budget that are needed since the adoption of the FY 2018/19 budget in May 2018. Overall the currently proposed changes in the General Fund result in an estimated total revenue increase of approximately \$7.5 million and an estimated total expenditure increase of \$9.5 million. Of the \$9.5 million in expenditure increases, \$6.2 million are cost neutral as they are offset by corresponding sources of revenue.

#### **FY 2018/19 Potential Revenue Adjustments - \$7.5 million**

**Property Taxes:** Based on secured tax billings provided by the Auditor/Controller, preliminary projections indicate an approximate \$600K increase over budget. **\$600,000**

**Assistance by Hire (ABH):** ABH is the term used when OCFA responds to requests for assistance to incidents outside our area of responsibility, on a reimbursement basis. Current year activity is \$6.2 million greater than budget due to various out-of-county responses. Staff will be monitoring this source of revenue for additional reimbursements. An expenditure adjustment is also proposed to the overtime/backfill category to cover the costs associated with providing the ABH services. **\$6,186,845**

**Miscellaneous:** This category of revenue adjustments includes updates to cash contract city maintenance reimbursements, SB90 reimbursements, accounts receivable late payment penalties, revenue from Southern California Edison (SCE), adjustments to Advanced Life Support and ambulance supply reimbursements, Santa Ana College agreement, restitution, and revenue from sale of surplus items. **\$734,156**





**FY 2018/19 Potential Expenditure Adjustments - \$9.5 million**

**Assistance by Hire/Emergency Incident Costs:** As mentioned under Revenue for Assistance by Hire, an adjustment of approximately \$6.4 million is needed for out-of-county responses, primarily in the overtime/backfill category, but also for response-related supplies. **\$6,361,853<sup>(1)</sup>**

**Personnel:** This category is comprised of several updates to salary and employee benefits, the largest in the amount of \$1,317,016 being the determination by OCERS that paid vacation in excess of accrual limits for employees in the Legacy Retirement Plans and on-call pay are now pensionable salary items. Employer and employee retirement contributions began to be withheld beginning in July. Other miscellaneous adjustments related to salary and benefits comprise the balance of this category. **\$1,395,380**

**Supplies/Equipment/Professional Services:** This category includes various adjustments increasing funding for the purchase of particular pieces of equipment and professional services which were unknown, or costs have increased since budget development. These include: replacement of obsolete Neopost machines, various HazMat training, supplies and protective equipment, EMS supplies and increased training costs, increased HR costs related to recruitments and Department of Industrial Relations user funding assessment, and costs to provide a set of turnouts to our level 1 reserves. **\$856,578**

**Miscellaneous:** This expenditure category includes miscellaneous increases to the budget for: Huey helicopter maintenance; Fleet services maintenance & repairs, various Information Technology licenses, software, equipment and contract increases; Operations training in Live Fire Burn, additional costs to update the plymovent systems at all remaining fire stations, and costs related to grading/brushing SCE fire roads. **\$828,626**

**Expenditures with Revenue Offset:** These expenditure items are completely offset by a corresponding revenue adjustment and include rental expenditures for SCE road grading completed through contract as well as costs to upgrade modems in our Zoll cardiac monitors. **\$57,089<sup>(1)</sup>**

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

- **Budgeted beginning fund balances:** As part of the annual mid-year adjustment, budgeted beginning fund balances will be adjusted in accordance with the FY 2017/18 year-end audit. These increases resulted primarily from additional revenue received in the fiscal year, as well as salary savings and S&S savings in the General Fund. The beginning fund balance adjustments for Capital Improvement Funds (CIP) largely result from the timing for completion of projects. Funds for projects that did not get completed were carried-over to FY 2018/19.

<sup>1</sup> This expenditure increase is cost neutral, offset by a corresponding revenue source



- **General Fund Surplus Budget Transfer(s) to CIP Funds:** The most recent update to the Financial Stability Budget Policy allows for transfers of General Fund Surplus to the CIP funds at fiscal year onset to maintain positive fund balances in the CIP funds. This year the General Fund Surplus calculation at Mid-year does not allow for further transfers to the CIP funds nor additional payments to pay-down pension liability.
- **Fund 190 – Self Insurance:** An adjustment decreasing expenditures in the amount of \$4.4 million is needed to match the budget to the amount recommended by the latest actuarial report at the 50% confidence level.

### **FUTURE FISCAL YEAR FINANCES**

Significant factors that are anticipated to influence the FY 2018/19 budget include:

- **Prepayment of OCERS Contributions** – Staff will conduct an analysis of OCFA's cash flow position; we expect to prepay half of the employer contributions to take advantage of an approximately 4.5% discount. This discount has declined in recent years, from 7.25% to 5.8% and now to 4.5%. Although the discount has declined, it still amounts to savings of millions of dollars and is worth taking advantage of.
- **Property Taxes** - Since property tax is the largest source of income for the General Fund at about 66% we have again contracted with Rosenow, Spevacek Group, Inc. (RSG) to update our property tax projections. Updated preliminary information for our FY 2019/20 budget will not be available until February 2019; therefore, in the interim we are continuing to use RSG's prior projection for FYs 2019/20 through 2022/23 of the Five-Year Financial Forecast.
- **Retirement Rates** - The Orange County Employees Retirement System (OCERS) Board has adopted retirement rates for FY 2019/20. Compared to rates used in the Five-Year Cashflow Forecast, employer rates for general employees increased by 0.04% and rates for the safety employees were unchanged after removing the impact of the additional pension liability contributions OCFA has made to OCERS. Consistent with Board direction, we continue to pay the original rates, capturing those savings and increasing payments directly to our unfunded liability.

