



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Meeting

Wednesday, February 13, 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 Hernandez

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

Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:

Approve as submitted.

3. CONSENT CALENDAR

No items.

4. DISCUSSION CALENDAR**A. Monthly Investment Reports**

Submitted by: Tricia Jakubiak, Treasurer

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 28, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Second Quarter Financial Newsletter

Submitted by: Robert Cortez, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 28, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

C. Approval of Limited-Term Positions to Increase Vehicle Outfitting Capacity

Submitted by: Jim Ruane, Assistant Chief/Logistics Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Director's meeting of February 28, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Authorize additions to the Master Position Control:
 - Limited-term Fire Apparatus Parts Specialist: Five full-time; Four part-time
 - Limited-term Fire Delivery Driver positions: Two full-time; One part-time
2. Approve a budget adjustment increasing expenditures in the FY 2018/19 General Fund (121) budget by \$277,400 to fund the proposed positions for the remainder of this fiscal year.
3. Direct staff to provide annual reports to the Budget and Finance Committee regarding the status of vehicle outfitting capacity and associated staffing needs.

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, March 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 7th day of February 2019.

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

UPCOMING MEETINGS:

Executive Committee Meeting
Board of Directors Meeting

Thursday, February 28, 2019, 5:30 p.m.
Thursday, February 28, 2019, 6:00 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Regular Meeting

Wednesday, January 9, 2019

12:00 Noon

Regional Fire Operations and Training Center

Room AE117

1 Fire Authority Road

Irvine, CA 92602

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on January 9, 2019, at 12:00 p.m. by Chair Muller.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Shelley Hasselbrink, Los Alamitos
Joseph Muller, Dana Point
Tri Ta, Westminster
Don Sedgwick, Laguna Hills
Gene Hernandez, Yorba Linda
Ed Sachs, Mission Viejo

Absent: None

Also present were:

Fire Chief Brian Fennessy
Assistant Chief Lori Smith
Assistant Chief Mark Sanchez
Assistant Chief Robert Cortez
General Counsel David Kendig

Deputy Chief Lori Zeller
Assistant Chief Randy Black
Assistant Chief Jim Ruane
Human Resources Director Brigitte Gibb
Clerk of the Authority Sherry Wentz

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 November 14, 2018, Budget and Finance Committee Regular Meeting (F: 12.02B2)

On motion of Director Ta and second by Director Sedgwick, the Budget and Finance Committee voted to approve the Minutes of the November 14, 2018, regular meeting as submitted.

Director Hernandez and Director Sachs were recorded as abstentions due to their absence from the meeting.

3. CONSENT CALENDAR

A. Monthly Investment Reports (F: F: 11.10D2)

On motion of Director Ta and second by Director Sachs, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Executive Committee 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 (F: 17.06B)

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

4. DISCUSSION CALENDAR

A. Organizational Service Level Assessments (F: 17.16)

Deputy Chief Lori Zeller provided in overview of the Organizational Service Level Assessments and introduced Stewart Gary, MPA, Citygate Associates OCFA Project Manager, who provided a PowerPoint Presentation on the background of Citygate and the proposed assessments.

On motion of Director Ta and second by Director Sachs, the Committee voted unanimously by those present to 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 (F: 15.04 FY 18/19)

Deputy Chief Lori Zeller introduced Budget Manager Deborah Gunderson who provided an overview of the FY 2018/19 Mid-Year Financial Report.

On motion of Director Ta and second by Director Sachs, the Committee voted unanimously by those present to 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 (F: 15.02A)

Deputy Chief Lori Zeller introduced Assistant Chief Jim Ruane who provided an overview of the Request for Proposal for Financial Audit and Related Services.

On motion of Director Sachs and second by Director Ta, the Committee voted unanimously by those present to authorize staff to issue the submitted Request for Proposals for financial and other audit/attest services.

D. Annual Grant Priorities for 2019 (F: 11.10G)

Deputy Chief Lori Zeller introduced Legislative Analyst Jay Barkman who provided an overview of the Annual Grant Priorities for 2019.

On motion of Vice Chair Hasselbrink and second by Director Ta, the Committee voted unanimously by those present to 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 (F: 12.02B6)

Chief Fennessy introduced the new Business Services' Assistant Chief Robert Cortez.

COMMITTEE MEMBER COMMENTS (F: 12.02B4)

Chair Muller announced the Election of Chair and Vice Chair will be deferred to next month's meeting of February 13, 2019.

Director Hernandez thanked the Firefighter Reserves for their excellent community relations in the City of Yorba Linda.

ADJOURNMENT – Chair Muller adjourned the meeting at 12:53 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, February 13, 2019, at 12:00 noon.

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



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
February 13, 2019

Agenda Item No. 4A
Discussion Calendar

Monthly Investment Reports

Contact(s) for Further Information

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

Summary

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

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 28, 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

Attached is the final monthly investment report for the month ended December 31, 2018. A preliminary investment report as of January 25, 2019, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – December 2018/Preliminary Report – January 2019

Orange County Fire Authority Monthly Investment Report



Final Report – December 2018

Preliminary Report – January 2019



Monthly Investment Report Table of Contents

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Orange County Fire Authority

Final Investment Report

December 31, 2018



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of December 2018, the size of the portfolio increased significantly by \$58.8 million to \$194.6 million. Significant receipts for the month included the third apportionment of secured property taxes in the amount of \$86.4 million and quarterly cash contract payments, various intergovernmental agency payments and charges for current services totaling \$20.1 million. Significant disbursements for the month included two biweekly payrolls which were approximately \$13.0 million each with related benefits and a \$19.2 million payment to OCERS for additional UAAL (Unfunded Actuarial Accrued Liability) pay-down as previously approved by the Board. Total December cash outflows amounted to approximately \$49.3 million. The portfolio's balance is expected to decrease significantly in the following month as there are no major receipts expected in January.

