



ORANGE COUNTY FIRE AUTHORITY

AGENDA

BOARD OF DIRECTORS REGULAR MEETING
Thursday, January 23, 2020
6:00 P.M.

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

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

If you wish to speak before the Fire Authority Board, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority prior to being heard before the Board. Speaker Forms are available at the counters of both entryways of the Board Room.



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

CALL TO ORDER

INVOCATION by OCFA Chaplain Jeff Hetschel

PLEDGE OF ALLEGIANCE by Director Hatch

ADMINISTRATION OF OATH OF OFFICE FOR NEW MEMBERS

ROLL CALL

1. PRESENTATIONS

No items.

PUBLIC COMMENTS

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

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

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

REPORTS

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR

REPORT FROM THE FIRE CHIEF

- Executive Management Promotions
- Second Quarter Goals and Objectives Update
- US&R Deployment – Puerto Rico
- Best and Bravest
- Girls Empowerment Camp

2. MINUTES

A. Minutes from the November 21, 2019, Regular Meeting of the Board of Directors

Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:
Approve as submitted.

3. CONSENT CALENDAR

A. Next Generation Aerial Operations Pilot Program Budget Adjustment

Submitted by: Brian Fennessy, Fire Chief

Budget and Finance Committee Recommendation: *APPROVE*

Recommended Action:

Authorize and approve the following proposed budget adjustment to recognize the donation from Southern California Edison, increasing revenues by \$880,000 and expenditures by \$1,115,522 in the FY 2019/20 General Fund (121).

B. FY 2019/2020 Mid-Year Financial Report

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

Budget and Finance Committee Recommendation: *APPROVE*

Recommended Actions:

Direct staff to return to the Board of Directors in March 2020, for approval of the proposed budget adjustments for the FY 2019/2020 budget.

C. Annual Grant Priorities for 2020

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

Budget and Finance Committee Recommendation: *APPROVE*

Recommended Actions:

1. Approve OCFA's Annual Grant Priorities for 2020.
2. Approve non-substantive "housekeeping" revisions to the OCFA Grant Policy.
3. Approve proposed Resolution entitled A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS AMENDING THE ROLES/RESPONSIBILITIES/ AUTHORITIES MATRIX for revisions for grant acceptance.

END OF CONSENT CALENDAR

4. PUBLIC HEARING(S)

No items.

5. DISCUSSION CALENDAR

A. Quarterly Status Report Placentia Fire and Emergency Medical Services

Submitted by: Brian Fennessy, Fire Chief

Recommended Actions:

Receive and file the report.

ELECTION OF BOARD CHAIR AND VICE CHAIR

BOARD MEMBER COMMENTS

CLOSED SESSION

CS1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9
(1 Case)

CS2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Position: General Counsel

Authority: Government Code Section 54954.5

CLOSED SESSION REPORT

ADJOURNMENT – The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for Thursday, February 27, 2020, at 6:00 p.m.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby, front gate public display case, and website of the Orange County Fire Authority, Regional Fire Operations and Training Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 16th day of January 2020.

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

UPCOMING MEETINGS:

Human Resources Committee Meeting	Tuesday, February 4, 2020, 12 noon
Budget and Finance Committee Special Meeting*	Tuesday, February 11, 2020, 12 noon
Executive Committee Meeting	Thursday, February 27, 2020, 5:30 p.m.
Board of Directors Meeting	Thursday, February 27, 2020, 6:00 p.m.

*Due to Holiday

OCFA STRATEGIC GOALS – FY 2019/20 - <i>Second Quarter Update</i> GOALS, OBJECTIVES & PERFORMANCE MEASURES	Responsibility Designated department lead	Performance Measures Target start date (TSD), target completion date (TCD), and completion benchmark (CB)	
1. <u>Our Service Delivery</u> <i>Goal #1: Our service delivery model is centered on continuous improvement. All services are sustainable through a range of economic environments and focused on our mission.</i>			
a. Explore service delivery improvements that can result from implementation of new technologies, such as methods to deal with wildfires, uses for drones, etc. <i>(Note: Goal from the Board of Directors.)</i> Two pilot programs for service delivery improvement have been initiated this fiscal year, including (1) the Next Generation Aerial Operations Based Pilot Program (NextGen) made possible by funding from Southern California Edison; and (2) the FIRIS Pilot Program made possible by funding from the State. These pilot programs enhanced services by increasing our air operations response capabilities and creating a new source of intelligence related to fire behavior.	Fire Chief	TSD: TCD: CB:	7/1/19 6/30/20 OCFA completes a pilot program of at least one new technology to improve service delivery.
b. Focus on improving business efficiencies which may assist to keep costs down, including uses of technology where feasible. <i>(Note: Goal from the Board of Directors.)</i> The Executive Team assessed Analyst functions currently assigned to specific sections in OCFA to consider options for pulling the resources together into a Strategic Planning/Process Improvement Unit. Findings indicate a need to keep analytical-support dedicated to specialized units of OCFA. Additional assessment is needed to evaluate opportunities and need for re-establishing a Strategic Planning Unit.	Fire Chief	TSD: TCD: CB:	7/1/19 6/30/20 An assessment of options to re-establish a Strategic Planning/Process Improvement Unit is completed.
c. Explore opportunities for public-private partnerships in a manner that can enhance service delivery (ideas such as conducting an ambulance system analysis, the Alliance Model, or other creative options of this nature). <i>(Note: Goal from the Board of Directors.)</i>	Emergency Medical Services	TSD: TCD: CB:	7/1/19 6/30/20 Options are explored through the City Managers’ Technical Advisory Committee, before seeking policy direction from the Board.

Performance Measure: For quarterly updates, the measurement will be shaded to indicate status, as follows = **Not Started**, **In Progress**, **Complete**

OCFA STRATEGIC GOALS – FY 2019/20 - <i>Second Quarter Update</i> GOALS, OBJECTIVES & PERFORMANCE MEASURES	Responsibility Designated department lead	Performance Measures Target start date (TSD), target completion date (TCD), and completion benchmark (CB)	
<p>Private ambulance companies currently engage with OCFA in public-private partnerships through their provision of ambulance transport service to all areas covered by OCFA. The County of Orange is anticipated to award BLS ambulance transport contracts in January. These contracts are awarded to private ambulance companies who cover large areas of OCFA's jurisdiction.</p> <p>Consultant AP Triton is assisting the OCFA with a more in-depth analysis into the ambulance system within OCFA's jurisdiction, including the contract cities. This analysis will include a fiscal outlook for the system and lay the groundwork for assessing alternative options to ambulance delivery models.</p>			
<p>d. Continue evaluation of service delivery deployment based on strategic data analysis. Remain open to sharing regional fire services with other cities/agencies when it's a good fit. <i>(Note: Goal from the Board of Directors.)</i></p> <p>Strategic data analysis for field deployment is underway as part of the Service Level Assessment being completed by Citygate.</p>	Field Operations	TSD: TCD: CB:	7/1/19 6/30/20 Top priorities from data analysis are implemented.
<p>e. Continue policy efforts and Board action to reduce unfunded liabilities, thereby improving sustainability of services.</p> <p>As required under the Irvine Settlement Agreement, OCFA deposited \$2M into the PARS 115 Trust to be used towards Member Cities' share of OCFA's UAAL.</p> <p>In December of 2019, a total of \$13.6M was transmitted by OCFA to OCERS for the accelerated pension paydown plan. This total included \$4M approved by the Board in November of 2019 (coming from FY 2018-19 fund balance) and \$9.6M accelerated pension paydown amount approved as part of the FY 2019-20 budget.</p>	Business Services	TSD: TCD: CB:	9/26/13 12/31/22 OCFA's pension plan with OCERS achieves an 85% funding level.

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<p>f. Recognize and respond to changing budgetary conditions, not only on behalf of OCFA, but also considering OCFA financial impacts to member agencies.</p> <p>In November of 2019, the Board approved allocating \$1M of FY 2018-19 fund balance towards fire station improvement projects.</p> <p>As part of the FY 2019-20 Mid-Year Financial Review, staff is recommending the transfer of \$5.5M in excess Self-Insurance fund balance (one-time monies) to provide funding to modify existing fire stations to enhance gender accommodations (one-time expense).</p> <p>At the January 2020 Budget & Finance Committee (B&FC) meeting, staff presented potential options to mitigate escalating charges to contract cities. As requested by the B&FC, staff will return in February with additional information to continue the exploration of options.</p>	Business Services	TSD: TCD: CB:	7/1/19 6/30/20 OCFA's 5-year financial forecast reflects a balanced budget with a flow of funds for CIP needs.
<p>g. Negotiate and implement successor MOUs for the Orange County Professional Firefighters Association and the OCFA Chief Officers Association, keeping focus on OCFA's mission and sustainability of services.</p> <p>Negotiations are underway to develop successor MOUs.</p>	Human Resources	TSD: TCD: CB:	7/1/19 6/30/20 Successor MOUs are approved by the Board, ratified by the associations, and implemented.
<p>h. Improve efficiencies in Communications to reduce and/or eliminate duplication of efforts and time-consuming miscommunications.</p> <p>Moving Community Education to Communications has significantly streamlined efforts and improved efficiency. Duplication of efforts also has been eliminated by clearly delineating types of communications, especially to the Board, between Communications and the Clerk's office. Processes are being</p>	Communications	TSD: TCD: CB:	7/1/19 6/30/20 New communications processes are developed and implemented by end of FY.

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<p>established to effectively communicate through social media and responsibilities have been re-established as to media contacts. There is more work to be done in this area.</p>			
<p>i. Conduct a risk assessment analysis of Garden Grove’s Community Risk Reduction data to build-out the workplan for this new annual inspection workload.</p> <p>Workload efforts from Garden Grove data analysis include:</p> <ul style="list-style-type: none"> • 5,499 records were evaluated for workload inclusion • 1,269 inspections were assigned to Operations • 2,380 were assigned to Low Frequency Low Consequence (LFLC) as-needed inspections • Remaining are assigned to the area-office for field evaluation 	<p>Community Risk Reduction</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 Assessment is completed, workload is assigned, and rolled into regular departmental ongoing work.</p>
<p>j. Continue to pursue OCFA priorities through the implementation of the board-adopted legislative platform.</p> <p>Staff has begun efforts to pursue additional state funding support for FIRIS. The President and congress reached agreement on federal spending levels in December of 2019 and staff is reviewing those actions for future funding opportunities. The California legislature will return to session in January of 2020 at which time bill introductions and the budget process will start.</p>	<p>Business Services</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 Legislation is monitored, positions taken align with the platform, and the Board is kept apprised of activity and outcomes.</p>
<p>k. Actively seek grant funding opportunities to enhance service delivery, education, and prevention efforts.</p> <p>Staff has subscribed to the eCivis grant research application which is a tool designed for broader search of grant opportunities. The goal is to provide Executive Management and staff opportunities that may benefit OCFA and increase the award of grant funds.</p>	<p>Business Services</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 Grant funding is pursued in alignment with OCFA priorities and needs.</p>

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<p>In January of 2020, the Board will be provided with the Grant Priorities for 2020 along with proposed revisions to the Grant Policy.</p>			
<p>I. Continue to evaluate the internal and external delivery of the EMS mission through strategic analysis and the Citygate Service Level Assessment (SLA). Use the SLA findings to guide and improvements within the Department.</p> <p>The EMS SLA is underway with Citygate.</p>	Emergency Medical Services	TSD: TCD: CB:	7/1/19 6/30/20 The EMS SLA is completed and the report findings are prioritized.
2. <u>Our People</u> <i>Goal #2: Promote a highly skilled, accountable, and resilient workforce that is united in our common mission.</i>			
<p>a. Pursue additional actions to reduce force hiring for all firefighter ranks and for dispatchers.</p> <p>With the graduation of Academies 48 and 49 in November, combined with intensive focus on putting paramedics into the field, we have seen significant decrease in the amount of force hires for all ranks.</p> <p>In December 2019, there was less than one forced overtime shift, on average, per employee in every rank. This is compared to three-to-four forced overtime shifts, on average, per employee throughout the majority of the year prior to December.</p> <p>We have also seen forced overtime activity trend down for dispatchers throughout the year, and will continue these efforts to build and sustain the progress.</p>	HR & Field Operations	TSD: TCD: CB:	7/1/19 6/30/20 The number of vacant positions per rank (average over the FY) is reduced compared to FY 2018/19.
<p>b. Continue to pursue additional opportunities to increase the number of paramedics through recruitment, paramedic training and the local accreditation process.</p>	HR & Emergency Medical Services	TSD: TCD: CB:	7/1/19 6/30/20 The number of force hires in the paramedic positions is reduced compared to FY 2018/19.