### **PENDING ISSUES**

- **TRAN** – After review and consultation with our financial advisors we concluded a Tax Revenue Anticipation Note (TRAN) issue was not needed for cashflow purposes in the current fiscal year. The determination of whether we will need to issue a TRAN for FY 2019/20 will be made as we get closer to budget development for the next fiscal year. Many factors influence whether we will need to issue a TRAN, including the amount and timing of expenditures towards large capital projects.



## **MONITORING FINANCIAL HEALTH**

### **Financial Forecast**

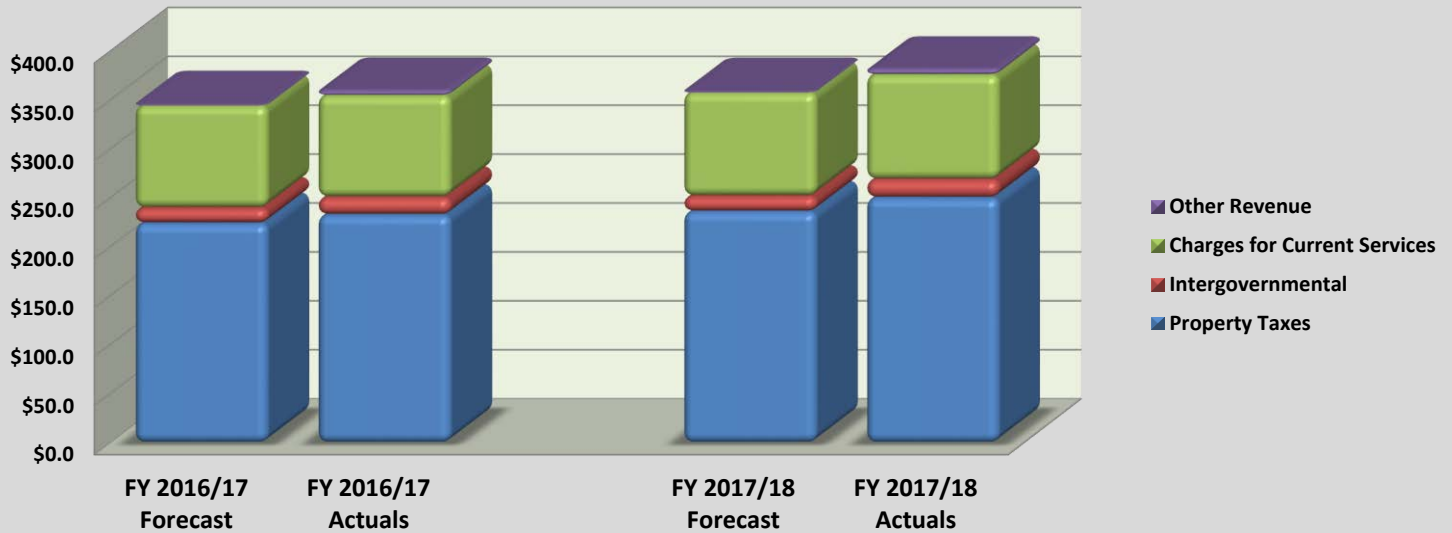
The Fiscal Health Plan directs staff to monitor our financial indicators through frequent updates to the Authority's Five Year Financial Forecast, measuring revenues, expenditures, debt, and committed and uncommitted fund balance. These categories are forecast using all available information, Board actions,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