In December, the portfolio's yield to maturity (365-day equivalent) increased by 15 basis points to 2.25%. The effective rate of return rose by 17 basis points to 2.25% for the month and by 9 basis points to 2.02% for the fiscal year to date. The average maturity of the portfolio decreased by 4 days to 41 days to maturity. With the first half of the fiscal year completed, portfolio earnings came in less than projected and will be reviewed for a possible mid-year adjustment.

Economic News

The U.S. economy continued to stay strong in December 2018, although economic activities remained mixed. Employment conditions continued to be solid. There were a total of 312,000 new jobs created in December, a significantly higher number than what had been expected. The unemployment rate, on the other hand, rose by 2 basis points to 3.9%, still at a very low rate, as more people came back to the workforce. Consumer confidence indices were mixed but remained at high levels. Retail sales came in strong and were better than expected. Both manufacturing and non-manufacturing activity pulled back for the month but remained in expansion territory. The CPI (Consumer Price Index) edged down slightly while industrial production increased for the month. Existing home sales decreased more than expected as prices continued to rise. On January 30, 2019, the Federal Open Market Committee met and voted to keep the federal funds rate unchanged at a target range of 2.25% to 2.50%. The Committee has become more cautious on the growth of the economy and indicated it would be "patient" regarding future rate adjustments.



BENCHMARK COMPARISON AS OF DECEMBER 31, 2018

3 Month T-Bill: 2.41%

1 Year T-Bill: 2.66%

6 Month T-Bill: 2.54%

LAIF: 2.29%

OCFA Portfolio: 2.25%

PORTFOLIO SIZE, YIELD, & DURATION

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
<i>Book Value-</i>	\$194,645,592	\$135,771,668	\$195,078,136
<i>Yield to Maturity (365 day)</i>	2.25%	2.10%	1.20%
<i>Effective Rate of Return</i>	2.25%	2.08%	1.17%
<i>Days to Maturity</i>	41	45	85



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

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

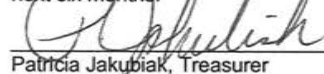
(See Note 1 on page 9)

(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	13,753,125.30	13,753,125.30	13,753,125.30	7.14	1	1	1.923	1.950
Federal Agency Coupon Securities	16,000,000.00	15,874,200.00	16,000,000.00	8.31	878	260	1.436	1.456
Federal Agency Disc. -Amortizing	89,000,000.00	88,764,990.00	88,762,852.32	46.11	57	40	2.379	2.412
Treasury Discounts -Amortizing	9,000,000.00	8,995,500.00	8,995,027.50	4.67	63	9	2.219	2.249
Local Agency Investment Funds	65,000,000.00	64,938,323.26	65,000,000.00	33.76	1	1	2.260	2.291
Investments	192,753,125.30	192,326,138.56	192,511,005.12	100.00%	103	41	2.220	2.251
Cash								
Passbook/Checking (not included in yield calculations)	2,503,080.49	2,503,080.49	2,503,080.49		1	1	0.000	0.000
Total Cash and Investments	195,256,205.79	194,829,219.05	195,014,085.61		103	41	2.220	2.251

Total Earnings	December 31 Month Ending	Fiscal Year To Date
Current Year	309,431.38	1,504,669.35
Average Daily Balance	162,267,044.46	147,694,117.22
Effective Rate of Return	2.25%	2.02%

"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

1/4/19

Cash and Investments with GASB 31 Adjustment:

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

\$ 195,014,085.61

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

\$ (368,493.66)

Total

\$ 194,645,591.95

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
December 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
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations			13,753,125.30	13,753,125.30	13,753,125.30	1.950	1.950	1	
Subtotal and Average			15,515,777.89		13,753,125.30	13,753,125.30	13,753,125.30		1.950	1	
Federal Agency Coupon Securities											
3133EGPD1	921	Federal Farm Credit Bank (Callable Anytime)		04/20/2017	7,000,000.00	6,943,860.00	7,000,000.00	1.180	1.375	212	08/01/2019
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,930,340.00	9,000,000.00	1.625	1.518	297	10/25/2019
Subtotal and Average			16,000,000.00		16,000,000.00	15,874,200.00	16,000,000.00		1.456	260	
Federal Agency Disc. -Amortizing											
313588AP0	955	Fed Natl Mtg Assoc		12/19/2018	18,000,000.00	17,985,780.00	17,985,245.00	2.270	2.337	13	01/14/2019
313588BA2	956	Fed Natl Mtg Assoc		12/19/2018	9,000,000.00	8,986,320.00	8,986,260.00	2.290	2.360	24	01/25/2019
313384AP4	954	Fed Home Loan Bank		11/29/2018	17,000,000.00	16,986,570.00	16,985,905.11	2.296	2.367	13	01/14/2019
313384BM0	957	Fed Home Loan Bank		12/19/2018	9,000,000.00	8,979,570.00	8,979,262.50	2.370	2.444	35	02/05/2019
313384CE7	958	Fed Home Loan Bank		12/19/2018	9,000,000.00	8,969,400.00	8,969,060.00	2.380	2.457	52	02/22/2019
313384CT4	959	Fed Home Loan Bank		12/19/2018	9,000,000.00	8,961,300.00	8,961,162.50	2.390	2.470	65	03/07/2019
313384DJ5	960	Fed Home Loan Bank		12/19/2018	5,000,000.00	4,973,450.00	4,973,555.55	2.380	2.462	80	03/22/2019
313384DX4	961	Fed Home Loan Bank		12/20/2018	9,000,000.00	8,943,840.00	8,943,735.00	2.420	2.505	93	04/04/2019
313384DJ5	962	Fed Home Loan Bank		12/21/2018	4,000,000.00	3,978,760.00	3,978,666.66	2.400	2.482	80	03/22/2019
Subtotal and Average			46,513,075.87		89,000,000.00	88,764,990.00	88,762,852.32		2.412	40	
Treasury Discounts -Amortizing											
912796QS1	953	US Treasury Bill		11/08/2018	9,000,000.00	8,995,500.00	8,995,027.50	2.210	2.249	9	01/10/2019
Subtotal and Average			19,238,191.10		9,000,000.00	8,995,500.00	8,995,027.50		2.249	9	
Local Agency Investment Funds											
SYS336	336	Local Agency Investmt Fund			65,000,000.00	64,938,323.26	65,000,000.00	2.291	2.291	1	
Subtotal and Average			65,000,000.00		65,000,000.00	64,938,323.26	65,000,000.00		2.291	1	
Total and Average			162,267,044.46		192,753,125.30	192,326,138.56	192,511,005.12		2.251	41	