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<p>With the completion of the academies in November, and other efforts to increase paramedics, EMS has successfully put 97 new paramedics into the field in 2019. This has significantly decreased the amount of force hires for paramedics in all ranks.</p>			
<p>c. Continue fostering career progression and succession planning. Include strategic mentorships to encourage professional development and to develop future leaders within OCFA. Support an organizational culture that embraces learning, encourages vision, and celebrates employee successes/accomplishments. <i>(Note: Goal from the Board of Directors.)</i></p> <p>Several annual conferences, comprised of multiple training opportunities, are being offered to all members of the Executive Leadership Team.</p> <p>In addition, attendance at job-specific annual conferences is being offered to departmental staff, as identified by each Assistant Chief for their own respective departments.</p> <p>Preliminary plans are underway to re-establish a former training platform titled “Opportunity Knocks.” This new training platform is envisioned to be open for attendance by all employees with interest, and provide a variety of ½ day training opportunities hosted at RFOTC with a variety of speakers covering leadership, motivational topics, and personal development.</p>	<p>Fire Chief</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 A variety of personnel identified by Executive Management attend three or more development opportunities over the course of the FY.</p>
<p>d. Implement actions to Increase the diversity of OCFA’s workforce and to improve the OCFA’s inclusive environment, including a focus on cultural growth, consistent messaging, and facility accommodations. <i>(Note: Goal from the Board of Directors.)</i></p>	<p>Fire Chief</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 At least one comprehensive “cultural inclusion” training program is delivered and multiple Chief’s- messages are delivered regarding the importance of a diverse and inclusive workforce.</p>

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<p>All members of Executive Management and all Chief Officers attended a “United in Service” training class in December, focused on continued improvement to building an inclusive OCFA environment and welcoming diversity in our workforce.</p> <p>In November of 2019, the Board approved allocating \$1M of FY 2018-19 fund balance towards fire station improvement projects. Also, as part of the FY 2019-20 Mid-Year Financial Review, staff is recommending the transfer of \$5.5M in excess Self-Insurance fund balance (one-time monies) to provide funding to modify existing fire stations to enhance gender accommodations (one-time expense).</p> <p>Further, the January Executive Committee includes an item seeking approval to award contracts to project managers/construction managers, enabling faster progress with making the needed fire station facility modifications to bathrooms/showers for gender inclusion.</p> <p>In addition, a special assignment recruitment is underway to bring a safety employee in from the field on a temporary staff assignment. This temporary position will partner with Property Management, Human Resources, Logistics, and Operations Departments to assist in developing recommended scope, sequencing, and expedite progress with this important initiative to complete bathroom modifications.</p>			
<p>e. Expand and strengthen outreach, recruitment and selection processes to hire and promote highly qualified candidates.</p> <p>The Outreach & Recruitment Team was developed and supports OCFA’s short and long-term firefighter trainee recruitment goals. The team attends recruitment events that target potential candidates from underrepresented populations, those who are</p>	Human Resources	TSD: TCD: CB:	7/1/19 6/30/20 Outreach and recruiting plan developed; resources identified and assigned.

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<p>transitioning from the military, and those who are competitive athletes. The Outreach & Recruitment Team participants are also actively establishing relationships with fire academy instructors, EMT programs, and athletic directors at both the high school and collegiate level. The Outreach & Recruitment Team is receiving training to mentor candidates by supporting them at each step of the selection process and mentor academy recruits by providing such things as nutritional support and fire service cultural insights. In the near future, the Outreach & Recruitment Team’s mentorship efforts will expand to include supporting current employees in need of guidance through OCFA’s promotional processes and participating in our selection processes as both oral interview panel raters and Firefighter Academy Cadre.</p>			
<p>f. Implement actions to prevent illness and injuries thereby reducing the number of workers’ compensation claims and associated days off work, while improving employee wellness.</p> <p>Human Resources continues to lead activities to reduce injuries and illnesses, while improving overall employee wellness. Injury reduction activities have focused on high frequency and severity injuries including strains, cancer, cardiac, and post-traumatic stress disorder (PTSD). In terms of the safety management system, we’re focusing our initial implementation on two areas:</p> <ol style="list-style-type: none"> 1. Incident Management – this module includes injury, vehicle accident, property damage, and near miss management of reporting, investigation, root cause analysis, corrective actions, and reporting & trend analysis. 2. Audit & Inspections – this module includes compliance audits, self-assessments, routine inspections, management system audits, corrective actions, and reporting & trend analysis. 	<p>Human Resources</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 Implementation of safety management system, including build-out of new software functionality.</p>

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<p>g. Share weekly organization and public safety information, media coverage, and Board decisions with the workforce and Directors to create well-informed ambassadors for the organization, and targeted in a manner to improve morale.</p> <p>Staff is working on a systematic approach of determining pertinent information to share, including the use of an external media gathering entity that can be consistently shared, and assigning staff responsibility to be completed.</p>	<p>Communications</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 Standard communication tools are developed and implemented, issued with routine frequency.</p>
<p>h. Develop and implement strategic communications plans to highlight various programs that OCFA has in place which benefit “our people” including behavioral health, cancer awareness, and WEFIT.</p> <p>A behavioral health campaign was completed in September to educate our workforce on help that is available. Concepts for additional topic campaigns have been established. Staff is continuing to gather information through research and discussions with subject matter experts in the development of a comprehensive communications plan for all three programs.</p>	<p>Human Resources & Communications</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 A strategic communications plan is developed and implemented.</p>
<p>i. Continue implementation of the Lexipol web-based policy management services.</p> <p>The clean-up of all General Orders (GO) has been completed, and all have been migrated into the Lexipol format. The working group is now beginning the effort to assign, clean-up, and update all Standard Operating Procedures (SOP), and creating an automated workflow that will prompt every GO and SOP to be reviewed and updated on a routine basis by a subject matter expert.</p>	<p>Ops/Training</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 Complete the clean-up of General Orders (GOs) and migration of the GOs into the Lexipol format and electronic system.</p>

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3. <u>Our Technology</u> <i>Goal #3: Implement and utilize emerging technologies that support the needs of the organization by maximizing operational efficiency and improving quality of service.</i>			
a. Develop a formal process for reviewing, vetting, and prioritizing IT projects through the Executive Team on a routine basis. The list of the top Information Technology projects was presented to Executive Management in December 2019 and will be presented quarterly. Also, an Information Technology Governance Charter will be developed in the 3 rd quarter.	Logistics	TSD: TCD: CB:	7/1/19 6/30/20 A reporting tool is developed by IT with regularly scheduled reviews performed by Exec. Mgmt.
b. Enhance physical-security, cyber-security, and safety to personnel and systems. The physical-security review has not started yet; however, a Purchase Order has been issued for a cyber-security consultant to perform an assessment of OCFA’s vulnerability.	Logistics	TSD: TCD: CB:	7/1/19 6/30/20 Utilize security consultant to assess and plan security enhancements.
c. Improve capabilities for continuity of operations, including establishment of a data center colocation facility, and a data center fire protection upgrade. An initial colocation site has been located and site preparations / modification will begin in January 2020. A second site will be located by the 4 th quarter. The data center fire protection upgrade project is out to bid for potential solutions.	Logistics	TSD: TCD: CB:	7/1/19 6/30/20 Identify colocation site; enter into agreement for colocation; install backup hardware/software for critical systems
d. Leverage existing and emerging technologies to enhance service delivery in the key frontline service areas of Operations, EMS, and Community Risk Reduction. The in-house built system named “IRIS” (OCFIRS replacement) proved that developing custom applications with commercial programming language results is user friendly and robust products.	Logistics & Community Risk Reduction	TSD: TCD: CB:	7/1/19 6/30/20 Implement new technologies or utilize pilot programs to test capabilities of new technology.

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<p>Community Risk Reduction and EMS will also utilize this methodology for their new systems. A contract was awarded in November 2019 to begin this work.</p>			
<p>e. Continue the Records Management System (RMS) data clean-up, as well as Garden Grove data integration, in preparation for the new RMS design.</p> <p>The project is approximately 50% complete. The next step will include assistance from IT with IFP/GIS data comparison. We anticipate this project to be ongoing throughout the new RMS development.</p>	<p>Community Risk Reduction</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 All duplicate records scrubbed, Building Shell records verified, and IFP/GIS address comparison is complete.</p>
<p>f. Enhance internal communication of financial information and records management through automation and process improvements.</p> <p>Finance staff have implemented the MyFinance web portal for real-time reporting, viewing, and downloading of OCFA financial activity. The portal enables users to create, view and share budget availability, encumbrance and payroll queries and to drill down into line-item invoice and purchase order details.</p> <p>Treasury implemented a check scanner to ensure same day deposit. This new technology has eliminated the need for a courier and has expedited the deposit of checks.</p> <p>Purchasing implemented electronic Purchase Order/Blanket Orders to automate the delivery of documents to internal and external customers. In addition, staff is currently automating electronic requisitions to streamline our purchasing processes.</p> <p>The Clerk's Office created and implemented a new internal data base for the retrieval of agendas, minutes, staff reports,</p>	<p>Business Services</p>	<p>TSD: TCD: CB:</p>	<p>7/1/19 6/30/20 Implement at least one new process-automation during the fiscal year.</p>

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ordinances, and resolutions dating back to 2013. In addition, The Clerk's Office is working on the development of a Board Member Web Portal to enhance communication of reference documents, calendaring of events, and distribution of information.				

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MINUTES ORANGE COUNTY FIRE AUTHORITY

**Board of Directors Regular Meeting
Thursday, November 21, 2019
6:00 P.M.**

**Regional Fire Operations and Training Center Board Room
1 Fire Authority Road
Irvine, CA 92602-0125**

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Board of Directors was called to order on November 21, 2019, at 6:00 p.m. by Vice Chair Hasselbrink.

INVOCATION

Chaplain Matthew Si offered the Invocation.

PLEDGE OF ALLEGIANCE

Director Rains led the Assembly in the Pledge of Allegiance to the Flag.

ROLL CALL

Lisa Bartlett, County of Orange
Sergio Farias, San Juan Capistrano
Dave Harrington, Aliso Viejo
Noel Hatch, Laguna Woods
Neeki Moatazedi, Lake Forest
John R. O'Neill, Garden Grove
Ed Sachs, Mission Viejo
Dave Shawver, Stanton
Elizabeth Swift, Buena Park
Donald P. Wagner, County of Orange

Letitia Clark, Tustin
Carol Gamble, Rancho Santa Margarita
Shelley Hasselbrink, Los Alamitos
Robert Johnson, Cypress
Thomas Moore, Seal Beach
Sandy Rains, Laguna Niguel
Vince Rossini, Villa Park
Michele Steggell, La Palma
Juan Villegas, Santa Ana
Kathleen Ward, San Clemente

Absent: Melissa Fox, Irvine
Joe Muller, Dana Point
Tri Ta, Westminster

Gene Hernandez, Yorba Linda
Don Sedgwick, Laguna Hills

Also present were:

Fire Chief Brian Fennessy
Deputy Chief Lori Zeller
Assistant Chief Pokey Sanchez
General Counsel David Kendig
Clerk of the Authority Sherry Wentz

Assistant Chief Randy Black
Assistant Chief Robert Cortez
Assistant Chief Jim Ruane
Assistant Chief Lori Smith
Communications Director Colleen Windsor

PUBLIC COMMENTS (F: 11.11)

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

Director Wagner arrived at this point (6:07 p.m.).

Director O'Neill arrived at this point (6:09 p.m.).

REPORTS

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR (F: 11.12)

Budget and Finance Committee Chair Shelley Hasselbrink reported at the November 13, 2019, meeting, the Committee voted unanimously to send the First Quarter Financial Newsletter and Monthly Investment Reports, to the Executive Committee for its approval; to send the Annual Statement of Investment Policy and Investment Authorization, Acceptance of Funds from the 2018 Homeland Security Grant Program for an Administrative Fire Captain Assigned to the Orange County Intelligence Assessment Center, the Audited Financial Reports for the Fiscal Year Ended June 30, 2019, the Amendment to the Board Rules of Procedure for All Monthly Board Committee Meetings to Go Dark in August, and the 2019 Long Term Liability Study & Accelerated Pension Payment Plan to the Board of Directors for approval of the recommended actions.

REPORT FROM THE HUMAN RESOURCES COMMITTEE CHAIR (F: 11.12)

Human Resources Chair Rob Johnson reported at the November 5, 2019, meeting, the Committee discussed the Organizational Development Project Update, which is an initiative being guided by Chief Fennessy with assistance from consultant/retired Fire Chief Bob Roper. This project will seek to identify OCFA Chief Officers who aspire to promote to higher ranks, and then assist with developmental opportunities. The targeted outcome of the first phase of the project is to fill the vacancy for Deputy Chief of Emergency Operations, and to do so from within the organization. Following discussion between the Committee and Chief Fennessy, the Committee received and filed the report. The Committee also received and filed the Third Quarter Recruitment and Selection Unit Update.

REPORT FROM THE FIRE CHIEF (F: 11.14)

Fire Chief Brian Fennessy introduced Assistant Chief Ruane who reported on a visit from the Los Angeles Mayor's office to review OCFA's upstaffing/base camp preparedness for firefighting. Chief Fennessy introduced Communications Director Colleen Windsor who reported on the collaboration of the annual Spark of Love Toy Drive with Channel 7 News. Chief Fennessy reported on the success of containment of the Santiago Fire with the use of the helitanker, reported on the mutual aid system, and thanked the Board for its continued support in the OCFA firefighting equipment. He reminded everyone of the upcoming Academy Graduations on November 23.