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

## 2018 Trend Analysis: Summary of 2-Year Forecast vs. Adjusted Actuals

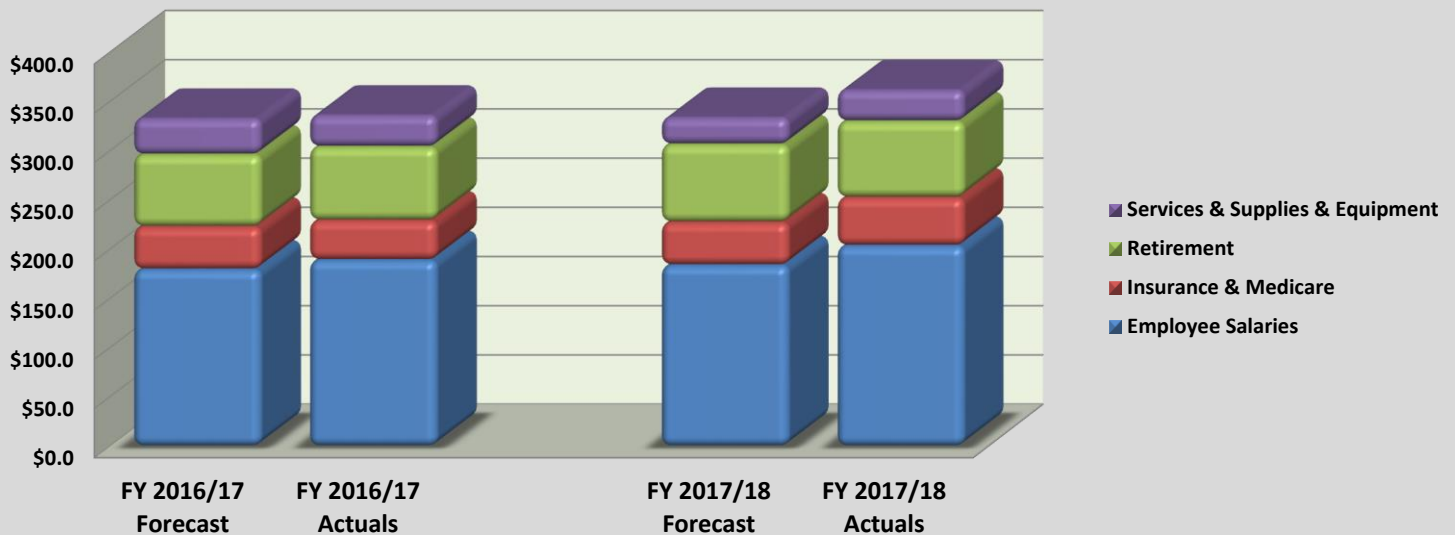
Comparison of 2016/17 Forecast as Presented in 2015/16 Adopted Budget to 2016/17 Actuals  
and  
Comparison of 2017/18 Forecast as Presented in 2016/17 Adopted Budget to 2017/18 Actuals

**Revenue Comparison [a] (\$ in Millions)**



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

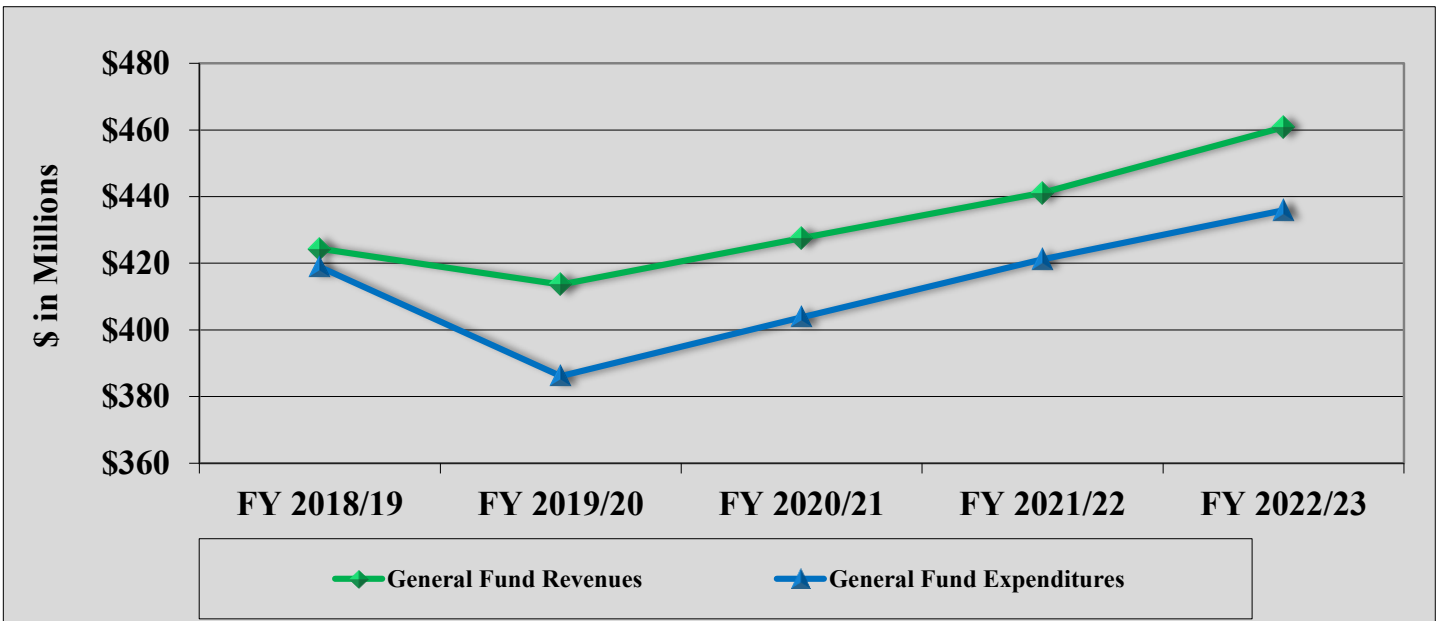
**Expenditure Comparison [b] (\$ in Millions)**