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2018	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2018	2,483,080.49	2,483,080.49	2,483,080.49		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			162,267,044.46		195,256,205.79	194,829,219.05	195,014,085.61		2.251	41

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



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of January 1, 2019

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	(01/01/2019 - 01/01/2019)	4 Maturities	0 Payments	81,256,205.79	41.67%	81,256,205.79	81,194,529.05
Aging Interval:	1 - 30 days	(01/02/2019 - 01/31/2019)	4 Maturities	0 Payments	53,000,000.00	27.15%	52,952,437.61	52,954,170.00
Aging Interval:	31 - 60 days	(02/01/2019 - 03/02/2019)	2 Maturities	0 Payments	18,000,000.00	9.20%	17,948,322.50	17,948,970.00
Aging Interval:	61 - 91 days	(03/03/2019 - 04/02/2019)	3 Maturities	0 Payments	18,000,000.00	9.19%	17,913,384.71	17,913,510.00
Aging Interval:	92 - 121 days	(04/03/2019 - 05/02/2019)	1 Maturities	0 Payments	9,000,000.00	4.59%	8,943,735.00	8,943,840.00
Aging Interval:	122 - 152 days	(05/03/2019 - 06/02/2019)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	153 - 183 days	(06/03/2019 - 07/03/2019)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	(07/04/2019 - 10/02/2019)	1 Maturities	0 Payments	7,000,000.00	3.59%	7,000,000.00	6,943,860.00
Aging Interval:	275 - 365 days	(10/03/2019 - 01/01/2020)	1 Maturities	0 Payments	9,000,000.00	4.62%	9,000,000.00	8,930,340.00
Aging Interval:	366 days and after	(01/02/2020 -)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			16 Investments	0 Payments		100.00	195,014,085.61	194,829,219.05



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 December 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 December 31, 2018 is 0.999051127. When applied to OCFA's LAIF investment, the fair value is \$64,938,323 or (\$61,677) 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 December 31, 2018 is included on the following page.



State of California Pooled Money Investment Account Market Valuation 12/31/2018

Carrying Cost Plus				
Description	Accrued Interest Purch.	Amortized Cost	Fair Value	Accrued Interest
1* United States Treasury:				
Bills	\$ 16,494,774,781.04	\$ 16,650,272,651.45	\$ 16,646,254,000.00	NA
Notes	\$ 26,084,822,813.35	\$ 26,080,601,689.42	\$ 26,027,720,500.00	\$ 95,204,336.00
1* Federal Agency:				
SBA	\$ 733,319,305.60	\$ 733,319,305.60	\$ 725,337,181.24	\$ 1,533,321.99
MBS-REMICs	\$ 25,252,637.32	\$ 25,252,637.32	\$ 25,738,470.69	\$ 117,951.22
Debentures	\$ 2,067,679,296.33	\$ 2,067,564,886.61	\$ 2,060,749,900.00	\$ 9,201,096.20
Debentures FR	\$ -	\$ -	\$ -	\$ -
Debentures CL	\$ 100,000,000.00	\$ 100,000,000.00	\$ 99,761,500.00	\$ 594,375.00
Discount Notes	\$ 11,645,482,250.14	\$ 11,720,182,916.69	\$ 11,717,455,500.00	NA
1* Supranational Debentures	\$ 489,261,978.98	\$ 489,261,978.98	\$ 489,012,600.00	\$ 2,258,474.00
1* Supranational Debentures FR	\$ 150,312,991.24	\$ 150,312,991.24	\$ 150,570,884.05	\$ 793,633.61
2* CDs and YCDs FR	\$ 525,000,000.00	\$ 525,000,000.00	\$ 525,074,250.00	\$ 1,941,077.42
2* Bank Notes	\$ 850,000,000.00	\$ 850,000,000.00	\$ 849,554,819.14	\$ 8,304,430.54
2* CDs and YCDs	\$ 12,900,000,000.00	\$ 12,900,000,000.00	\$ 12,895,987,828.73	\$ 77,810,611.13
2* Commercial Paper	\$ 5,751,563,722.24	\$ 5,773,027,569.44	\$ 5,772,338,388.88	NA
1* Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
1* Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
1* Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 4,647,740,000.00	\$ 4,647,740,000.00	\$ 4,647,740,000.00	NA
AB 55 & GF Loans	\$ 797,898,000.00	\$ 797,898,000.00	\$ 797,898,000.00	NA
TOTAL	\$ 83,263,107,776.24	\$ 83,510,434,626.75	\$ 83,431,193,822.73	\$ 197,759,307.11

Fair Value Including Accrued Interest

\$ 83,628,953,129.84

* Governmental Accounting Standards Board (GASB) Statement #72

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

The value of each participating dollar equals the fair value divided by the amortized cost (0.999051127). As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$19,981,022.54 or \$20,000,000.00 x 0.999051127.