2. MINUTES

A. Minutes from the October 24, 2019, Regular Meeting of the Board of Directors (F: 11.06)

On motion of Director Johnson and second by Director Ward, the Board of Directors approved the October 24, 2019, minutes as submitted. Directors Gamble and Moatazedi were recorded as abstentions, due to their absence from the October 24, 2019, meeting.

3. CONSENT CALENDAR

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

On motion of Director Shawver and second by Director Rossini, the Board of Directors voted unanimously by those present to:

1. Review and approve the revised submitted Investment Policy of the Orange County Fire Authority, to be effective January 1, 2020.
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, 2020.

B. Acceptance of Funds from the 2018 Homeland Security Grant Program for an Administrative Fire Captain Assigned to the Orange County Intelligence Assessment Center (F: 16.02A1)

On motion of Director Shawver and second by Director Rossini, the Board of Directors voted unanimously by those present to:

1. Approve and authorize the Fire Chief to execute any necessary agreement(s) to accept and administer the FY 2018 Homeland Security Grant Program.
2. Approve a budget adjustment to the FY 2019/20 General Fund (121) budget to increase revenues and expenditures by \$180,000.

C. Amendment to the Board Rules of Procedure for All Monthly Board Committee Meetings to Go Dark in August (F: 11.03)

On motion of Director Shawver and second by Director Rossini, the Board of Directors voted unanimously by those present to adopt Resolution No. 2019-08 entitled A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS AMENDING THE BOARD RULES OF PROCEDURE TO HAVE ALL MONTHLY BOARD COMMITTEE MEETINGS TO GO DARK IN AUGUST.

D. Amendment to 2020 Board Meeting Schedule (F: 11.05)

On motion of Director Shawver and second by Director Rossini, the Board of Directors voted unanimously by those present to adopt Resolution No 2019-09 entitled A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS TO TEMPORARILY EXPAND THE REGULAR MEETING DATES OF THE BOARD OF DIRECTORS FOR CALENDAR YEAR 2020.

END OF CONSENT CALENDAR

4. PUBLIC HEARING(S)

No items.

5. DISCUSSION CALENDAR

A. 2019 Long Term Liability Study & Accelerated Pension Payment Plan (F: 17.06A)

Assistant Chief Robert Cortez introduced Treasurer Tricia Jakubiak, who presented the 2019 Long Term Liability Study and Accelerated Pension Payment Plan.

A brief discussion ensued.

On motion of Director Sachs and second by Director Shawver, the Board of Directors voted by those present to:

1. Direct staff to continue the Accelerated Pension Payment Plan as indicated in the Updated Snowball Strategy.
2. Direct staff to implement Option 1:
 - a. Option 1 (Substitute Recommendation by Budget and Finance Committee):
 - i. Direct staff to adjust the FY 2019/20 General Fund budget to increase expenditures by \$4,030,172, or 80% of the unencumbered fund balance identified in the FY 2018/19 financial audit, for the purpose of making a payment towards OCFA's unfunded pension liability; and,
 - ii. Direct staff to transfer the remaining \$1,007,542, or 20%, of the unencumbered fund balance identified in the FY 2018/19 financial audit, from the General Fund (121) to the Capital Improvement Program (CIP) Fund 12110 to fund fire station improvement Projects.
 - b. Option 2 (Original Staff Recommendation):

Adjust the FY 2019/20 General Fund budget to increase expenditures by \$5,037,714, the amount identified as the unencumbered fund balance identified in the FY 2018/19 financial audit, for the purpose of making a payment towards OCFA's unfunded pension liability.

Directors Gamble, Farias, Villegas, and Ward voted in opposition.

B. Audited Financial Reports for the Fiscal Year Ended June 30, 2019 (F: 15.06)

Assistant Chief Cortez presented the Audited Financial Reports for the Fiscal Year Ended June 30, 2019.

On motion of Director Shawver and second by Director Johnson, the Board of Directors voted unanimously by those present to:

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

BOARD MEMBER COMMENTS (F: 11.13)

Director Sachs thanked Fire Chief Fennessy for his fire operations plans he has implemented to date.

Director Johnson inquired about fire assistance grants and reimbursements to the agency.

Vice Chair Hasselbrink announced the Board would be going dark in December and noted the upcoming Graduations of both Firefighter Academies 48 and 49.

Director Clark thanked those who represented the OCFA at today's Tustin Mayor's Thanksgiving Breakfast.

CLOSED SESSION (F: 11.15)

CS1. CONFERENCE WITH LABOR NEGOTIATOR

Chief Negotiator: Peter Brown, Liebert Cassidy Whitmore

Employee Organizations: Orange County Professional Firefighters' Association,
Local 3631 and Chief Officers Association

Authority: Government Code Section 54957.6

CS2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9
(1 Case)

General Counsel David Kendig reported the Board of Directors would convene to Closed Session to consider the matter on the agenda identified as CS1, Conference with Labor Negotiator, and CS2, Conference with Legal Counsel – Anticipated Litigation.

Vice Chair Hasselbrink recessed the meeting at 6:51 p.m.

Vice Chair Hasselbrink reconvened the meeting at 8:19 p.m. with all prior Board Members present.

Minutes

OCFA Board of Directors Regular Meeting

November 21, 2019 Page - 5

CLOSED SESSION REPORT (F: 11.15)

General Counsel David Kendig stated Director Villegas reconsidered his vote for Agenda Item No. 5A, and changed his vote to oppose. Otherwise, there were no reportable actions.

ADJOURNMENT – Vice Chair Hasselbrink adjourned the meeting at 8:20 p.m. The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for Thursday, January 23, 2020, at 6:00 p.m.

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



Orange County Fire Authority
AGENDA STAFF REPORT

Board of Directors Meeting
January 23, 2020

Agenda Item No. 3A
Consent Calendar

Next Generation Aerial Operations Pilot Program Budget Adjustment

Contact(s) for Further Information

Brian Fennessy, Fire Chief	brianfennessy@ocfa.org	714.573.6010
Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012

Summary

This item is submitted for approval of a budget adjustment to recognize an increase in donation by Southern California Edison (SCE) and provide funding needed to close out the Next Generation Aerial Operations Based Pilot Program (NextGen).

Prior Board/Committee Action

Budget and Finance Committee Recommendation: *APPROVE*

On June 27, 2019, the Board of Directors authorized the execution of agreements with SCE, Coulson Aviation (USA), Inc. (CAI), and several Air Tactical Group Supervisors (ATGS) in support of the NextGen Pilot Program.

On August 22, 2019, the Board of Directors authorized the Purchasing Manager to increase the aggregate total amount for ATGS services by \$250,000 to \$500,000 for the Fire Integrated Real-time Intelligence System Pilot Program, with the individual agreement amounts not to exceed \$120,000.

On December 5, 2019, the Executive Committee approved and authorized the execution of Amendment One to the Funding Agreement with SCE to increase its previous donation by \$880,000 to extend the NextGen Pilot program. In addition, the Committee authorized the Purchasing Manager to execute Amendment One with Coulson Aviation (USA), Inc., to extend the term of the agreement through January 1, 2020. Furthermore, the Committee also authorized the Purchasing Manager to increase the Professional Services Agreements for ATGS's, as needed, up to \$200,000 each for an aggregate total not to exceed \$750,000 for overall ATGS services.

At its regular January 8, 2020, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

RECOMMENDED ACTION(S)

Authorize and approve the following proposed budget adjustment to recognize the donation from Southern California Edison, increasing revenues by \$880,000 and expenditures by \$1,115,522 in the FY 2019/20 General Fund (121).

Impact to Cities/County

Not Applicable.

Fiscal Impact

Authorization of the Budget Adjustment will increase revenues by \$880,000 tied to the SCE donation, and increase expenditures by \$1,115,522, which includes \$235,522 in additional expenditures to cover the cost of administrative project close out. Additional funding in the form of reimbursement from other fire agencies that requested aerial services from the OCFA may also be received in the future as claims are processed and paid.

Background

NextGen Pilot Program

The NextGen Pilot Program was designed to enhance the regional wildland firefighting capabilities through the use of various innovative technology. As the fire season and the Pilot Program progressed, the region is already realizing the benefits of having these additional resources available. The NextGen platform was utilized on 19 incidents throughout Los Angeles City, Los Angeles County, Ventura County, Riverside County, and Orange County. Some of the larger incidents that have benefitted from the programs include the Saddleridge Fire, Getty Fire, Tick Fire, and the Maria Fire.

As a result of the realized benefit of having the Pilot Program resources available, and due to the potential for a recurrence of high-risk fire conditions, SCE agreed to increase its previous donation by \$880,000 to continue the NextGen Pilot Program for an additional 33-days. SCE's approval to continue the program came after the November Executive Committee and Board meetings, and as such, necessitated a special Executive Committee meeting on December 5, 2019, to authorize the acceptance of the donation and amendments to the pilot project related vendor agreements. The donation and agreement amendments were approved with the understanding that staff would bring back a staff report in January 2020 seeking approval for a budget adjustment.

Following is a summary of the NextGen Pilot program funding and expenditures:

		Amount
Project Funding	SCE Donations and OCFA Budget	\$5,130,000
Project Expenses	Coulson Aviation (USA), Inc. and ATG Service Provider Costs	\$5,365,522
	Funding Needed to Close out the Project	\$235,522

Staff recommends approval of the stated recommended actions.

Attachment(s)

Amendment One to the Funding Agreement with SCE

**AMENDMENT NUMBER ONE TO THE
FUNDING AGREEMENT BY AND BETWEEN THE ORANGE COUNTY FIRE
AUTHORITY AND SOUTHERN CALIFORNIA EDISON COMPANY**

This Amendment Number One to the Funding Agreement ("First Amendment") is by and between THE ORANGE COUNTY FIRE AUTHORITY, a California Joint Powers Authority ("OCFA") and SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation ("SCE"), and is effective on the last date when both Parties sign this Amendment One (the "Amendment Effective Date"). OCFA and SCE may be referred to herein collectively as the "Parties").

RECITALS

WHEREAS, the Parties have entered into that certain Funding Agreement, which is incorporated herein by reference, that sets forth the terms and conditions pursuant to which SCE has contributed funds to OCFA for the funding of helicopter leases and operations to support fire suppression activities; and

WHEREAS, the current helicopter leases expire on or around November 28, 2019; and

WHEREAS, OCFA desires to extend the leases, and SCE intends to provide additional funding to OCFA for the fixed lease costs of the helicopters for the extended lease terms.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Additional Funding and New Lease Term.

Within seven business days of the Amendment Effective Date, SCE will electronically transfer to OCFA an additional payment in the amount of Eight Hundred and Eighty Thousand Dollars (\$880,000). OCFA will use this payment exclusively to fund an extension of the current leases and operations described in the Funding Agreement through at least December 31, 2019. If, for any reason, OCFA does not enter lease extensions by December 15, 2019, or such other date agreed to by the Parties in writing, then OCFA shall return the additional payment to SCE.

2. Governing Law.

This First Amendment shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of California.

3. Other Agreement Terms.

Except as specifically modified in this First Amendment, the terms and conditions of the Funding Agreement shall remain in full force and effect for the term of this First Amendment as set forth in the following section number 4.

4. Term and Survival.

This First Amendment shall be effective as of the Amendment Effective Date through the date that all obligations of the Parties hereto with respect to this First Amendment and the Funding Agreement have been satisfied, except that the Parties shall continue to be bound by the provisions of the Funding Agreement which by their nature survive such completion or termination, including Section 4 ("Indemnification").

5. Counterparts and Electronic Signatures.

This First Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall be deemed to be one and the same instrument. Documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of the First Amendment and all matters related thereto, with such scanned and electronic signatures having the same legal effect as the original signatures.


[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to the Funding Agreement to be executed by their duly authorized representatives.

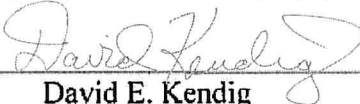
"OCFA"

ORANGE COUNTY FIRE AUTHORITY

Date: 12/05/19

By: 
Brian Fennessy
Fire Chief

APPROVED AS TO FORM.

By: 
David E. Kendig
General Counsel

Date: 12/05/19


ATTEST:


Sherry A.F. Wentz
Clerk of the Board

"SCE"

**SOUTHERN CALIFORNIA EDISON
COMPANY**

Date: 12/4/2019

By: 
Name J. CHRIS THOMPSON
Title VP, LOCAL PUBLIC AFFAIRS

Date: _____

By: _____
Name _____
Title _____



Orange County Fire Authority
AGENDA STAFF REPORT

Board of Directors Meeting
January 23, 2020

Agenda Item No. 3B
Consent Calendar

FY 2019/2020 Mid-Year Financial Report

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 item is submitted to provide a mid-year financial update on the FY 2019/20 budget in accordance with the OCFA's Fiscal Health Plan and to preview expected budget adjustments for approval in March.

Prior Board/Committee Action

Budget and Finance Committee Recommendation: *APPROVE*

At its regular January 8, 2020, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

RECOMMENDED ACTION(S)

Direct staff to return to the Board of Directors in March 2020, for approval of the proposed budget adjustments for the FY 2019/2020 budget.