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

**Five-Year Forecast FY 2018/19 Budget**  
**Orange County Fire Authority**  
**Five-Year Financial Forecast**

	<b>Year 1</b> <b>FY 2018/19</b>	<b>Year 2</b> <b>FY 2019/20</b>	<b>Year 3</b> <b>FY 2020/21</b>	<b>Year 4</b> <b>FY 2021/22</b>	<b>Year 5</b> <b>FY 2022/23</b>
Beginning Fund Balance	197,213,719	166,060,665	170,301,128	180,911,526	187,938,642
General Fund Revenues	424,408,974	413,609,924	427,523,955	441,107,318	460,800,200
General Fund Expenditures	399,731,934	376,491,930	391,396,020	406,928,572	418,113,788
Paydown of UAAL	19,167,397	9,648,658	12,368,859	14,279,280	17,787,217
Total General Fund Expenditures	418,899,331	386,140,588	403,764,879	421,207,852	435,901,005
<b>Net General Fund Revenue</b>	<b>5,509,644</b>	<b>27,469,335</b>	<b>23,759,076</b>	<b>19,899,467</b>	<b>24,899,194</b>
Less Incremental Increase in 10% GF Op. Cont.	6,615,415	855,032	1,490,409	1,553,255	1,118,522
<b>General Fund Surplus / (Deficit)</b>	<b>(1,105,772)</b>	<b>26,614,303</b>	<b>22,268,667</b>	<b>18,346,212</b>	<b>23,780,673</b>
Operating Transfer to CIP Funds	-	24,250,000	17,350,000	9,173,106	11,890,336
Paydown of UAAL from General Fund Surplus	-	2,364,303	4,918,667	9,173,106	11,890,336
CIP/Other Revenues	28,574,537	47,950,941	41,314,915	34,264,273	37,042,334
CIP/Other Expenses	55,237,235	44,565,510	32,194,926	28,790,412	21,640,464
<b>CIP Surplus / (Deficit)</b>	<b>(26,662,698)</b>	<b>3,385,431</b>	<b>9,119,989</b>	<b>5,473,861</b>	<b>15,401,870</b>
<b>Ending Fund Balance</b>	<b>166,060,665</b>	<b>170,301,128</b>	<b>180,911,526</b>	<b>187,938,642</b>	<b>204,459,034</b>



	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>
General Fund Revenues	\$ 424.41	\$ 413.61	\$ 427.52	\$ 441.11	\$ 460.80
General Fund Expenditures	\$ 418.90	\$ 386.14	\$ 403.76	\$ 421.21	\$ 435.90