Orange County Fire Authority

Preliminary Investment Report

January 25, 2019



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
January 25, 2019

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

(See Note 1 on page 18)

(See Note 2 on page 18)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	8,701,236.76	8,701,236.76	8,701,236.76	5.71	1	1	1.923	1.950
Federal Agency Coupon Securities	16,000,000.00	15,888,720.00	16,000,000.00	10.49	878	235	1.436	1.456
Federal Agency Disc. -Amortizing	63,000,000.00	62,762,940.00	62,754,455.27	41.16	90	58	2.445	2.479
Local Agency Investment Funds	65,000,000.00	64,938,323.26	65,000,000.00	42.64	1	1	2.260	2.291
Investments	152,701,236.76	152,291,220.02	152,455,692.03	100.00%	130	49	2.230	2.261
Cash								
Passbook/Checking (not included in yield calculations)	648,488.13	648,488.13	648,488.13		1	1	0.000	0.000
Total Cash and Investments	153,349,724.89	152,939,708.15	153,104,180.16		130	49	2.230	2.261

Total Earnings	January 25 Month Ending	Fiscal Year To Date
Current Year	279,646.46	1,784,315.81
Average Daily Balance	183,350,889.99	151,959,281.42
Effective Rate of Return	2.23%	2.05%

"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, 2019. 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 Jakubrak, Treasurer

Cash and Investments with GASB 31 Adjustment:

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

\$ 153,104,180.16

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

\$ (368,493.66)

Total

\$ 152,735,686.50

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
January 25, 2019

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations			8,701,236.76	8,701,236.76	8,701,236.76	1.950	1.950	1	
Subtotal and Average			14,920,570.82		8,701,236.76	8,701,236.76	8,701,236.76		1.950	1	
Federal Agency Coupon Securities											
3133EGPD1	921	Federal Farm Credit Bank (Callable Anytime)		04/20/2017	7,000,000.00	6,953,520.00	7,000,000.00	1.180	1.375	187	08/01/2019
3134GBHT2	922	Fed Home Loan Mtg Corp		04/25/2017	9,000,000.00	8,935,200.00	9,000,000.00	1.625	1.518	272	10/25/2019
Subtotal and Average			16,000,000.00		16,000,000.00	15,888,720.00	16,000,000.00		1.456	235	
Federal Agency Disc. -Amortizing											
313384BM0	957	Fed Home Loan Bank		12/19/2018	9,000,000.00	8,995,230.00	8,994,075.00	2.370	2.444	10	02/05/2019
313384CE7	958	Fed Home Loan Bank		12/19/2018	9,000,000.00	8,985,150.00	8,983,935.00	2.380	2.457	27	02/22/2019
313384CT4	959	Fed Home Loan Bank		12/19/2018	9,000,000.00	8,977,320.00	8,976,100.00	2.390	2.470	40	03/07/2019
313384DJ5	960	Fed Home Loan Bank		12/19/2018	5,000,000.00	4,982,400.00	4,981,819.44	2.380	2.462	55	03/22/2019
313384DX4	961	Fed Home Loan Bank		12/20/2018	8,000,000.00	8,960,400.00	8,958,860.00	2.420	2.505	68	04/04/2019
313384DJ5	962	Fed Home Loan Bank		12/21/2018	4,000,000.00	3,985,920.00	3,985,333.33	2.400	2.482	55	03/22/2019
313384ES3	963	Fed Home Loan Bank		01/07/2019	9,000,000.00	8,934,030.00	8,932,290.00	2.440	2.531	111	05/17/2019
313384FC8	964	Fed Home Loan Bank		01/10/2019	9,000,000.00	8,942,490.00	8,942,042.50	2.390	2.475	97	05/03/2019
Subtotal and Average			84,175,438.93		63,000,000.00	62,762,940.00	62,754,455.27		2.479	58	
Treasury Discounts -Amortizing											
Subtotal and Average			3,239,204.40								
Local Agency Investment Funds											
SYS336	336	Local Agency Investmt Fund			65,000,000.00	64,938,323.26	65,000,000.00	2.291	2.291	1	
Subtotal and Average			65,015,675.84		65,000,000.00	64,938,323.26	65,000,000.00		2.291	1	
Total and Average			183,350,889.99		152,701,236.76	152,291,220.02	152,455,692.03		2.261	49	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
January 25, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2018	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2018	628,488.13	628,488.13	628,488.13		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			183,350,889.99		153,349,724.89	152,939,708.15	153,104,180.16		2.261	49

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of January 26, 2019

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	(01/26/2019 - 01/26/2019)	4 Maturities	0 Payments		74,349,724.89	48.56%	74,349,724.89	74,288,048.15
Aging Interval: 1 - 30 days	(01/27/2019 - 02/25/2019)	2 Maturities	0 Payments		18,000,000.00	11.74%	17,978,010.00	17,980,380.00
Aging Interval: 31 - 60 days	(02/26/2019 - 03/27/2019)	3 Maturities	0 Payments		18,000,000.00	11.72%	17,943,252.77	17,945,640.00
Aging Interval: 61 - 91 days	(03/28/2019 - 04/27/2019)	1 Maturities	0 Payments		9,000,000.00	5.85%	8,958,860.00	8,960,400.00
Aging Interval: 92 - 121 days	(04/28/2019 - 05/27/2019)	2 Maturities	0 Payments		18,000,000.00	11.67%	17,874,332.50	17,876,520.00
Aging Interval: 122 - 152 days	(05/28/2019 - 06/27/2019)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	(06/28/2019 - 07/28/2019)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	(07/29/2019 - 10/27/2019)	2 Maturities	0 Payments		16,000,000.00	10.45%	16,000,000.00	15,888,720.00
Aging Interval: 275 days and after	(10/28/2019 -)	0 Maturities	0 Payments		0.00	0.00%	0.00	0.00
Total for		14 Investments	0 Payments			100.00%	153,104,180.16	152,939,708.15



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
February 13, 2019

Agenda Item No. 4B
Discussion Calendar

Second Quarter Financial Newsletter

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
Tricia Jakubiak, Treasurer	triciajakubiak@ocfa.org	714.573.6301
Deborah Gunderson, Budget Manager	deborahgunderson@ocfa.org	714.573.6302

Summary

This routine agenda item is submitted to provide information regarding revenues and expenditures in the General Fund and the Capital Improvement Program Funds through the second quarter of FY 2018/19.