Impact to Cities/County

Annual increases for cash contract cities are estimated at 4.5% for FY 2020/21 and 4.5% for FY 2021/22 based on the Five-Year Financial Forecast.

Fiscal Impact

Financial impact has been presented in the attached report.

Background

The OCFA's Fiscal Health Plan calls for a comprehensive system to monitor OCFA's fiscal performance. This includes a review and comparison of forecasted revenues and expenditures against actual revenues and expenditures, as well as a mid-year budget review. The attached report reviews the current year budget, highlights any potential financial challenges to the OCFA, and previews anticipated FY 2020/21 budget issues, to the extent they are known at this time.

FY 2019/20 Budget Review

Changes have occurred since the budget was adopted in May 2019, 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 budgeted funds/projects and new grant funds. These changes are detailed in the attached Mid-Year Financial Report.

Attachment(s)

Mid-year Financial Report

Exhibit 1 – 2019 Trend Analysis -- Forecast to Actual Comparison

Exhibit 2 – Updated Five-Year Financial Forecast

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 2019 Chapman Economic and Business Review forecast estimates growth in housing appreciation rates of 3.2% in 2020. Mortgage rates are projected to remain low through 2020, which results in higher housing affordability. The recent "near housing recession" translated to less residential permits issued in 2019 than estimated this time last year. Less residential building, coupled with increased affordability, leads Chapman to conclude in the near term "a tight supply of housing will lead to stronger market conditions in 2020, perhaps even a seller's market."

Over the long term, Chapman projects that demand for housing will be constrained. Residential permit issuance in 2020 is growing just slightly over 2019, and will not exceed levels set in the past four years. This is due to falling population growth in Orange County from net loss migration, declining birth rates, and slowdown of immigration from other nations.

CURRENT FISCAL YEAR FINANCES

The following are estimated changes to the General Fund budget that are needed since the adoption of the FY 2019/20 budget in May 2019. Overall the proposed changes in the General Fund result in an estimated total revenue increase of approximately \$6.5 million and an estimated total expenditure increase of \$7.4 million. Of the \$7.4 million in expenditure increases, \$4.8 million are cost neutral as they are directly offset by corresponding sources of revenue.

FY 2019/20 Potential Revenue Adjustments - \$6.5 million

Property Taxes: Based on secured tax billings provided by the Auditor/Controller, preliminary projections indicate an approximate \$2.3 million increase over budget.	\$2,265,000
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 \$3.4 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.	\$3,435,814
Grant/other Reimbursements: This category represents reimbursements for Grants or other programs, such as California Fire Fighter Joint Apprenticeship Committee (CFFJAC), where expenditures are reimbursed once incurred.	\$590,040



Miscellaneous: This category of revenue adjustments includes the following: **\$224,379**
re-categorization of CAL FIRE contract revenues, updates to cash contract city maintenance charges; witness fees, miscellaneous revenue, revenue from SCE, and restitution.

FY 2019/20 Potential Expenditure Adjustments - \$7.4 million

Assistance by Hire/Emergency Incident Costs: As mentioned under Revenue for ABH, an adjustment is needed for out-of-county responses, primarily in the overtime/backfill category, but also for response-related supplies. This category also comprises the expenditures for upstaffing of strike teams that occurred during the wind events in the first half of the fiscal year. Of this \$4 million expenditure increase for ABH and upstaffing of strike teams, the offsetting revenue reimbursement is currently estimated at \$3.4 million. An additional portion of these expenditures may still be determined to be reimbursable, as staff continues the process of reviewing cost details and submitting eligible costs for reimbursement. Staff will be monitoring these categories closely as the fiscal year progresses. **\$3,974,127⁽¹⁾**

Supplies/Equipment/Professional Services: This category captures one-time costs which have increased since budget development, or were unknown at budget development, including fuel (\$300,000), incident management team costs (\$150,000), suppression personal protective equipment (\$500,000), phone lines/data circuits (\$272,000) and communication installations in vehicles (\$250,000). **\$1,476,054**

CAL FIRE Augmentation Funds: This expenditure category represents the final appropriation of CAL FIRE restricted funds received from CAL FIRE (the restricted revenue was previously recognized in the budget, but the associated expenditures were not yet included in the budget). The funds are restricted to purposes determined by CAL FIRE to be supportive of the mission related to Drought Augmentation. **\$762,878⁽¹⁾**

Expenditures with Revenue Offset: These expenditure items are completely offset by a corresponding revenue adjustment and include CFFJAC expenditures, US&R 2018 Grant supplement and CAL FIRE defensible space inspection tablets. **\$590,040⁽¹⁾**

¹ This expenditure increase is wholly or partially cost neutral, offset by a corresponding revenue source



Interfund Borrowing: At the time of budget development, staff was in the process of analyzing if OCFA's operating cash flow needs could be met with interfund borrowing in lieu of issuing a Tax and Revenue Anticipation Note. When the budget was adopted in May, the analysis had been completed and the Board approved interfund borrowing as our temporary cash flow management mechanism in FY 2019/20. For interfund borrowing, money is borrowed from the CIP and Workers' Compensation (W/C) Self-Insurance funds, temporarily loaned to the General Fund, and then repaid back with interest once property tax revenues are received. The interest is reflected as a cost to the General Fund. This adjustment funds the interest owed from the General Fund to the CIP and W/C funds associated with the borrowing. **\$600,000**

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 2018/19 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 2019/20.

Staff is recommending that excess fund balance in the Self-Insurance Fund 190 in the amount of \$5.5 million be transferred to the General Fund CIP Fund 12110 and the Fire Stations and Facilities Fund 123 in the amount of \$2.75 million each. The purpose of the transfer is to provide funding for modifying existing fire stations to enhance gender accommodations.

- **Fund 12110 – General Fund CIP:** A net adjustment increasing expenditures in the amount of \$377,878 is needed for the following projects: Fire Station (FS) 32 requires new security fencing and a gate, bathroom improvements at FS 14, 16 and 32, and Dormitory Privacy at FS 53.
- **Fund 124 – Communication and Information Systems:** A net adjustment decreasing expenditures in the amount of \$180,000 is needed in the Fund. The OCFA Enterprise Audio Video improvements project is being deferred to subsequent fiscal years while a new EMS Immunization Tracking program is being initiated.
- **Fund 139 – Settlement Agreement:** An adjustment increasing expenditures in the amount of \$10,000 is needed to accommodate Trustee and PARS fees for administering the 115 Trust.



FUTURE FISCAL YEAR FINANCES

Significant factors that are anticipated to influence the FY 2020/21 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 a valuable savings and is worth taking advantage of.
- **Property Taxes** - Since property tax is the largest source of income for the General Fund at about 63%, we have contracted with Harris and Associates to update our property tax projections. Updated preliminary information for our FY 2019/20 budget will not be available until February 2020; therefore, in the interim we are continuing to use RSG's prior projection through FY 2022/23 of the Five-Year Financial Forecast.
- **Retirement Rates** - The Orange County Employees Retirement System (OCERS) Board has adopted retirement rates for FY 2020/21. Compared to rates used in the Five-Year Forecast, employer rates for general employees decreased by 0.61% and rates for the safety employees increased by 0.28% 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

- **CIP Project Budget Funding/Timing** – The next five-year Capital Improvement Program budget is being developed. As we build the CIP, staff is working on options to align the updated five-year CIP schedule with available funding that is primarily derived from transfers from the General Fund, and with exploration of additional financing options.

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 forecasted 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.

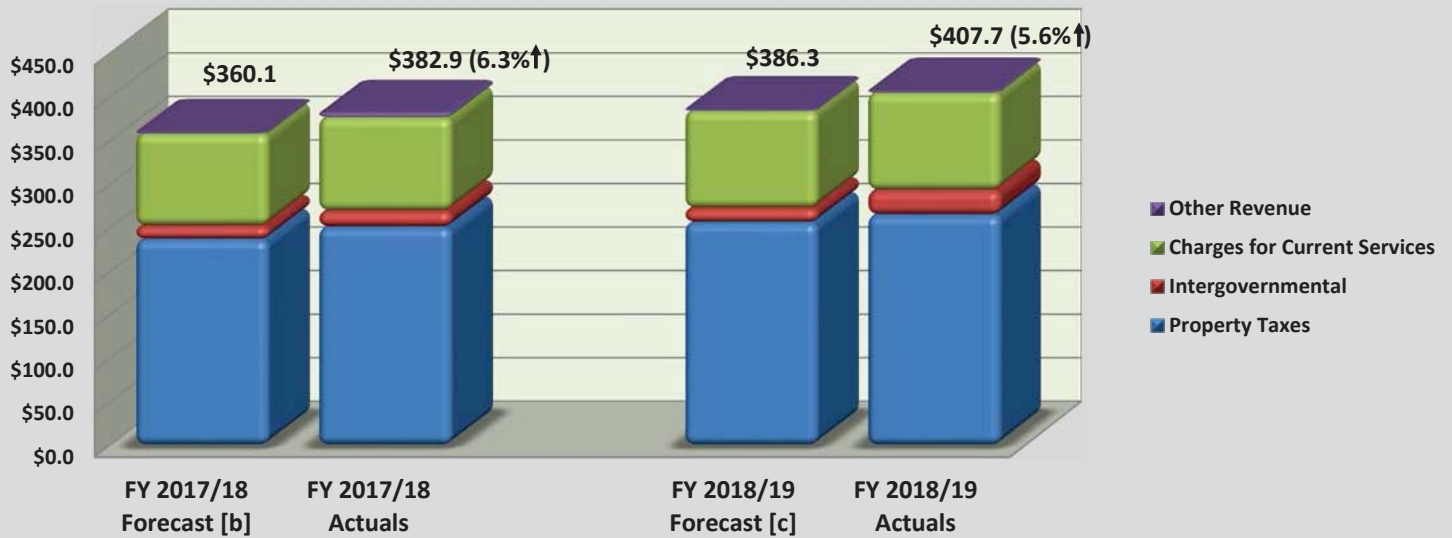
2019 Trend Analysis: Summary of 2-Year Forecast vs. Adjusted Actuals

Comparison of 2017/18 Forecast to 2017/18 Actuals

and

Comparison of 2018/19 Forecast to 2018/19 Actuals

Revenue Comparison [a] (\$ in Millions)

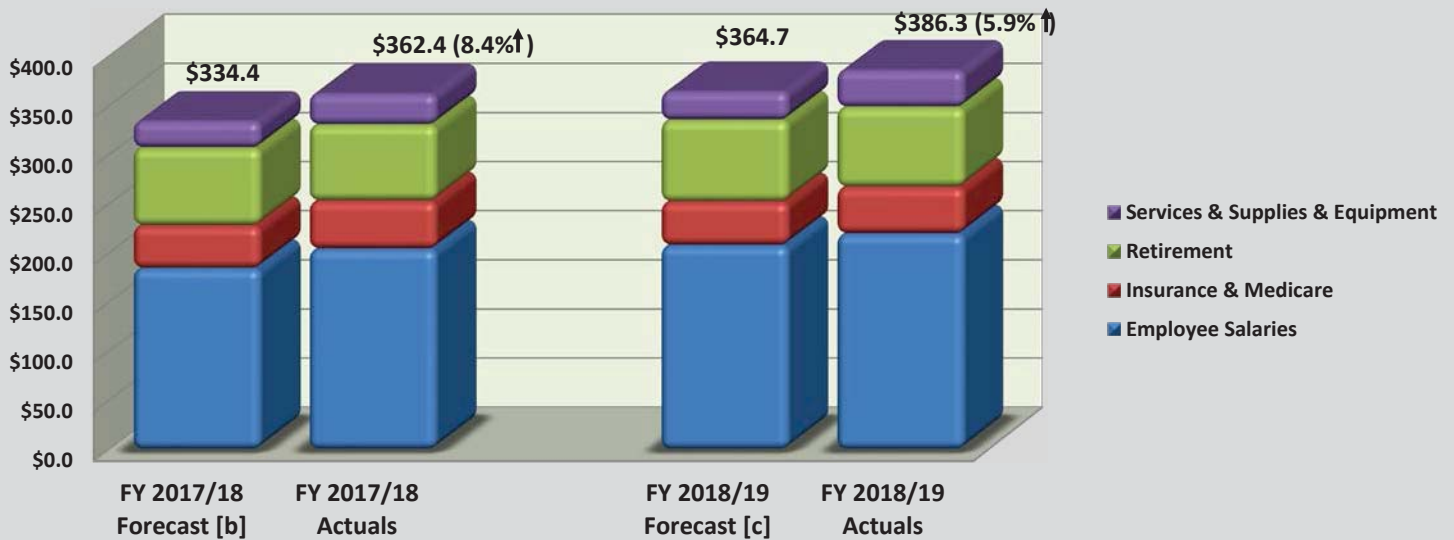


[a] Actual revenue adjusted for one-time sources not forecasted such as assistance by hire revenue, grant revenue, and one-time revenue associated with RDA dissolutions.

[b] As Presented in the FY2016/17 Adopted Budget.

[c] As Presented in the FY2017/18 Adopted Budget.