**Five-Year Forecast FY 2018/19 Budget**

	ADJUSTED FY 2018/19	PROJECTED FY 2019/20	PROJECTED FY 2020/21	PROJECTED FY 2021/22	PROJECTED FY 2022/23
<b>A. BEGINNING FUND BALANCE [b]</b>	<b>197,213,719</b>	<b>166,060,665</b>	<b>170,301,128</b>	<b>180,911,526</b>	<b>187,938,642</b>
<b>GENERAL FUND REVENUES</b>					
Property Taxes	260,669,047	274,124,217	283,054,290	292,213,237	301,990,138
State Reimbursements	6,974,627	6,974,627	6,974,627	6,974,627	6,974,627
Federal Reimbursements	100,000	100,000	100,000	100,000	100,000
One-Time Grant/ABH/RDA	15,076,520	414,683	-	-	-
Community Redevelopment Agency Pass-thru	12,323,410	13,168,306	13,828,213	14,341,206	20,754,426
Cash Contracts	100,414,324	105,566,132	110,278,893	114,156,611	117,629,786
Community Risk Reduction Fees	6,925,735	6,925,735	6,925,735	6,925,735	6,925,735
ALS Supplies & Transport Reimbursement	4,609,200	3,929,330	3,929,330	3,929,330	3,929,330
Interest Earnings	1,036,063	1,280,066	1,306,039	1,339,744	1,369,330
Other Revenue	1,251,256	1,126,828	1,126,828	1,126,828	1,126,828
Unencumbered Fund Balance for Paydown of UAAL	10,000,000	-	-	-	-
General Fund Carryover Fund Balance	5,028,792	-	-	-	-
<b>TOTAL REVENUES</b>	<b>424,408,974</b>	<b>413,609,924</b>	<b>427,523,955</b>	<b>441,107,318</b>	<b>460,800,200</b>
<b>GENERAL FUND EXPENDITURES</b>					
New Positions for New Stations	-	-	3,205,186	9,022,388	13,179,181
Employee Salaries	212,680,039	215,549,535	220,314,585	225,383,373	229,829,730
Retirement - Regular Annual Payments	77,678,872	76,715,478	79,058,252	81,360,327	80,410,268
Retirement - Paydown of UAAL (Rate Savings)	3,167,397	1,648,658	2,368,859	3,279,280	4,787,217
Retirement - Paydown of UAAL (Unencumb. Funds)	10,000,000	-	-	-	-
Retirement - Paydown of UAAL (\$1M per Year from WC)	1,000,000	1,000,000	1,000,000	-	-
Retirement - Paydown of UAAL (\$1M per Year, Increasing)	5,000,000	7,000,000	9,000,000	11,000,000	13,000,000
Workers' Comp Transfer out to Self-Ins. Fund	17,366,238	17,855,023	18,907,204	19,794,723	20,388,565
Other Insurance	30,004,824	31,759,350	33,627,031	35,616,067	37,735,323
Medicare	3,041,653	3,072,878	3,124,528	3,186,145	3,248,979
One-Time Grant/ABH Expenditures	7,156,526	-	-	-	-
Salaries & Employee Benefits	367,095,549	354,600,922	370,605,645	388,642,302	402,579,263
Services & Supplies/Equipment	38,227,700	31,539,666	32,993,429	32,095,904	32,618,129
New Station/Enhancements S&S Impacts	-	-	165,806	469,645	703,614
One-Time Grant Expenditures	7,497,321	-	-	-	-
Transfer Out to CIP	6,078,761	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>418,899,331</b>	<b>386,140,588</b>	<b>403,764,879</b>	<b>421,207,852</b>	<b>435,901,005</b>
<b>NET GENERAL FUND REVENUE</b>	<b>5,509,644</b>	<b>27,469,335</b>	<b>23,759,076</b>	<b>19,899,467</b>	<b>24,899,194</b>
<b>B. Incremental Increase in GF 10% Contingency</b>	<b>6,615,415</b>	<b>855,032</b>	<b>1,490,409</b>	<b>1,553,255</b>	<b>1,118,522</b>
<b>GENERAL FUND SURPLUS / (DEFICIT)</b>	<b>(1,105,772)</b>	<b>26,614,303</b>	<b>22,268,667</b>	<b>18,346,212</b>	<b>23,780,673</b>
<b>C. Operating Transfers (from) Operating Contingency</b>	<b>(1,105,772)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers to CIP Funds from General Fund Surplus	-	24,250,000	17,350,000	9,173,106	11,890,336
One-Time Paydown of UAAL from General Fund Surplus	-	2,364,303	4,918,667	9,173,106	11,890,336
<b>Capital Improvement Program/Other Fund Revenues</b>					
Interest Earnings	3,321,518	2,581,627	2,726,153	2,894,940	3,135,698
Cash Contracts	1,446,220	1,489,608	1,534,297	1,580,326	1,627,735
Developer Contributions	-	1,774,683	797,261	821,178	-
Workers' Comp Transfer in from GF	17,366,238	17,855,023	18,907,204	19,794,723	20,388,565
Miscellaneous	361,800	-	-	-	-
Operating Transfers from General Fund	6,078,761	24,250,000	17,350,000	9,173,106	11,890,336
<b>Total CIP, W/C, Other Revenues</b>	<b>28,574,537</b>	<b>47,950,941</b>	<b>41,314,915</b>	<b>34,264,273</b>	<b>37,042,334</b>
<b>Capital Improvement Program/Other Fund Expenses</b>					
Fund 12110 - General Fund CIP	5,452,477	2,903,700	5,020,700	3,340,100	1,302,900
Fund 123 - Fire Stations and Facilities	16,066,642	19,350,000	9,175,000	7,000,000	-
Fund 124 - Communications & Information Systems	10,691,188	3,046,511	540,000	-	-
Fund 133 - Fire Apparatus	12,118,231	7,805,871	4,913,273	4,714,815	5,299,737
<b>Sub-Total CIP Expenses</b>	<b>44,328,538</b>	<b>33,106,082</b>	<b>19,648,973</b>	<b>15,054,915</b>	<b>6,602,637</b>
Fund 171 - SFF Entitlement	525,336	-	-	-	-
Fund 190 - WC Self-Ins. (Cashflow Payments per Actuary)	10,383,361	11,459,428	12,545,953	13,735,497	15,037,827
<b>Total CIP, W/C, Other Expenses</b>	<b>55,237,235</b>	<b>44,565,510</b>	<b>32,194,926</b>	<b>28,790,412</b>	<b>21,640,464</b>
<b>D. CIP SURPLUS/(DEFICIT)</b>	<b>(26,662,698)</b>	<b>3,385,431</b>	<b>9,119,989</b>	<b>5,473,861</b>	<b>15,401,870</b>
<b>ENDING FUND BALANCE (A+B+C+D) [a]</b>	<b>166,060,665</b>	<b>170,301,128</b>	<b>180,911,526</b>	<b>187,938,642</b>	<b>204,459,034</b>
<b>Fund Balances</b>					
Operating Contingency (10% of Expenditures)	36,794,161	37,649,193	39,139,602	40,692,857	41,811,379
Reserve Exceeding Required Contingency	19,493,205	19,493,205	19,493,205	19,493,205	19,493,205
Reserve for Cash Contract City Station Maintenance	405,000	405,000	405,000	405,000	405,000
Donations & Restricted Funds	3,953,884	3,953,884	3,953,884	3,953,884	3,953,884
Committed - SFF Cities Enhancement	987,043	987,043	987,043	987,043	987,043
Capital Improvement Program	15,146,836	10,558,024	11,649,738	9,294,136	17,427,811
Fund 190 - WC Self-Insurance	89,280,536	97,254,779	105,283,054	113,112,516	120,380,712
<b>Total Fund Balances</b>	<b>166,060,665</b>	<b>170,301,128</b>	<b>180,911,526</b>	<b>187,938,642</b>	<b>204,459,034</b>

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

[b] Beginning fund balance adjusted to reflect Carryover adjustments included in FY 2018/19.