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 28, 2019, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

The Quarterly Financial Newsletter provides information about the General Fund's top five revenue sources as well as expenditures by department and by type. Revenues and expenditures for the Capital Improvement Program (CIP) funds are also included. Revenues and expenditures for the General and CIP Funds through the second quarter are within budgetary estimates, except where noted in the attached newsletter.

Attachment(s)

Second Quarter Financial Newsletter – July 2018 to December 2018



Orange County Fire Authority

Second Quarter Financial Newsletter – July 2018 to December 2018

OVERVIEW

This report covers fiscal activities in the General Fund and CIP Funds through the second quarter of Fiscal Year 2018/19. Budget figures include all budget adjustments authorized by the Board through the end of the second quarter.

GENERAL FUND

With 50% of the year completed, General Fund revenues are 51.3% of budget and expenditures are 49.5% as shown below. This presents a snapshot in time; variances from expected trends appear in the charts following this snapshot.

General Fund (excludes 12110)	YTD Actual	Budget	Variance in Dollars	% Variance
Revenues	206,151,926	401,859,181	195,707,255	51.3%
Expenditures	199,970,061	403,321,044	203,350,983	49.5%

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

Top Five Revenues	YTD Actual Receipts	Trended YTD Budget Estimate	Variance: Actual to Budget in Dollars	% Variance
Property Taxes	137,113,123	137,143,125	(30,002)	0%
Cash Contracts	56,841,162	56,841,162	0	0%
State Reimbursements	6,000,232	6,000,000	232	0%
Community Risk Reduction Fees	2,733,304	3,119,213	(385,909)	-14%
Federal Reimbursements	2,066,795	2,000,000	66,795	3%
Total	204,754,616	205,103,500	(348,884)	0%

- **Community Risk Reduction (CRR) Fees:** The budget for these revenues was raised in FY 2018/19 based on the results of the latest fee study. While the actual revenues match those received in previous years, expected increases are not occurring. CRR staff are reviewing volume and other reports to determine if any corrections are needed. If so, those will be addressed with a Budget Adjustment before the year concludes.

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

Expenditures by Department	YTD Actual Expenditures	Trended YTD Budget Estimate	Variance: Actual to Budget in Dollars	% Variance
Business Services	22,803,218	23,363,826	(560,608)	-2%
Command & Emergency Planning	3,273,097	3,401,999	(128,902)	-4%
Community Risk Reduction	4,749,936	4,841,952	(92,016)	-2%
EMS & Training	4,448,783	4,322,552	126,231	3%
Executive Management	2,692,756	2,665,957	26,799	1%
Human Resources	5,108,115	5,432,940	(324,825)	-6%
Logistics	15,524,024	15,392,277	131,747	1%
Operations	133,290,187	131,660,496	1,629,691	1%
Special Operations	8,079,944	9,136,289	(1,056,345)	-13%
Total	199,970,060	200,218,286	(248,226)	0%

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

- **Operations** – This department is trending over budget estimates primarily due to overtime for assistance by hire incidents. Overtime will be adjusted at the Mid-year Budget Adjustment and it is expected the department will remain within budgetary expectations after the adjustment.
- **Special Operations** – This department is trending under budget estimates primarily due to the decision by Air Operations to not pursue installation of Forward Looking Infrared (FLIR) cameras for the helicopters. The supplies and equipment budgets will be reduced by \$1.1 million at the Mid-year Budget Adjustment to reflect that decision.

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

Expenditures by Type	YTD Actual Expenditures	Trended YTD Budget Estimate	Variance: Actual to Budget in Dollars	% Variance
Salary and Employee Benefits	183,502,353	181,923,725	1,578,629	1%
Services and Supplies	15,342,425	16,696,614	(1,354,188)	-9%
Equipment	1,125,282	1,597,948	(472,666)	-42%
Total	199,970,061	200,218,286	(248,225)	0%

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

- **Salary & Employee Benefits** –This category is trending over budget estimates by approximately \$1.6 million or 1%. This is primarily due to overtime expenditures for assistance by hire incidents. This will be corrected with a Mid-year Budget Adjustment as described above.
- **Services and Supplies, Equipment** – Actual expenditures for the two categories finished approximately \$1.8 million or 11% under estimates through the second quarter. This is primarily due to the FLIR camera project being cancelled as described above.

CIP FUNDS

Revenues and expenditures for the Capital Improvement Program funds are summarized below. Any variances are noted following the fund table:

General Fund CIP

Fund 12110	YTD Actual	Budget	Percent
Expenditures	1,120,886	5,452,477	21%

- This Fund receives transfers from the General Fund as its revenue source.
- Appropriations of \$5.5 million include funding for routine maintenance and replacement of equipment such as pagers, PCs, laptops, printers, 800 MHz radios, VHF radios, MDC system, fire station telephone/alarm system upgrade, network servers, data storage, cardiac monitors, high pressure airbags, fire shelters, thermal imaging cameras, fire station bathroom gender compliance and FS 26 kitchen, flooring and bathroom remodel.
- YTD Expenditures of approximately \$1.1 million are attributable to progress on the Weather/Emergency Ops Center, cardiac monitors, and various IT projects.
- Appropriated projects are being reviewed for determination of project execution timing; several projects may be moved to succeeding years.