Expenditure Comparison [d] (\$ in Millions)



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

Scenario 1 - 0% Salary Increase After MOU Expirations

	PROJECTED FY 2019/20	PROJECTED FY 2020/21	PROJECTED FY 2021/22	PROJECTED FY 2022/23	PROJECTED FY 2023/24
A. BEGINNING FUND BALANCE	206,299,209	172,118,932	169,409,991	183,004,652	192,619,733
GENERAL FUND REVENUES					
Property Taxes	274,312,362	285,180,822	294,569,852	303,312,105	326,629,329
State Reimbursements	7,182,575	7,182,575	7,182,575	7,182,575	7,182,575
Federal Reimbursements	100,000	100,000	100,000	100,000	100,000
One-Time Grant/ABH/RDA	21,839,961	-	-	-	-
Community Redevelopment Agency Pass-thru	12,264,328	12,338,242	13,020,915	14,615,139	10,553,382
Cash Contracts	125,723,511	133,131,767	138,520,342	142,793,842	145,675,749
Community Risk Reduction Fees	6,161,323	6,161,323	6,161,323	6,161,323	6,161,323
ALS Supplies & Transport Reimbursement	4,547,600	4,547,600	4,547,600	4,547,600	4,547,600
Interest Earnings	1,170,026	1,095,513	1,149,485	1,202,410	1,253,983
Other Revenue	1,262,944	1,134,244	1,134,244	1,134,244	1,134,244
Unencumbered Fund Balance for Paydown of UAAL	4,030,172	-	-	-	-
TOTAL REVENUES	458,594,802	450,872,086	466,386,336	481,049,238	503,238,185
GENERAL FUND EXPENDITURES					
New Positions for New Stations	-	-	3,287,868	6,640,345	12,766,166
Employee Salaries	233,570,626	234,938,590	236,145,619	236,632,207	237,128,527
Retirement - Regular Annual Payments	87,422,117	87,740,000	91,920,544	92,172,912	92,715,105
Retirement - Paydown of UAAL (Rate Savings)	1,648,658	2,368,859	3,279,280	4,787,217	5,772,547
Retirement - Paydown of UAAL (Unencumb. Funds)	4,030,172	-	-	-	-
Retirement - Paydown of UAAL (\$1M per Year from WC)	1,000,000	1,000,000	-	-	-
Retirement - Paydown of UAAL (\$1M per Year, Increasing)	7,000,000	9,000,000	11,000,000	13,000,000	15,000,000
Workers' Comp Transfer out to Self-Ins. Fund	17,855,023	19,165,807	20,555,394	21,172,056	21,807,217
Other Insurance	34,018,755	36,408,283	38,628,742	40,994,076	43,514,793
Medicare	3,326,876	3,401,552	3,408,469	3,415,525	3,422,721
One-Time Grant/ABH Expenditures	5,302,173	-	-	-	-
Salaries & Employee Benefits	395,174,400	394,023,091	408,225,916	418,814,338	432,127,077
Services & Supplies/Equipment	40,936,247	31,884,507	31,891,557	32,558,607	32,655,658
Irvine Settlement Agreement (Transfer to Fund 139)	4,168,000	2,668,000	2,668,000	2,668,000	2,668,000
New Station/Enhancements S&S Impacts	-	-	181,611	374,119	818,853
One-Time Grant Expenditures	19,590,339	-	-	-	-
TOTAL EXPENDITURES	459,868,986	428,575,598	442,967,084	454,415,064	468,269,589
NET GENERAL FUND REVENUE	(1,274,184)	22,296,488	23,419,252	26,634,173	34,968,596
B. Incremental Increase in GF 10% Contingency	2,905,766	902,665	1,248,107	1,060,804	1,086,919
GENERAL FUND SURPLUS / (DEFICIT)	(4,179,950)	21,393,823	22,171,145	25,573,369	33,881,677
C. Operating Transfers (from) Operating Contingency	(4,179,950)	-	-	-	-
Transfers to CIP Funds from General Fund Surplus	-	21,393,823	22,171,145	12,786,684	16,940,839
One-Time Paydown of UAAL from General Fund Surplus	-	-	-	12,786,684	16,940,839
Capital Improvement Program/Other Fund Revenues					
Interest Earnings	3,371,639	2,816,359	2,887,072	3,099,991	3,371,054
Cash Contracts	1,750,537	1,842,156	1,897,419	1,954,341	2,012,971
Developer Contributions	-	1,048,573	2,626,729	822,770	-
Workers' Comp Transfer in from GF	17,855,023	19,165,807	20,555,394	21,172,056	21,807,217
Fund 139 Transfer in from GF	4,168,000	2,668,000	2,668,000	2,668,000	2,668,000
Operating Transfers from General Fund	-	21,393,823	22,171,145	12,786,684	16,940,839
Total CIP, W/C, Other Revenues	27,145,199	48,934,718	52,805,759	42,503,842	46,800,081
Capital Improvement Program/Other Fund Expenses					
Fund 12110 - General Fund CIP	8,900,884	6,805,100	5,959,000	2,758,300	2,866,300
Fund 123 - Fire Stations and Facilities	9,511,707	18,600,000	9,675,000	8,000,000	-
Fund 124 - Communications & Information Systems	4,463,508	3,774,898	1,950,000	851,394	600,000
Fund 133 - Fire Apparatus	17,698,655	9,217,037	7,765,682	6,201,720	8,627,790
Sub-Total CIP Expenses	40,574,754	38,397,035	25,349,682	17,811,414	12,094,090
Fund 139 - Irvine Settlement	2,685,495	668,000	668,000	668,000	668,000
Fund 171 - SFF Entitlement	1,301,443	-	-	-	-
Fund 190 - WC Self-Ins. (Cashflow Payments per Actuary)	11,459,428	13,481,289	14,441,523	15,470,152	16,572,047
Total CIP, W/C, Other Expenses	56,021,120	52,546,324	40,459,205	33,949,566	29,334,137
D. CIP SURPLUS/(DEFICIT)	(28,875,921)	(3,611,606)	12,346,554	8,554,277	17,465,944
ENDING FUND BALANCE (A+B+C+D) [a]	172,118,932	169,409,991	183,004,652	192,619,733	211,172,596
Fund Balances					
Operating Contingency (10% of Expenditures)	40,451,209	41,353,874	42,601,980	43,662,785	44,749,704
Reserve for Cash Contract City Station Maintenance	510,000	510,000	510,000	510,000	510,000
Committed - SFF Cities Enhancement	55,081	55,081	55,081	55,081	55,081
Fund 139 - Settlement Agreement	21,847,402	24,130,414	26,130,414	28,130,414	30,130,414
Capital Improvement Program	17,502,864	4,376,537	7,023,182	6,172,549	14,551,405
Fund 190 - WC Self-Insurance	91,752,376	98,984,085	106,683,994	114,088,904	121,175,992
Total Fund Balances	172,118,932	169,409,991	183,004,652	192,619,733	211,172,596

[a] Calculation removes Unencumbered Fund Balance for Paydown of UAAL shown under General Fund Revenues as these funds are already included in Beginning Fund Balance.

Scenario 2 - 1% Salary Increase After MOU Expirations

	PROJECTED FY 2019/20	PROJECTED FY 2020/21	PROJECTED FY 2021/22	PROJECTED FY 2022/23	PROJECTED FY 2023/24
A. BEGINNING FUND BALANCE	206,299,209	172,118,932	166,596,842	174,283,593	187,233,517
GENERAL FUND REVENUES					
Property Taxes	274,312,362	285,180,822	294,569,852	303,312,105	326,629,329
State Reimbursements	7,182,575	7,182,575	7,182,575	7,182,575	7,182,575
Federal Reimbursements	100,000	100,000	100,000	100,000	100,000
One-Time Grant/ABH/RDA	21,839,961	-	-	-	-
Community Redevelopment Agency Pass-thru	12,264,328	12,338,242	13,020,915	14,615,139	10,553,382
Cash Contracts	125,723,511	133,131,767	138,520,342	142,793,842	145,675,749
Community Risk Reduction Fees	6,161,323	6,161,323	6,161,323	6,161,323	6,161,323
ALS Supplies & Transport Reimbursement	4,547,600	4,547,600	4,547,600	4,547,600	4,547,600
Interest Earnings	1,170,026	1,097,817	1,156,605	1,214,991	1,272,653
Other Revenue	1,262,944	1,134,244	1,134,244	1,134,244	1,134,244
Unencumbered Fund Balance for Paydown of UAAL	4,030,172	-	-	-	-
TOTAL REVENUES	458,594,802	450,874,390	466,393,456	481,061,819	503,256,855
GENERAL FUND EXPENDITURES					
New Positions for New Stations	-	-	3,371,648	6,866,904	13,312,924
Employee Salaries	233,570,626	236,930,593	240,175,535	243,062,565	245,988,220
Retirement - Regular Annual Payments	87,422,117	88,500,040	93,524,282	94,713,240	96,216,039
Retirement - Paydown of UAAL (Rate Savings)	1,648,658	2,368,859	3,279,280	4,787,217	5,772,547
Retirement - Paydown of UAAL (Unencumb. Funds)	4,030,172	-	-	-	-
Retirement - Paydown of UAAL (\$1M per Year from WC)	1,000,000	1,000,000	-	-	-
Retirement - Paydown of UAAL (\$1M per Year, Increasing)	7,000,000	9,000,000	11,000,000	13,000,000	15,000,000
Workers' Comp Transfer out to Self-Ins. Fund	17,855,023	19,165,807	20,555,394	21,172,056	21,807,217
Other Insurance	34,018,755	36,408,283	38,628,742	40,994,076	43,514,793
Medicare	3,326,876	3,430,436	3,466,833	3,508,538	3,550,801
One-Time Grant/ABH Expenditures	5,302,173	-	-	-	-
Salaries & Employee Benefits	395,174,400	396,804,018	414,001,713	428,104,596	445,162,540
Services & Supplies/Equipment	40,936,247	31,884,507	31,891,557	32,558,607	32,655,658
Irvine Settlement Agreement (Transfer to Fund 139)	4,168,000	2,668,000	2,668,000	2,668,000	2,668,000
New Station/Enhancements S&S Impacts	-	-	181,611	374,119	818,853
One-Time Grant Expenditures	19,590,339	-	-	-	-
TOTAL EXPENDITURES	459,868,986	431,356,525	448,742,881	463,705,322	481,305,052
NET GENERAL FUND REVENUE	(1,274,184)	19,517,865	17,650,575	17,356,497	21,951,803
B. Incremental Increase in GF 10% Contingency	2,905,766	1,180,758	1,547,593	1,412,250	1,461,440
GENERAL FUND SURPLUS / (DEFICIT)	(4,179,950)	18,337,107	16,102,982	15,944,246	20,490,363
C. Operating Transfers (from) Operating Contingency	(4,179,950)	-	-	-	-
Transfers to CIP Funds from General Fund Surplus	-	18,337,107	16,102,982	15,944,246	10,245,182
One-Time Paydown of UAAL from General Fund Surplus	-	-	-	-	10,245,182
Capital Improvement Program/Other Fund Revenues					
Interest Earnings	3,371,639	2,781,833	2,747,839	2,925,825	3,154,109
Cash Contracts	1,750,537	1,842,156	1,897,419	1,954,341	2,012,971
Developer Contributions	-	1,048,573	2,626,729	822,770	-
Workers' Comp Transfer in from GF	17,855,023	19,165,807	20,555,394	21,172,056	21,807,217
Fund 139 Transfer in from GF	4,168,000	2,668,000	2,668,000	2,668,000	2,668,000
Operating Transfers from General Fund	-	18,337,107	16,102,982	15,944,246	10,245,182
Total CIP, W/C, Other Revenues	27,145,199	45,843,476	46,598,363	45,487,238	39,887,479
Capital Improvement Program/Other Fund Expenses					
Fund 12110 - General Fund CIP	8,900,884	6,805,100	5,959,000	2,758,300	2,866,300
Fund 123 - Fire Stations and Facilities	9,511,707	18,600,000	9,675,000	8,000,000	-
Fund 124 - Communications & Information Systems	4,463,508	3,774,898	1,950,000	851,394	600,000
Fund 133 - Fire Apparatus	17,698,655	9,217,037	7,765,682	6,201,720	8,627,790
Sub-Total CIP Expenses	40,574,754	38,397,035	25,349,682	17,811,414	12,094,090
Fund 139 - Irvine Settlement	2,685,495	668,000	668,000	668,000	668,000
Fund 171 - SFF Entitlement	1,301,443	-	-	-	-
Fund 190 - WC Self-Ins. (Cashflow Payments per Actuary)	11,459,428	13,481,289	14,441,523	15,470,152	16,572,047
Total CIP, W/C, Other Expenses	56,021,120	52,546,324	40,459,205	33,949,566	29,334,137
D. CIP SURPLUS/(DEFICIT)	(28,875,921)	(6,702,848)	6,139,158	11,537,673	10,553,342
ENDING FUND BALANCE (A+B+C+D) [a]	172,118,932	166,596,842	174,283,593	187,233,517	199,248,299
Fund Balances					
Operating Contingency (10% of Expenditures)	40,451,209	41,631,967	43,179,560	44,591,810	46,053,250
Reserve for Cash Contract City Station Maintenance	510,000	510,000	510,000	510,000	510,000
Committed - SFF Cities Enhancement	55,081	55,081	55,081	55,081	55,081
Fund 139 - Settlement Agreement	21,847,402	24,126,945	26,126,945	28,126,945	30,126,945
Capital Improvement Program	17,502,864	1,307,732	(2,176,530)	51,912	1,637,346
Fund 190 - WC Self-Insurance	91,752,376	98,965,118	106,588,538	113,897,769	120,865,676
Total Fund Balances	172,118,932	166,596,842	174,283,593	187,233,517	199,248,299

[a] Calculation removes Unencumbered Fund Balance for Paydown of UAAL shown under General Fund Revenues as these funds are already included in Beginning Fund Balance.