# Forecast Assumptions – Mid-Year Revised

## **Basic Assumptions:**

The Adopted FY 2018/19 budget, and the Five-Year Capital Improvement Plan approved by the Board of Directors on May 24, 2018 form the basis for this financial forecast with the following adjustments:

- Updated total beginning fund balance from the FY 2017/18 audited financial statements
- All approved budget adjustments that have occurred since the adoption of the budget
- Proposed FY 2018/19 mid-year adjustments

## **General Fund Revenues:**

- ***Secured Property Taxes*** – Rosenow Spevacek Group’s Final 2018 Report provides the growth factors assumed for the forecast. The following are projections of current secured property tax growth:

FY 2018/19	6.11%
FY 2019/20	5.50%
FY 2020/21	3.46%
FY 2021/22	3.43%
FY 2022/23	3.54%

- ***Public Utility, Unsecured, Homeowners Property Tax Relief, and Supplemental Delinquent Taxes*** – All of these categories of property taxes are projected to remain constant during the forecast period.
- ***State Reimbursements*** – State reimbursements are expected to remain constant, pending more details from CAL FIRE.
- ***Federal Reimbursements*** – This revenue is projected to remain constant.
- ***One-Time Grant/ABH/RDA Proceeds*** – These are one-time only revenues that vary significantly from year to year and therefore are not forecasted beyond the current year with the exception of the SAFER Grant budgeted for FY 2019/20. Board actions to date and proposed mid-year adjustments have increased the FY 2018/19 adopted budget by \$15.1M for one-time increases in grants and assistance by hire.
- ***Community Redevelopment Agency Pass-thru Revenue*** – RSG completed a Redevelopment Area Excess Revenue Analysis of pass-thru and residual revenues from the dissolution of the redevelopment agencies dated 4/2/2018. The forecast figures come from this report.
- ***Cash Contracts*** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments and year-over-year changes are estimated between 3.50% and 4.50% per year. In addition, this revenue category includes estimated John Wayne Airport contract proceeds with an annual 4% increase cap, which is projected to continue through the forecast period.

- **Community Risk Reduction Fees** – Community risk reduction fees are projected to remain constant through the forecast period, pending any changes approved by the Board.
- **ALS Supplies & Transport Reimbursements** – This revenue is estimated to remain flat, pending any changes approved by the Board.
- **Interest Earnings** – Assumes an annual return of 2.00% for FY 2018/19, and 2.25% for FY 2019/20 through FY 2022/23.
- **Other Revenue** – This revenue source includes various items such as reimbursements for training and cost recovery for the firefighter handcrew.

### **General Fund Expenditures**

- **Salaries & Employee Benefits** – S&EB is composed of the following factors:
  - ✓ **New Positions for New Stations** – The forecast assumes that vehicles will be in service beginning 7/1/2020 for Station 52, 7/1/2021 for Station 12, and 7/1/2021 for Station 67.
  - ✓ **Employee Salaries** – Projected salaries reflect increases consistent with the approved labor group MOUs. In addition, annual salary increases of 2% projected for the years that follow expiration of the current MOUs.
  - ✓ **Retirement** – Retirement costs reflecting the projected employer retirement rates are based on the OCERS provided rates for FY 2018/19. The projected employer rates in the outer years of the forecast are based on a study prepared by Segal Consulting and provided by OCERS dated 7/3/2018. FY 2019/20 rates are approximately 0.05% higher for safety and 2.30% higher for non-safety compared to FY 2018/19 rates.

<b>FY</b>	<b>Safety</b>	<b>General</b>	<b>Source</b>
2018/19	51.95%	34.62%	Effective rates for FY 2018/19 provided by OCERS adjusted to remove impact of additional OCFA UAAL contributions .
2019/20	52.00%	36.92%	FY 2019/20 based on OCERS provided rates. Outer years based on Segal Study dated 7/3/2018. Effective rates were adjusted to remove impact of additional OCFA UAAL contributions.
2020/21	52.56%	37.42%	
2021/22	52.96%	38.12%	
2022/23	51.26%	37.22%	

*Note: employer rates shown in the table above do not include the portion of the employee rate that is paid by OCFA*

FY 2018/19 includes a mid-year adjustment of \$10.0M for accelerated paydown of OCFA's Unfunded Actuarial Accrued Liability (UAAL) from unencumbered fund balance carried over from FY 2017/18.

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

- Contributing additional funds each year using projected savings that will be realized under new Public Employees' Pension Reform Act (PEPRA) of \$3.2M in FY 2018/19 and continuing in different amounts until payment is complete.

- Contributing an additional \$1M each year starting in FY 2016/17 and increasing by \$2M each year until it reaches \$15M and continuing at \$15M thereafter.
  - Contributing \$1 million per year from surplus fund balance available in the Workers' Compensation Self Insurance Fund starting in FY 2016/17 for 5 years.
  - Beginning in FY 2017/18, allocate 50% of the General Fund surplus to UAAL with the remaining 50% used to fund CIP.
- ✓ **Workers' Compensation** – FY 2018/19 assumes a 50% confidence level for ongoing Workers' Compensation costs. The 50% confidence level is assumed throughout the forecast period. Workers' Compensation costs in the forecast period are based on projected payments in the Rivelle Consulting Services September 2018 Study.
- ✓ **Other Insurance** – Medical insurance rates for firefighters are assumed to remain flat in 2018 and increase by 5% for years 2019, 2020, and 2021 per the Health Plan Agreement dated 3/29/2017. For staff members, it is projected to grow by 10% annually. This category also includes \$60,000 for unemployment insurance in FY 2018/19.
- ✓ **Medicare** – Annual amounts are calculated at 1.45% of projected salaries.
- **One-Time Grant/ABH Expenditures** – These are one-time only expenditures that vary significantly from year to year and therefore are not forecasted beyond FY 2018/19.
  - **Services and Supplies (S&S)** – S&S is held flat unless a new fire station is built, specific increases have been identified by section managers, or one-time grant proceeds have been received.