Fire Stations and Facilities

Fund 123	YTD Actual	Budget	Percent
Revenue	176,527	892,856	19.8%
Expenditures	181,743	16,066,642	1.1%

- The revenue budget includes interest and miscellaneous development related revenue. Actual revenues in this fund are attributable to interest earned through the second quarter. Interest is calculated based on portfolio performance and allocated across all the Funds based on average monthly cash balances in the Fund.
- Appropriations of \$16 million include funding for replacement of Fire Station 9 and 10, RFOTC Training Grounds expansion and upgrade; US&R warehouse training center improvements, infrastructure security enhancements, site stabilization at Fire Station 42, FS 49 Apparatus bay floor reconstruction, carport installations in FS 18, and retrofitting existing stations' fire life safety systems.
- Expenditures through the second quarter are attributable to the US&R warehouse training center improvements and carports at FS 18.
- Appropriated projects are being reviewed for determination of project execution timing; several projects may be moved to succeeding years.

Communications & Info. Systems

Fund 124	YTD Actual	Budget	Percent
Revenue	108,766	136,770	79.5%
Expenditures	2,937,769	10,691,188	27.5%

- The revenue budget in this fund is attributable to interest. Actual revenues in this fund are comprised of interest earned through the second quarter. Interest is calculated based on portfolio performance and allocated across all the Funds based on average monthly cash balances in the Fund. This fund is retaining more cash than expected during budget development.
- Appropriations of \$10.7 million include funding for: RFOTC Data Center Fire Suppression system, Disaster Recovery Co-Location facility, Incident Reporting Application Replacement, IFP Replacement, 800 MHz System Upgrade, and Enterprise Audio Video Equipment Upgrades
- YTD expenditures are primarily attributable to the 800 MHz system upgrade.
- Appropriated projects are being reviewed for determination of project execution timing; several projects may be moved to succeeding years.

Fire Apparatus

Fund 133	YTD Actual	Budget	Percent
Revenue	913,131	2,302,669	39.7%
Expenditures	2,007,439	12,118,231	16.6%

- Revenues in this fund are attributable to vehicle replacement program payments from cash contract cities, and interest earned through the second quarter.
- Expenditures in this fund include quarterly lease payments on the helicopters, vehicle outfitting, Command vehicles, and mid and full size 4 door vehicles for operations, property and risk management and EMS. The bidding process is expected to begin for many vehicle projects in the next quarter, therefore expenditures will rise in succeeding quarters.

SUMMARY

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



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
February 13, 2019

Agenda Item No. 4C
Discussion Calendar

Approval of Limited-Term Positions to Increase Vehicle Outfitting Capacity

Contact(s) for Further Information

Jim Ruane, Assistant Chief jimruane@ocfa.org 714.573.6801
Logistics Department

Joel Brodowski, Information Technology Manager joelbrodowski@ocfa.org 714.573.6421

Summary

This agenda item is submitted for approval to add limited-term positions in the Fire Apparatus Parts Specialist and Fire Delivery Driver classifications to increase the OCFA's capacity to outfit vehicles.

Prior Board/Committee Action

Not Applicable.

Impact to Cities/County

Not Applicable.

RECOMMENDED ACTIONS:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Director's meeting of February 28, 2019, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Authorize additions to the Master Position Control:
 Limited-term Fire Apparatus Parts Specialist: Five full-time; Four part-time
 Limited-term Fire Delivery Driver positions: Two full-time; One part-time
2. Approve a budget adjustment increasing expenditures in the FY 2018/19 General Fund (121) budget by \$277,400 to fund the proposed positions for the remainder of this fiscal year.
3. Direct staff to provide annual reports to the Budget and Finance Committee regarding the status of vehicle outfitting capacity and associated staffing needs.

Fiscal Impact

Approval of staff recommendations will increase expenditures in the FY 2018/19 General Fund, Information Technology Division, Communications, and Workplace Support, in the amount of \$277,400. If continued beyond FY 2018/19, the annual cost of the positions will be \$832,400.

Background

Over the next five fiscal years (FY 2019/20 – 2023/24), the OCFA is projecting to purchase 117 new/replacement vehicles. This period represents a significantly higher than average volume in OCFA's heavy duty (engines, trucks, and specialty vehicles) vehicle replacement cycle. Currently, five new/replacement vehicles are being outfitted with all necessary communications and specialty equipment. An additional 13 vehicles are on-site awaiting outfitting, and 48 vehicles are expected to be delivered over the next 12 to 18 months.

To address this condition and prevent an increase in the backlog for outfitting vehicles, staff is recommending temporarily increasing the OCFA's capacity to outfit vehicles from 25 to up to 45 annually. Annual reassessments of outfitting capacity needs will be completed over the five-year period of high-volume vehicle replacements.

Proposed Plan

Surge capacity staffing in the lower levels of Fire Apparatus Parts Specialist and Fire Delivery Driver classifications can be used to augment existing staff with higher-level technical skills in the Communications, Service Center, and Fleet sections tasked with outfitting vehicles. The addition of limited-term positions (instead of permanent-regular positions) is recommended to enable a return to normal staffing levels, when needed, upon reevaluation of the OCFA's vehicle outfitting capacity requirements. The proposed limited-term positions would be primarily responsible for preinstallation duties, including assembly and delivery of supplies and communications equipment specific to each new vehicle.

The recommended plan calls for the addition of five full-time and four part-time, limited-term positions in the Fire Apparatus Parts Specialist classification for the Communications and Fleet sections, and two full-time and one part-time, limited-term position in the Fire Delivery Driver classification for the Service Center and Fleet sections.

To further address the OCFA's vehicle outfitting capacity needs, the specifications for new vehicle bids are being updated to include communications equipment installation services when available by the manufacturer or qualified third-party vendors prior to OCFA accepting delivery of the new vehicles. In addition, a request for proposals for communications equipment installation services for all OCFA vehicle types will be published in March 2019, providing increased access to contract professional services from multiple qualified third-party communications equipment installation service vendors.

Conclusion

Implementation of staff's recommendation to add limited-term positions tasked with vehicle outfitting, as well as increased access to contract vehicle outfitting services will resolve the current backlog for vehicle outfitting by July 2020 and address outfitting needs during the high-volume vehicle replacement period through FY 2023/24.