Scenario 3 - 2% Salary Increase After MOU Expirations

	PROJECTED FY 2019/20	PROJECTED FY 2020/21	PROJECTED FY 2021/22	PROJECTED FY 2022/23	PROJECTED FY 2023/24
A. BEGINNING FUND BALANCE	206,299,209	172,118,932	163,779,768	165,491,576	168,645,619
GENERAL FUND REVENUES					
Property Taxes	274,312,362	285,180,822	294,569,852	303,312,105	326,629,329
State Reimbursements	7,182,575	7,182,575	7,182,575	7,182,575	7,182,575
Federal Reimbursements	100,000	100,000	100,000	100,000	100,000
One-Time Grant/ABH/RDA	21,839,961	-	-	-	-
Community Redevelopment Agency Pass-thru	12,264,328	12,338,242	13,020,915	14,615,139	10,553,382
Cash Contracts	125,723,511	133,131,767	138,520,342	142,793,842	145,675,749
Community Risk Reduction Fees	6,161,323	6,161,323	6,161,323	6,161,323	6,161,323
ALS Supplies & Transport Reimbursement	4,547,600	4,547,600	4,547,600	4,547,600	4,547,600
Interest Earnings	1,170,026	1,100,124	1,163,784	1,227,788	1,291,818
Other Revenue	1,262,944	1,134,244	1,134,244	1,134,244	1,134,244
Unencumbered Fund Balance for Paydown of UAAL	4,030,172	-	-	-	-
TOTAL REVENUES	458,594,802	450,876,697	466,400,635	481,074,616	503,276,020
GENERAL FUND EXPENDITURES					
New Positions for New Stations	-	-	3,457,217	7,100,249	13,880,790
Employee Salaries	233,570,626	238,925,375	244,251,018	249,624,084	255,114,519
Retirement - Regular Annual Payments	87,422,117	89,261,142	95,146,177	97,305,734	99,822,987
Retirement - Paydown of UAAL (Rate Savings)	1,648,658	2,368,859	3,279,280	4,787,217	5,772,547
Retirement - Paydown of UAAL (Unencumb. Funds)	4,030,172	-	-	-	-
Retirement - Paydown of UAAL (\$1M per Year from WC)	1,000,000	1,000,000	-	-	-
Retirement - Paydown of UAAL (\$1M per Year, Increasing)	7,000,000	9,000,000	11,000,000	13,000,000	15,000,000
Workers' Comp Transfer out to Self-Ins. Fund	17,855,023	19,165,807	20,555,394	21,172,056	21,807,217
Other Insurance	34,018,755	36,408,283	38,628,742	40,994,076	43,514,793
Medicare	3,326,876	3,459,360	3,525,857	3,603,451	3,682,740
One-Time Grant/ABH Expenditures	5,302,173	-	-	-	-
Salaries & Employee Benefits	395,174,400	399,588,826	419,843,685	437,586,867	458,595,594
Services & Supplies/Equipment	40,936,247	31,884,507	31,891,557	32,558,607	32,655,658
Irvine Settlement Agreement (Transfer to Fund 139)	4,168,000	2,668,000	2,668,000	2,668,000	2,668,000
New Station/Enhancements S&S Impacts	-	-	181,611	374,119	818,853
One-Time Grant Expenditures	19,590,339	-	-	-	-
TOTAL EXPENDITURES	459,868,986	434,141,333	454,584,853	473,187,594	494,738,105
NET GENERAL FUND REVENUE	(1,274,184)	16,735,365	11,815,782	7,887,022	8,537,915
B. Incremental Increase in GF 10% Contingency	2,905,766	1,459,238	1,853,310	1,776,280	1,856,518
GENERAL FUND SURPLUS / (DEFICIT)	(4,179,950)	15,276,126	9,962,472	6,110,742	6,681,397
C. Operating Transfers (from) Operating Contingency	(4,179,950)	-	-	-	-
Transfers to CIP Funds from General Fund Surplus	-	15,276,126	9,962,472	6,110,742	6,681,397
One-Time Paydown of UAAL from General Fund Surplus	-	-	-	-	-
Capital Improvement Program/Other Fund Revenues					
Interest Earnings	3,371,639	2,747,259	2,607,689	2,599,419	2,667,262
Cash Contracts	1,750,537	1,842,156	1,897,419	1,954,341	2,012,971
Developer Contributions	-	1,048,573	2,626,729	822,770	-
Workers' Comp Transfer in from GF	17,855,023	19,165,807	20,555,394	21,172,056	21,807,217
Fund 139 Transfer in from GF	4,168,000	2,668,000	2,668,000	2,668,000	2,668,000
Operating Transfers from General Fund	-	15,276,126	9,962,472	6,110,742	6,681,397
Total CIP, W/C, Other Revenues	27,145,199	42,747,921	40,317,704	35,327,328	35,836,847
Capital Improvement Program/Other Fund Expenses					
Fund 12110 - General Fund CIP	8,900,884	6,805,100	5,959,000	2,758,300	2,866,300
Fund 123 - Fire Stations and Facilities	9,511,707	18,600,000	9,675,000	8,000,000	-
Fund 124 - Communications & Information Systems	4,463,508	3,774,898	1,950,000	851,394	600,000
Fund 133 - Fire Apparatus	17,698,655	9,217,037	7,765,682	6,201,720	8,627,790
Sub-Total CIP Expenses	40,574,754	38,397,035	25,349,682	17,811,414	12,094,090
Fund 139 - Irvine Settlement	2,685,495	668,000	668,000	668,000	668,000
Fund 171 - SFF Entitlement	1,301,443	-	-	-	-
Fund 190 - WC Self-Ins. (Cashflow Payments per Actuary)	11,459,428	13,481,289	14,441,523	15,470,152	16,572,047
Total CIP, W/C, Other Expenses	56,021,120	52,546,324	40,459,205	33,949,566	29,334,137
D. CIP SURPLUS/(DEFICIT)	(28,875,921)	(9,798,403)	(141,501)	1,377,762	6,502,711
ENDING FUND BALANCE (A+B+C+D) [a]	172,118,932	163,779,768	165,491,576	168,645,619	177,004,848
Fund Balances					
Operating Contingency (10% of Expenditures)	40,451,209	41,910,447	43,763,757	45,540,038	47,396,556
Reserve for Cash Contract City Station Maintenance	510,000	510,000	510,000	510,000	510,000
Committed - SFF Cities Enhancement	55,081	55,081	55,081	55,081	55,081
Fund 139 - Settlement Agreement	21,847,402	24,123,471	26,123,471	28,123,471	30,123,471
Capital Improvement Program	17,502,864	(1,765,356)	(11,453,284)	(19,205,439)	(21,403,182)
Fund 190 - WC Self-Insurance	91,752,376	98,946,124	106,492,551	113,622,468	120,322,922
Total Fund Balances	172,118,932	163,779,768	165,491,576	168,645,619	177,004,848

[a] Calculation removes Unencumbered Fund Balance for Paydown of UAAL shown under General Fund Revenues as these funds are already included in Beginning Fund Balance.

Forecast Assumptions – Mid-Year Revised

Basic Assumptions

The Adopted FY 2019/20 budget, and the Five-Year Capital Improvement Plan approved by the Board of Directors on May 23, 2019 form the basis for this financial forecast with the following adjustments:

- Updated total beginning fund balance from the FY 2018/19 audited financial statements
- All approved budget adjustments that have occurred since the adoption of the budget
- Proposed FY 2019/20 mid-year adjustments

General Fund Revenues

- ***Secured Property Taxes*** – Rosenow Spevacek Group’s (RSG) Final 2019 Report provides the growth factors assumed for the forecast. The following are projections of current secured property tax growth:

FY 2019/20	4.75%
FY 2020/21	4.21%
FY 2021/22	3.49%
FY 2022/23	3.14%
FY 2023/24	8.12% *

* Increase primarily attributable to dissolution of Irvine Successor Agency. Former pass-through revenues reported as secured property tax revenues post dissolution.

- ***Public Utility, Unsecured, Homeowners Property Tax Relief, and Supplemental Delinquent Taxes*** – All of these categories of property taxes are projected to remain constant during the forecast period.
- ***State Reimbursements*** – State reimbursements are expected to remain constant, pending more details from CAL FIRE.
- ***Federal Reimbursements*** – This revenue is projected to remain constant.
- ***One-Time Grant/ABH/RDA Proceeds*** – These are one-time only revenues that vary significantly from year to year and therefore are not forecasted beyond the current year. Board actions to date and proposed mid-year adjustments have increased the FY 2019/20 adopted budget by \$21.8M 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 4/3/2019. 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 at 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 2.25% for FY 2019/20 through FY 2023/24.
- **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 7/1/2021 for Station 67, 7/1/2023 for Station 12, and 7/1/2023 for Station 52.
 - ✓ **Employee Salaries** – Projected salaries reflect increases consistent with the approved labor group MOUs. In addition, and consistent with prior mid-year forecasts, annual salary increases of 0%, 1%, and 2% are projected for the years that follow expiration of the current MOUs for Scenarios 1, 2, and 3, respectively.
 - ✓ **Retirement** – Retirement costs reflecting the projected employer retirement rates are based on the OCERS provided rates for FY 2019/20. 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 6/28/2019. FY 2020/21 rates are approximately 3.74% higher for safety and 2.49% higher for non-safety compared to FY 2019/20 rates.

FY	Safety	General	Source
2019/20	50.20%	35.12%	FY 2019/20 based on OCERS provided rates. Outer years based on Segal Study dated 6/28/2019. Effective rates were adjusted to remove impact of additional OCFA UAAL contributions
2020/21	53.94%	37.61%	
2021/22	56.34%	39.51%	
2022/23	56.34%	39.71%	
2023/24	56.54%	39.91%	

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

FY 2019/20 includes a mid-year adjustment of \$4.0M for accelerated paydown of OCFA's Unfunded Actuarial Accrued Liability (UAAL) from unencumbered fund balance carried over from FY 2018/19.

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

- Contributing additional funds each year using projected savings that will be realized under new Public Employees' Pension Reform Act (PEPRA) of \$1.6M in FY 2019/20 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 from FY 2016/17 through FY 2020/21.
 - Beginning in FY 2017/18 at mid-year, if CIP is sufficiently funded, allocate 50% of the General Fund surplus, if any, to UAAL with the remaining 50% used to fund CIP.
- ✓ **Workers' Compensation** – FY 2019/20 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 2019 Study.
- ✓ **Other Insurance** – Medical insurance rates for firefighters are assumed to 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 2019/20.
- ✓ **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 2019/20.
 - **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).

Transfer to Fund 139 from General Fund Surplus

This is the amount needed to pay for City of Irvine Settlement Agreement costs.

General Fund Surplus/(Deficit)

This figure is equal to the Net General Fund Revenue less the incremental increase in the General Fund 10% Contingency and the transfer out to Fund 139. 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 May 2018. 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.

Capital Improvement Program/Other Funds Revenue

- ***Interest Earnings*** – Assumes an annual return of 2.25% for FY 2019/20 through FY 2023/24.
- ***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.
- ***Fund 139 Transfer*** – These amounts are transferred from the General Fund to pay for various expenditures required under the City of Irvine Settlement Agreement.
- ***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.

- ***Irvine Settlement (Fund 139)*** – Budgeted expenditures in Fund 139 are based on the City of Irvine Settlement Agreement.
- ***Structural Fire Fund Entitlement (Fund 171)*** – The forecast period assumes no Structural Fire Fund Entitlement expenditures beyond FY 2019/20.
- ***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

- ***Irvine Settlement (Fund 139)*** – Funding is set aside for City of Irvine Settlement Agreement costs, including the 115 Trust.
- ***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

Board of Directors Meeting
January 23, 2020

Agenda Item No. 3C
Consent Calendar

Annual Grant Priorities for 2020

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
Jay Barkman, Legislative Analyst	jaybarkman@ocfa.org	714.573.6048

Summary

This annual agenda item is submitted to the Budget and Finance Committee for approval of OCFA's Annual Grant Priorities for 2020 and revisions to the Grant Policy.

Prior Board/Committee Action

Budget and Finance Committee Recommendation: *APPROVE*

At its regular January 8, 2020, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

RECOMMENDED ACTION(S)

1. Approve OCFA's Annual Grant Priorities for 2020.
2. Approve non-substantive "housekeeping" revisions to the OCFA Grant Policy.
3. Approve proposed Resolution entitled A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS AMENDING THE ROLES/RESPONSIBILITIES/AUTHORITIES MATRIX for revisions for grant acceptance.