### **Net General Fund Revenue**

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

### **Incremental Increase in General Fund 10% Contingency:**

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

### **General Fund Surplus/(Deficit):**

This figure is equal to the Net General Fund Revenue less the incremental increase in the General Fund 10% Contingency. In years when there is a surplus, unless an exception is triggered, 50% is transferred to the CIP funds and 50% is used to paydown the UAAL as outlined in the Financial Stability Budget Policy approved by the Board on 3/23/2017. In years when there is a deficit, the deficit amount must be drawn from the 10% Contingency, and once those are exhausted, from fund balance for CIP.

A revision to the Financial Stability Budget Policy was approved which allows transfer of CIP funds at fiscal year onset to prevent negative CIP fund balance.

In FY 2018/19 a one-time adjustment from excess General Fund surplus of approximately \$5.0M was made to the General Fund Reserve exceeding contingency to restore that item of fund balance to previous levels

**Capital Improvement Program/Other Funds Revenue:**

- ***Interest Earnings*** – Assumes an annual return of 2.00% for FY 2018/19 and 2.25% for FY 2019/20 through FY 2022/23.
- ***State/Federal Reimbursement*** – The forecast assumes no State/Federal reimbursement revenue in the forecast period.
- ***Cash Contracts*** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments.
- ***Developer Contributions*** – The forecast assumes developer contributions will be used to fund various vehicles for Station 12, Station 52, and Station 67..
- ***Workers' Compensation Transfer*** – These amounts equal the General Fund Workers' Compensation budget which reflects a reduction of \$1M used to paydown the UAAL per the Snowball Plan.
- ***Operating Transfer In*** – This figure equals the Operating Transfer Out from the General Fund.

**Capital Improvement Program/Other Funds Expenditures:**

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

- ***Structural Fire Fund Entitlement (Fund 171)*** – The forecast period assumes no Structural Fire Fund Entitlement expenditures past the next fiscal year.
- ***Self-Insurance Fund (Fund 190)*** – Self-Insurance fund expenditures are based on projected payments in the Rivelle Consulting Services September 2018 Workers' Compensation Actuarial Study.

**Fund Balances:**

- ***Operating Contingency*** – Reflects policy of 10% of the General Fund expenditures each year (less one-time expenditures and UAAL payments). General Fund deficits (if applicable) are deducted from this category of fund balance once the Cash Flow fund balance is exhausted.

***Assigned Fund Balances***

- ***Self-Insurance Fund (Fund 190)*** – Funding is set aside for Workers' Compensation outstanding claims at the 50% confidence level per Board policy. The required amount is based on the actuarial report for Estimated Outstanding Losses as of the last full fiscal year prior to report issuance. The required funding levels are maintained by retaining funds in fund balance that reflect the difference between the workers' compensation transfer and Fund 190 expenditures.

- ***Capital Improvement Program*** – This fund balance includes funding for future capital replacements and is reduced annually by the cost of capital assets and increased in years when there are Operating Transfers into the CIP.



**Orange County Fire Authority**  
**AGENDA STAFF REPORT**

**Budget and Finance Committee Meeting**  
**January 9, 2019**

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

**Request for Proposal for Financial Audit and Related Services**

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**Contact(s) for Further Information**

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**Summary**

This agenda item is submitted for approval to issue the proposed Request for Proposals (RFP) for Financial Audit and Related Services.

**Prior Board/Committee Action**

Not Applicable.

**RECOMMENDED ACTION(S)**

Authorize staff to issue the submitted Request for Proposals for financial and other audit/attest services.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

At its March 8, 2017, meeting, the Budget and Finance Committee approved a contract with Vavrinek, Trine, Day & Co., LLP (VTD) to provide financial and single audit services, as well as “other attest services” including an annual compliance review of the Firefighter Medical Trust and an annual evaluation of OCFA’s calculation of the marginal cost for providing advanced and basic life support services to ambulance companies. When the RFP was originally issued, staff was seeking an audit firm that could provide both audit services and the professional guidance and training necessary for OCFA to meet upcoming changes announced by the Governmental Accounting Standards Board.

Having completed two years of service under the existing contract, staff is now seeking authorization to issue a new Request for Proposals (RFP) to solicit proposals from qualified certified public accountant firms to perform financial, internal control, training, and other audit/attest services commencing with the Fiscal Year 2018/19 financial audit. With this RFP, staff is seeking a firm to provide a greater level of client support, training, and responsiveness. Staff anticipates returning to the Committee with its evaluation and recommendations for audit firm selections in March or April 2019.

**Attachment(s)**

None.