Attachment(s)

None.

Increasing the OCFA's Vehicle Outfitting Capacity

Presented to:

Budget & Finance Committee

Presented by:

Jim Ruane, Assistant Chief Logistics

February 13, 2019



Timeline and Quantities of Vehicles

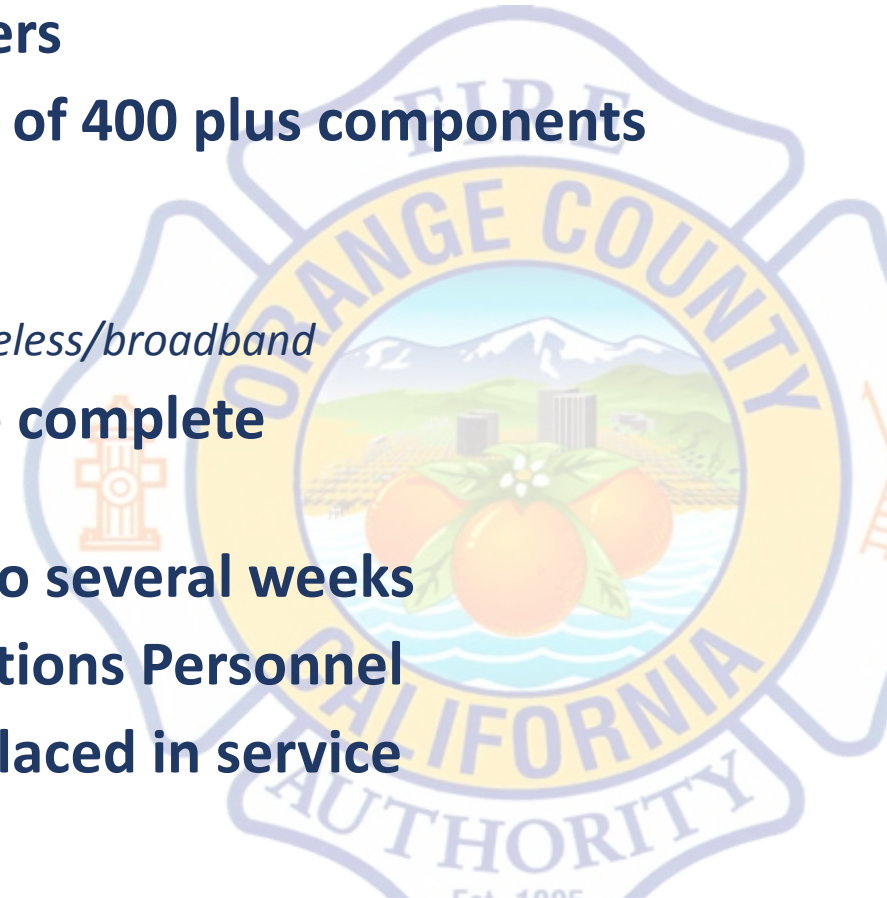
- A total of 48 vehicles are on order and another 117 vehicles are projected to reach the end of their useful life over the next five (5) years (FY 2019/20 – 2023/24), and including:
 - *Heavy Duty: Type 1 & 3 Engines, Trucks, and Specialty Units (Hazmat, Heavy Rescue, Foam Tender)*
 - *Light Duty: Battalion service trucks, utility pickup trucks, and staff vehicles*
- The inbound vehicles will require light to full installation of equipment by Fleet Services, Communications, and the Service Center
 - *The average total time to complete OCFA outfitting of heavy duty vehicles is a combined 350 hours per vehicle*



Tractor Drawn Arial (TDA) Build Process



- After issuance of Purchase Order, factory build time typically exceeds one year
- Currently, completed vehicles are driven from manufacturer (KME) in Nesquehoning, PA to Ontario, CA.
- Vehicles are inspected and delivered to OCFA Headquarters
- Complex equipment Communications package consisting of 400 plus components requires 200-250 hours per vehicle to install and test:
 - *Custom fabrication, wiring, integration with vehicle computer/electrical*
 - *Multiple radios, computers, antennas, intercoms, power distribution, wireless/broadband*
- Service Center package takes approximately 100 hours to complete
 - *Outfitting new apparatus requires at least two package installations*
- Fleet Services warranty items can vary from one (1) day to several weeks
- Changes to new apparatus may require training of Operations Personnel
- All above steps are necessary prior to the vehicle being placed in service



Outfitting Steps

- Install communications and additional various equipment
- Add brackets, adjust shelving, apply ground ladder halyards, add hose, various pieces of equipment
- Prepare and apply all decals (47)

Current Backup Apparatus



3. Remove equipment from previous reserve unit
4. Install on replaced apparatus (new backup unit)

Current Frontline Apparatus
(new backup unit)



1. Remove equipment from current frontline unit
2. Install on new/replacement unit

New Apparatus



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 - *Outfitting new apparatus requires at least two package installations*
- **Fleet Services warranty items can vary from one (1) day to several weeks**
- **Changes to new apparatus may require training of Operations Personnel**
- **All above steps are necessary prior to the vehicle being placed in service**