Orange County Fire Authority  
**AGENDA STAFF REPORT**

**Budget and Finance Committee Meeting**  
**January 9, 2019**

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

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**Annual Grant Priorities for 2019**

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**Summary**

This annual agenda item is submitted to the Budget and Finance Committee for adoption of OCFA's Annual Grant Priorities for 2019.

**Prior Board/Committee Action**

Not Applicable.

**RECOMMENDED ACTION(S)**

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 24, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors approve OCFA's Annual Grant Priorities for 2019.

**Impact to Cities/County**

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

**Fiscal Impact**

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

**Background**

The Orange County Fire Authority (OCFA) is requesting \$1,542,584 from Federal Emergency Management Agency (FEMA) under the Assistance for Firefighters Grant program to enable 35 OCFA members and 25 members from neighboring fire departments to be certified Fire Ground Survival (FGS) instructors under the International Association of Fire Fighters (IAFF). OCFA's certified instructors will then train all of OCFA's 1,067 members. In addition, OCFA's application for a FEMA *Staffing for Adequate Fire and Emergency Response* (SAFER) grant of \$3.6 million to fund a fourth firefighter position for Buena Park, Tustin, Placentia, and San Clemente was approved in 2017. In 2018, OCFA's filled staffing levels fell below the minimum number necessary to continue receiving SAFER funds for a portion of the year; however, OCFA remains eligible to receive the SAFER grant funds for the approved staffing once filled staffing levels return to the required threshold. OCFA has two 50-person recruit academies planned for 2019 to fill the vacant positions.

The attached document outlines details on projects considered for 2019.

**Attachment(s)**

OCFA's Annual Grant Priorities for 2019



## Orange County Fire Authority

**Annual Grant Priorities**

2019

**Staffing for Adequate Fire and Emergency Response (SAFER)****\$3.6 million award**

This Federal Emergency Management Agency (FEMA) grant funds the hiring of “front-line” firefighters. In 2017, the OCFA requested and received funding for new firefighter positions, including the addition of a fourth firefighter on engines to enhance service delivery, improve efficiency, and enhance firefighter safety. The grant provides three years of funding with a federal share of 75% in the first two years and 35% in the final year. There is no requirement the positions be maintained after the three-year grant period ends; however, the OCFA and the impacted cash contract cities listed below in the 2017 award have agreed to maintain the positions after the grant.

In 2018, OCFA's staffing levels fell below the minimum number necessary to continue receiving SAFER funds for a portion of the year; however, the OCFA remains eligible to receive the SAFER grant funds once filled staffing levels return to the required threshold. OCFA has two 50-person recruit academies planned for 2019 to fill the vacant positions. The staffing level drop was due to the higher than average number of retirements in 2017 and 2018. The last two recruit academies did not produce enough graduates to keep pace with those retirements.

**2017 Award**

Firefighter Staffing: OCFA’s grant award funds a fourth firefighter for a single unit in each of the member cities of Buena Park, San Clemente, Placentia, and Tustin. Prior to award of the grant, each city had an engine staffed with three firefighters. Adding a fourth firefighter on these units was targeted to improve service delivery and enhance firefighter safety. At the conclusion of the three-year grant period, the cost of each position will be phased-in for Buena Park, San Clemente, and Tustin. These cities will not incur the full cost of the positions until FY 2024/25.

No application can be submitted during the current award period of 2018-2021.

**Assistance to Firefighters Grant (AFG)****Applications Closed: October 26, 2018**

This FEMA grant funds the purchase of firefighting vehicles and safety equipment. Safety equipment applications are accepted for tools, personal protective equipment (PPE), training, wellness and fitness, and station modifications. Departments may submit one application and an additional “regional application,” in partnership with one or more other fire departments.

**2018 Application**

Fire Ground Survival Training: The Orange County Fire Authority (OCFA) is requesting \$1,542,584 for 35 OCFA members and 25 members from neighboring fire departments to be certified Fire Ground Survival (FGS) instructors under the International Association of Fire Fighters (IAFF). Grant funds will also allow OCFA's 35 certified trainers to provide instruction during the final six-months of the grant to all of OCFA's 1,067 members. The 25 certified trainers from Anaheim Fire Department, Costa Mesa Fire Department, Fountain Valley Fire Department, Garden Grove Fire Department, and Orange Fire Department will provide instruction separately to their 200+ members.

According to the IAFF, "the purpose of the Fire Ground Survival program is to ensure that training for MAYDAY prevention and MAYDAY operations are consistent between all fire fighters, company officers, and chief officers. Firefighters must be trained to perform potentially life-saving actions if they become lost, disoriented, injured, low on air, or trapped. These training exercises must be consistent throughout the fire service."

#### **FEMA Fire Prevention and Safety Grant**

**Application Opens:** Fall 2018

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

In 2018, the OCFA reorganized the Community and Public Affairs Department and transferred the staff of community educators to the Community Risk Reduction Department. No grant application was submitted in 2018 to allow for the transition and assessment of current education priorities.

#### **Drowning Prevention**

No specific applications or grantors are identified currently; however, staff is continuing to support efforts of the Orange County Task Force on Drowning Prevention to seek donations to support the marketing of drowning prevention campaign materials. In addition, the task force is considering the development of mock-drowning curriculum materials and swim lessons as possible projects for 2019. As needed, OCFA staff will support the development of grant applications.