Tractor Drawn Arial Before and After Outfitting



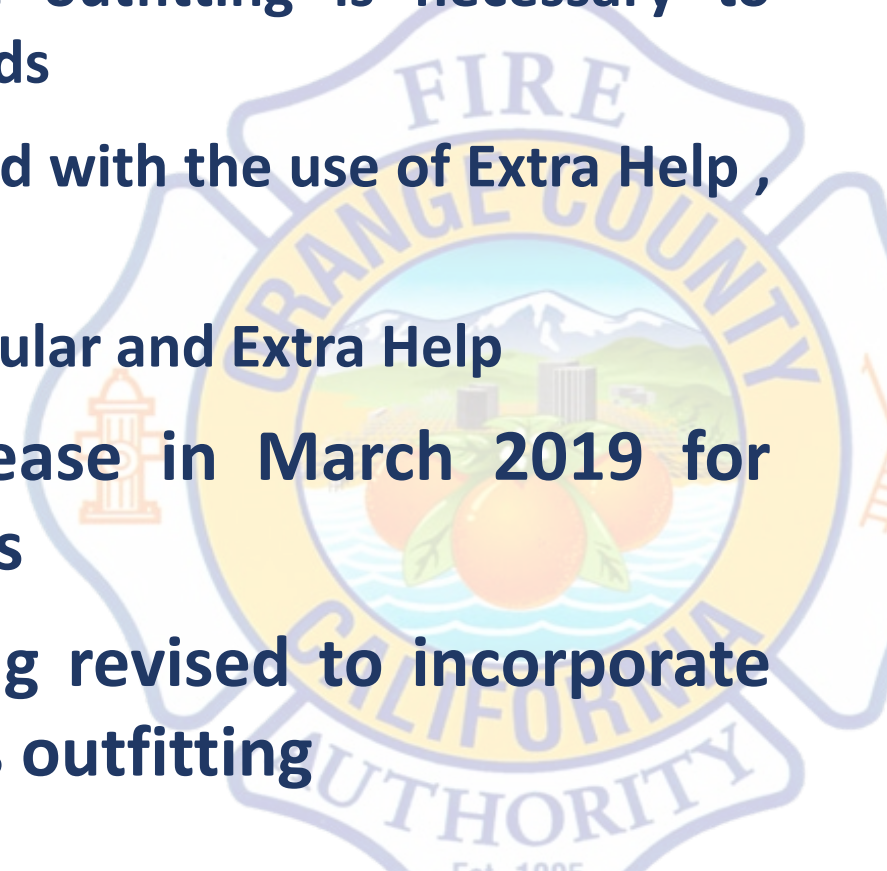
Tractor Drawn Aerial Before and After Outfitting



Strategy to Address Future Outfitting

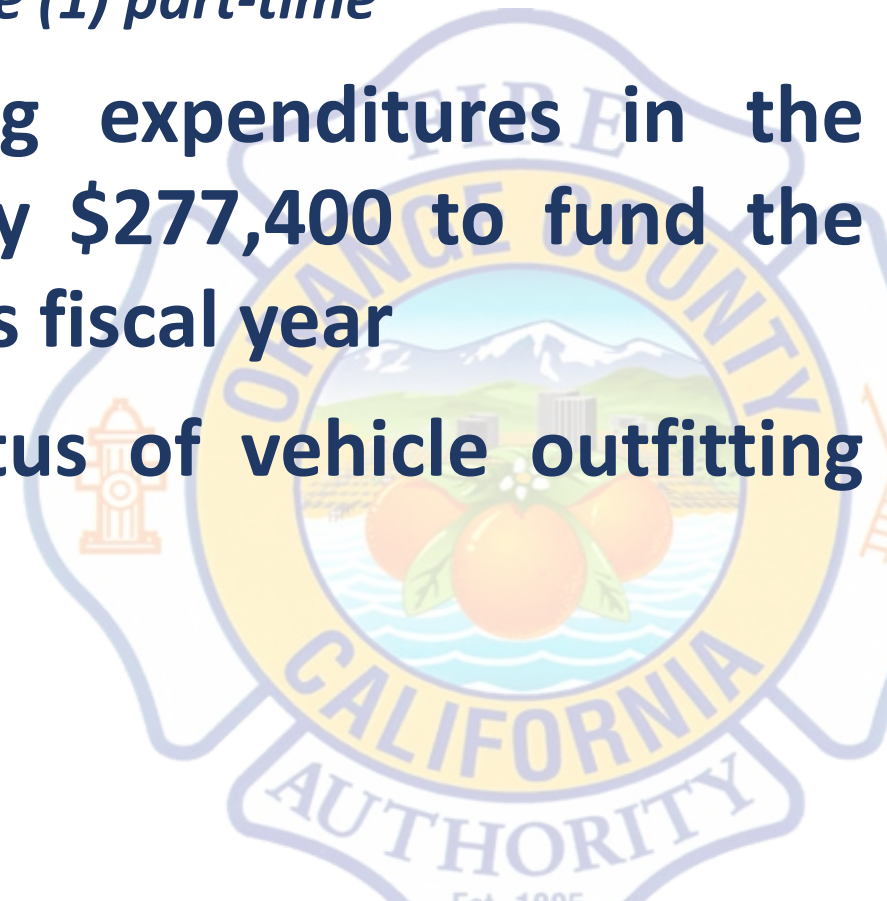
A three-pronged strategy is proposed to increase the OCFA's outfitting capacity:

- Add Limited-Term staff assigned to vehicle outfitting
 - A stable, trained workforce tasked with vehicle outfitting is necessary to adequately support the OCFA's replacement standards
 - Significantly reduces turnover and training associated with the use of Extra Help , who are limited to six (6) months of employment
 - Reduces the overtime hours and cost worked by Regular and Extra Help
- A request for proposals is scheduled for release in March 2019 for Communications Equipment Installation Services
- Specifications for heavy duty vehicles are being revised to incorporate vendor performed pre-delivery communications outfitting



Recommended Actions

- **Authorization to add to the Master Position Control:**
 - *Limited-term Fire Apparatus Parts Specialist: Five (5) full-time; Four (4) part-time*
 - *Limited-term Fire Delivery Driver: Two (2) full-time; One (1) part-time*
- **Approve a budget adjustment increasing expenditures in the FY 2018/19 General Fund (121) budget by \$277,400 to fund the proposed positions for the remainder of this fiscal year**
- **Receive annual reports providing the status of vehicle outfitting capacity and associated staffing needs**



Questions