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) applies for grant funding throughout the year based on needs identified throughout the organization. This staff report is provided to establish the 2020 Grant Priorities, and to approve "housekeeping" revisions to the Grant Policy. In 2019, OCFA received \$2,787,874 million in various grant awards for firefighter training, managing the Urban Search & Rescue Task Force-5, and for overall preparedness to prevent, prepare, respond, and recover from acts of terrorism.

Of this amount \$1,522,584 million was awarded from the 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 train all of OCFA's members.

In addition to current year awards, OCFA continues to receive funding under a 2017 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. In 2018, OCFA's staffing levels fell below the minimum required by FEMA, due to the higher than average number of retirements in 2017 and 2018. The OCFA submitted reimbursements for SAFER grant funds with the intent that the two 50-person recruit academies conducted in 2019 may bring us above the minimum; however, in our most recent quarterly report FEMA responded that the OCFA "is not on track to meet the targets of the grant by the end of the period of performance" and that extensions are not guaranteed. OCFA will continue the two 50-person academies in 2020 with the goal to meet the grant staffing levels next year.

In 2011, OCFA formally adopted a Grants Policy that originally grew out of recommendations from a 2010 internal control review, and OCFA's 2010 Strategic Plan. The Grants Policy has not been updated since then, and staff is proposing "housekeeping" revisions to bring the policy in alignment with current OCFA processes and organizational structures. For example, the policy refers to a Battalion Chief position and a "Grant Team" that no longer exists. Instead, grant projects are prioritized by the Executive Management Team based on needs identified from various other areas (Equipment Committee, Division Chiefs, member agencies).

The OCFA Roles, Responsibilities, and Authorities Matrix must also be amended to conform the Matrix with the proposed revisions to the Grants Policy. Under current practice, the Budget and Finance Committee reviews grants where the grantor requires formal acceptance by the governing body and makes recommendations to the Board. Most granting agencies that award funds do not require governing body acceptance; however, when OCFA accepts grant funds, the action usually requires an associated budget adjustment which requires Board approval anyhow. As a result, this current practice is being documented in the Grant Policy and Matrix and is considered a non-substantive "housekeeping" revision.

Attachment(s)

1. OCFA's Annual Grant Priorities for 2020
2. OCFA Grant Policy (Proposed Revisions)
3. Proposed Resolution



Orange County Fire Authority

Annual Grant Priorities

2020

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 and local cost share split of 75% federal and 25% local in the first two years, and 35% federal and 65% local in the third 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. Depending on the timing of Placentia’s exit we will request transferring the “grant” funded position to an alternative firefighter position added during the grant performance period.

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.

In 2018, OCFA's staffing levels fell below the minimum required by FEMA due to the higher than average number of retirements in 2017 and 2018. OCFA submitted reimbursements for SAFER grant funds with the intent that the two 50-person recruit academies conducted in 2019 may bring us above the minimum. However, in our most recent quarterly report FEMA responded that OCFA “is not on track to meet the targets of the grant by the end of the period of performance” and that extensions are not guaranteed. OCFA will continue the two 50-person academies in 2020 with the goal to meet the grant staffing levels next year.

Assistance to Firefighters Grant (AFG)**\$1,522,584 million award**

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

2018 Application

Fire Ground Survival Training: The Orange County Fire Authority (OCFA) received \$1,522,584 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, 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, or injured.

California Office of Traffic Safety (OTS)

Application Closes: January 30, 2020

This grant provides federal funds through California's Office of Traffic Safety (OTS) for local agencies that provide emergency medical services. For local fire agencies the grant typically prioritizes applications to purchase extrication tools that will free traffic accident victims more quickly and speed patient treatment.

The OCFA Emergency Medical Services Department will apply for funding to provide Prehospital Trauma Life Support (PHTLS) training to OCFA personnel. The goal of PHTLS training is to "promote excellence in trauma patient management by all providers involved in the delivery of prehospital care." The training for all OCFA paramedics (577 personnel) is estimated to cost up to \$1 million dollars.

Fire Prevention and Wildfire Safety Grants

Application Opens: TBD

The OCFA will consider applications for various projects throughout the year under the category of general "fire prevention" activities. This includes wildfire projects that can be funded by CAL FIRE grants. Specifically, under the California Climate Investments Fire Prevention Grant Program monies are provided annually for local projects that reduce the risk of wildfire. A high priority of this program are projects that remove dead, dying, or diseased trees, planning, and education.

The OCFA will consider grants that support existing fire prevention education activities such as smoke alarm installations, or community based defensible space activities.

GRANT MANAGEMENT POLICY

1. OVERVIEW

~~With state takeaways and continued pressure on General Fund revenues, g~~Grant revenues are an important part of OCFA's overall resource picture. In recognition that grant programs at the State and Federal level are constantly being revised and adjusted, OCFA's grant process should be uniform and transparent, but flexible to the changing priorities of awardees and needs of OCFA.

2. PURPOSE

The purpose of this policy is to set forth an overall framework for guiding OCFA's use and management of grant resources.

3. GOALS

- 3.1. Establish framework for application, tracking, and managing of grant programs.
- 3.2. Identify roles and responsibilities in managing grant programs.
- 3.3. Establish criteria for evaluating the benefits and costs of grant programs.
- 3.4. Set forth OCFA's policy in complying with Single Audit Act requirements.

4. POLICY

- 4.1. OCFA will aggressively pursue grant funding from local, State and Federal governments and other private sources, consistent with goals and objectives that will be reviewed, updated, and submitted for Board approval annually.
 - 4.1.1. Under uncertain fiscal situations, OCFA should avoid grants that fund "pilot" operating programs or short-term staffing enhancements to existing programs. Taking on these programs could ultimately aggravate OCFA's fiscal position should the staffing enhancements be required to remain once the grant funding is no longer available.
 - 4.1.2. Indirect costs of administering grant programs will be recovered to the maximum extent feasible.

Orange County Fire Authority

- 4.2. OCFA will only seek grants when sufficient staff resources are available to effectively administer the program in compliance with grant requirements and successfully perform the grant scope of work.
- 4.3. The OCFA Grants Administrator shall track and inform OCFA departments of grant opportunities and evaluate applications with project leads, ~~the grant team,~~ and Executive Management.
- 4.4. OCFA's departments have the primary responsibility for developing ~~submittal~~ ideas for applying for grant opportunities, preparing effective grant applications, and for successfully managing grant programs after they have been awarded. For all grants, Assistant Chief/Deputy Chief shall designate a Project Lead who will be responsible for completing the scope of work and procuring equipment per OCFA and grant policies.

~~4.5. OCFA participates in the Orange County Cooperative Area established to receive and disburse homeland security grant funds throughout the County of Orange. The Emergency Planning and Coordination (EPAC) Chief is designated with the development of specific project requests, applications or priorities under these grant programs. EPAC shall coordinate with the Grant Administrator to report on the status of project priorities established by these programs.~~

~~4.6.~~4.5. OCFA is the sponsor of a FEMA Urban Search and Rescue National Task Force. This program is funded by FEMA via a cooperative agreement. The Urban Search and Rescue Battalion Chief is responsible for managing and administering funds and shall coordinate with the Grant Administrator and Finance Section on reporting and reimbursements handled via federal grant systems as needed.

~~4.7.~~4.6. Beginning in January 2012, and each January thereafter, staff will report to the Board on pending grant applications, and request Board approval of the proposed annual grant priorities for the upcoming year.

~~4.8.~~4.7. Staff will continue to refine and develop the grant process based on the objectives of OCFA's Strategic Plan objective which seeks to enhance OCFA's grant efforts.

5. **ROLES AND RESPONSIBILITIES**

5.1. *AUTHORITY MANAGEMENT*

Accept all grants except:

- a. When the grantor requires approval by the governing body, or;

Orange County Fire Authority

- b. When Board approval is immediately needed to adjust budget appropriations for the grant and cannot wait for mid-year adjustment, or;
- c. When a contract award is needed, requiring approval by the Executive Committee or Board.

5.2. ~~EXECUTIVE COMMITTEE~~ BUDGET AND FINANCE COMMITTEE

- 5.2.1. ~~Accept all~~ Review grants ~~in which the~~ where grantor requires approval by the governing body, ~~and make recommendations to the Board.~~ Subsequent budget adjustments for the grant require Board of Directors' approval.

5.3. *BOARD OF DIRECTORS*

- 5.3.1. Approve budget adjustments ~~for grants and accept all grants in which the grantor requires approval by the governing body.~~

5.4. *GRANT ADMINISTRATOR*

- 5.4.1. Develop and maintain a Grant Management Policy Manual establishing roles and responsibilities for OCFA grant applicants, project managers, and resources for training in grant writing and management.

- 5.4.2. Solicit direction from Executive Team to develop ~~Develop~~ annual grant priorities for Board approval including an annual status and summary on current and past grant applications and awards.

~~5.4.3. Establish a Grant Team to develop, review, and provide input into project applications and the annual grant priorities to be approved by Board. The Grant Team shall consist of OCFA personnel, as determined by the Fire Chief, to provide a broad representation of areas impacted by grants.~~

- ~~5.4.4.~~ 5.4.3. Designated as the responsible agent to submit grant applications consistent with OCFA Grant Policies, Budget and funding priorities.

RESOLUTION NO. 2020-XX

**A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY
BOARD OF DIRECTORS AMENDING THE
ROLES/RESPONSIBILITIES/AUTHORITIES MATRIX**

A. *WHEREAS*, the Orange County Fire Authority Board of Directors last amended the roles, responsibilities and authorities matrix on April 25, 2019, and

B. *WHEREAS*, the OCFA is recommending to update the roles, responsibilities and authorities matrix to streamline the procurement process; and

C. *WHEREAS*, the Board has considered the attached amendments to the matrix.

NOW THEREFORE BE IT RESOLVED, that the Orange County Fire Authority Board of does hereby resolve as follows:

The Roles/Responsibilities/Authorities Matrix is amended as indicated by the redline version attached hereto as Exhibit A.

PASSED, APPROVED and ADOPTED this 23rd day of January 2020.

JOSEPH MULLER, CHAIR
OCFA Board of Directors

ATTEST:

SHERRY A.F. WENTZ, CMC
Clerk of the Authority

ORANGE COUNTY FIRE AUTHORITY Roles/Responsibilities/Authorities

All authority rests with the Board of Directors unless it is delegated by statute or board action. When delegated, these authorities are further defined by contracts, resolutions, policies, or other board actions. The following chart defines OCFA's levels of authority. The Board of Directors has the authority to change these delegations within the parameters of legal and contractual restrictions.

	Authority Management	Executive Committee	Board of Directors
Levels of Service	Develop and implement programs to provide the identified "Levels of Service."	Approve temporary changes in "Levels of Service."	Approve "Levels of Service" for the Authority.
Resource Deployment	Establish policy/deployment that maintains the approved "Levels of Service."		
Automatic and Mutual Aid Agreements	Fire Chief authorized to execute and renew Automatic Aid and Mutual Aid Agreements as necessary.		
Standard Operating Procedures (SOPs) and General Orders (GOs)	Develop and implement SOPs and GOs consistent with Board policies.		
Budget Adoption	Develop the budget.	Budget & Finance Committee - Review the budget; make recommendations.	Approve the budget prior to June 30 each year (JPA Agreement, Article IV.1)
Budget Execution	Authorize expenditures within approved budget appropriations (JPA Agreement, Article IV.2)		
Budget: Intra- and inter-fund transfer; increases and decreases to appropriation.	Approve intra-fund transfers within adopted budgets		Approve inter-fund transfers between budgets; Approve increases and decreases to appropriations.
Fire Station 41, Air Operations Maintenance Facility - Leases	Negotiate, approve and execute leases and/or lease amendments for Hangars Nos. 1, 2, 3, and 4		

ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities

	Authority Management	Executive Committee	Board of Directors
Fund Balance - Assigned	Assign amounts for workers' compensation and the capital improvement program within requirements of the <i>Assigned Fund Balance Policy</i>	Budget & Finance Committee – Review calculations used to determine assignments for workers' compensation and the capital improvement program for consistency with <i>Assigned Fund Balance Policy</i>	Assign and un-assign fund balance for any specific purposes other than workers' compensation and the capital improvement program, within the guidelines of GASB Statement No. 54
Fund Balance – Committed			Commit and un-commit fund balance via minutes action, within the guidelines of GASB Statement No. 54
Contingency Planning and funding	Develop plan; administer budget in a manner consistent with plan and policies.	Budget & Finance Committee - Review contingencies and spending for compliance with plan and policies.	Establish plan and policies. Transfer of Appropriation for Contingencies requires prior approval of the Chair or the Vice Chair, in the absence of the Chair, and must be reported to the Board immediately in writing.
Debt obligation	Develop and recommend financing plans.	Budget & Finance Committee – Review of recommended financing plans.	Approve all debt obligations. (Note: long-term bonded indebtedness requires approval by 2/3 rd vote of the members.)
Commodity purchases (materials, equipment & supplies) Ord. 8, Sec. 1-3(18)	Approve purchase of all commodities contracts (selection process per Ord. 8, per Art. III selection process or Art. X cooperative purchasing).		Approve commodity purchases with the annual adoption of the budget, no further approval is required.

ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities

	Authority Management	Executive Committee	Board of Directors
Fixed asset purchases	Approve purchase of all fixed asset contracts (selection process per Ord. 8 per Art. III selection process or Art. X cooperative purchasing) within the budgeted amount approved by the Board of Directors.	Approve purchase of fixed assets that exceed the budgeted amount by more than 15% or \$100,000 (whichever is less).	Approve purchase of fixed assets included in the annual budget with the annual adoption of the budget, no further approval is required.
Professional and Consulting Services Contracts - general <i>services and consulting including architectural, engineering, and project management services.</i>	Approve all professional and consulting service contracts (selection process per Ord. 8, Art. III, or Art. X) for annual contract where the annual value to any one firm is less than \$100,000. Approve multi-year contracts (maximum five years) so long as the total annual contract amount does not exceed Authority Management.	Approve all professional and consulting service contracts in which the annual contract value to any one firm exceeds \$100,000. Contract extensions beyond the initial contract term and allowable contract extensions (exceeding five years) will require Executive Committee approval prior to contract extension.	
Contract Duration Five years (three years plus two additional one-year periods) <i>Applies to contracts exceeding small purchases as defined in Ord. 8 Sec 1-20</i>	Approve extension of contracts within management delegated authority for contracts with a duration up to five years.	Approve extension of contracts exceeding five years or contracts that exceed management delegated authority.	

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Executive Committee	Board of Directors
Maintenance Service Contracts - includes <i>repair and maintenance for facilities & equipment</i> .	<p>Approve all maintenance service contracts (selection process per Ord. 8, Art. III, or Art. X) for annual contract where the annual value to any one contractor is less than \$200,000.</p> <p>Approve multi-year contracts (maximum five years) so long as the total annual contract amount does not exceed Authority Management.</p> <p>Approve maintenance service contract increases within limits delegated herein to Authority Management.</p>	<p>Approve all maintenance service contracts in which the annual value to any one contractor exceeds \$200,000.</p> <p>Contract extensions beyond the initial contract term and allowable contract extensions (five year maximum) will require Executive Committee approval prior to contract extension.</p>	
Change Orders/ Modifications Professional & Consulting Service Contract Amendments (<i>Non Public Projects</i>)	<p>For professional & consulting service contracts within the limits delegated herein to Authority Management, approve change orders in any amount so long as the revised amount remains within the delegated limits.</p> <p>For contracts originally approved by the Executive Committee or Board of Directors, approve change orders within the original scope of work, less than 15%.</p>	<p>Approve change order/modifications to professional & consulting service contracts with original or revised values that exceed those amounts delegated herein to Authority Management.</p>	.
Emergency Purchases (commodity and service contracts)	<p>Approve emergency purchases, as defined in Ord. 8, Sec. 1-3(14) & Sec. 1-22, up to the amounts delegated to Authority Management herein for purchases following standard selection process.</p>	<p>Purchases in excess of the amounts delegated to Authority Management require prior approval of Chair or Vice Chair and must be reported at the next Executive Committee meeting.</p>	

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Executive Committee	Board of Directors
Sole Source Contracts	Approve any sole source contract less than \$50,000 annually, so long as acceptable justification is provided by the using department per the requirements in Ord. 8, Sec. 1-21.	Approve any sole source contract when the annual amount exceeds \$50,000 or the three-year aggregate amount exceeds \$150,000. <i>Sole source justification form is a required attachment to the staff report.</i>	
Special Procurement Contracts – <i>utilized when it is in the best interest of OCFA to award a contract without bidding requirements and the procurement does not meet the definition of a sole source.</i>	Approve any special procurement contract less than \$50,000 annually, so long as acceptable justification is provided by the using department per the requirements in Ord. 8, Sec. 1-23.	Approve any special procurement contract when the annual amount exceeds \$50,000 or the three-year aggregate amount exceeds \$150,000. <i>Special procurement justification form is a required attachment to the staff report.</i>	
Public Projects - Informal & Formal as set forth in the California Public Contract Code Section 22032.	Approve all informal public projects in amounts up to the statutory limits authorized by Public Contract Code Section 22032 (Projects under \$200,000 effective 1-1-19).		Approve all formal public works contracts in amounts at or above the statutory limits authorized by Public Contract Code Section 22032(Projects over \$200,000 effective 1-1-19).
Public Projects - Change Orders/ Modifications for informal and formal Public Projects as set forth in Public Contract Code Section 22032	For informal public projects within the original scope of work, approve change orders in any amount so long as the revised total remains below the statutory limits authorized by Public Contract Code Section 22032 (b). For formal public projects originally approved by the Board of Directors, approve change orders within the original scope of work up to 15% of original contract amount.		Approve change order/modification on formal public projects over 15% of original contract amount.

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Executive Committee	Board of Directors
Public Projects – Emergency as defined in Public Contract Code Sections 22035 and 22050 (Ord. 8, Sec. 1-53)	Fire Chief or designee has authority to declare an emergency and authorize procurement of construction services and supplies without the competitive bidding requirements when it is impactable to convene a meeting of the Board of Directors prior to addressing the emergency needs.		Authorize exemption from procurement requirements by four-fifths vote (at next scheduled meeting) as required per Public Contract Code Sections 22035 and 22050.
Investment Practices	Provide financial data to Budget & Finance Committee, Executive Committee and Board of Directors. Develop draft policy.	Budget & Finance Committee - Review Treasury/Investment actions to insure compliance with policy. Executive Committee – review monthly reports.	Adopt investment and Treasury policies.
Setting of salaries/benefits and other terms and conditions of employment	Identify issues, recommend negotiations approach; negotiate with labor organizations as approved by the Board of Directors.	Review management recommendations; make recommendations to the Board of Directors.	Provide direction to chief negotiator on negotiations; adopt resulting MOUs and changes in the PSR.
Grievances	Administer procedures pursuant to MOU and PSR provisions.		
Disciplinary Actions	Implement disciplinary actions within legal and MOU requirements.		
Hire/Terminate	Hire/terminate Authority staff.	Make recommendations to the Board of Directors on General Counsel legal services contract and Fire Chief employment contract, and compensation of General Counsel and the Fire Chief.	Hire/terminate Fire Chief and General Counsel. Approve service contract for General Counsel. Approve employment contract for Fire Chief.
Appointments			Appointment of clerk, auditor, and treasurer (JPA Agreement Articles II.9 and II.13)

ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities

	Authority Management	Executive Committee	Board of Directors
Classification and Salary Ranges	Administer classification system within existing classes and budget.	Adopt and approve new or modified classes and corresponding salary ranges.	
Settlement of Employee Complaints and Grievances	Approve settlements up to \$10,000 within existing PSR parameters.	Approve settlements up to \$50,000.	Approve settlements over \$50,000.
File Legal Action			Authorize filing of legal action.
Respond to Legal Action			Authorize response to legal action.
Settlement of Claims and Litigation	Approve settlements of claims and litigation up to \$50,000. and workers' compensation claims under \$250,000.		Approve settlements of claims and litigation in excess of \$50,000 and workers' compensation claims above \$250,000.
Level of risk/coverage/exposure	Recommend risk management policies; administer risk management program within established Board of Directors and legal requirements.		Establish policies.
Write-Off for Uncollectible Accounts	Approve write-off of uncollectible accounts up to \$15,000.	Approve write-off of uncollectible accounts over \$15,000. Budget and Finance Committee review annual report of uncollectables and make a recommendation to Executive Committee for final decision.	
Accept Real Property Interests	Accept interest in real property if the Board of Directors or Executive Committee has previously approved.		Approve Purchase Agreements for the acquisition of real property.
Secured Fire Protection Agreements	Approve Secured Fire Protection Agreements, using the standard form agreement previously approved by the Board of Directors, and approved as to form by General Counsel.		Approve Secured Fire Protection Agreements that contain material differences from the standard form approved by the Board of Directors.

**ORANGE COUNTY FIRE AUTHORITY
Roles/Responsibilities/Authorities**

	Authority Management	Executive Committee	Board of Directors
Utility licenses and easements	Execute licenses and easements for utilities necessary to implement construction projects approved by the Board or Executive Committee	Approve licenses and easements for utilities where no prior approval of construction projects has occurred	
Accept Grants	Accept all grants except: (1) when the grantor requires approval by the governing body, or; (2) when an adjustment is immediately needed to appropriations to expend the grant, or; (3) when a contract award is needed, requiring approval by the Executive Committee or Board.	Accept all grants in which the grantor requires approval by the governing body.	<u>Accept all grants in which the grantor requires approval by the governing body.</u>



Orange County Fire Authority
AGENDA STAFF REPORT

Board of Directors Meeting
January 23, 2020

Agenda Item No. 5A
Discussion Calendar

**Quarterly Status Report
Placentia Fire and Emergency Medical Services**

Contact(s) for Further Information

Brian Fennessy, Fire Chief

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714.573.6010

Summary

This agenda item is submitted to provide a quarterly status briefing regarding the transition of Fire and Emergency Medical Services (EMS) from the Orange County Fire Authority (OCFA) to the City of Placentia.

Prior Board/Committee Action

At its June 27, 2019, meeting the Board of Directors was presented an overview of the City of Placentia's Fire/Emergency Medical Services (EMS) Transition Plan. Staff was directed to provide quarterly status updates regarding the transition of services. The first quarterly update was provided at the September 26, 2019, Board of Directors meeting.

RECOMMENDED ACTION(S)

Receive and file the report.

Impact to Cities/County

Not Applicable.

Fiscal Impact

The City of Placentia's withdrawal from OCFA effective July 1, 2020, will result in a \$7.1 million reduction to annual cash contract revenue, with a corresponding reduction to expenditures.

Background

On June 4, 2019, the Placentia City Council voted to proceed in establishing a Placentia Citywide Fire Protection & EMS Department, effective July 1, 2020. At the OCFA Board of Directors June 27, 2019, meeting, staff was directed to provide quarterly reports on the transition, including any policy matters that may require Board action. Below are topics that staff identified for the Board's awareness:

- 1) **Movement of Truck 34:** Truck 34 is currently positioned at Fire Station 34 in Placentia, with a previously identified plan to move the Truck into the neighboring City of Yorba Linda at Fire Station 10. Movement of Truck 34 to Fire Station 10 remains dependent on identification of a new site to build a replacement/larger station within Yorba Linda; however, a viable site available for OCFA to purchase has not yet been found. As a result, staff is working to develop an interim solution for the movement of Truck 34 out of Placentia and into another nearby station where it will continue serving OCFA's regional jurisdiction following Placentia's withdrawal. Additional updates will be provided with the next quarterly report.

- 2) **Absorption of Personnel:** Aside from Truck 34, OCFA has an additional 24 full-time, professional employees staffing Engine 34 and Engine 35 in Placentia. Upon transition of services to the City in July 2020, OCFA will absorb these 24 employees into other existing positions within OCFA's service jurisdiction which are vacant.

- 3) **Five-Year Shortfall Payment Obligation at Withdrawal:** The First Amendment to the OCFA's Joint Powers Authority Agreement added Section 1.F to Article VII as follows:

"F. Negotiation of Terms Upon Notice of Withdrawal: Upon providing notice of withdrawal, a cash contract City may negotiate with the Authority regarding modifications to its payment obligation. If the City and the Authority are unable to reach agreement regarding modified payment terms, the balance of any shortfall that may have accumulated during a City's ten-year period of membership shall be paid upon withdrawal."

Staff has calculated the payment shortfall, which compares what the service charge would be if there was no cap on annual increases, to the actual service charge being billed to the City during 2019/20 fiscal year, which is the year of the Five-Year Review. This calculation identified a shortfall value of \$312,537. This Five-Year Shortfall of \$312,537 represents a payment obligation for the City of Placentia to the OCFA on, or prior to, June 30, 2020. We will bill the City for this obligation during the month of February for its financial planning purposes; however, the due date will remain June 30, 2020.

- 4) **Fire Station Transition:** OCFA staff is continuing to meet with Placentia personnel regularly to develop a facilities, communications, and information technology transition plan in preparing to transfer Fire Stations 34 and 35 back to the City. These meetings are occurring at least monthly until the July 1, 2020, transition date.
- 5) **Future OCFA Aid to and from Placentia:** Local government fire departments routinely and voluntarily aid and assist each other when emergencies exist within their respective jurisdictions. There are primarily two methods of attaining emergency aid: Mutual Aid and Automatic Aid. Reciprocity of resource exchange is the basis for determining which type of aid may be voluntarily provided to a requestor.

In organization theory, Mutual Aid is a voluntary reciprocal exchange of resources and services for mutual benefit. In Mutual Aid, the fire departments have basically agreed to give each other assistance across jurisdictional boundaries during incidents where the local department's resources are insufficient.

In emergency services, Mutual Aid is an agreement among emergency responders to lend assistance across jurisdictional boundaries. This may occur due to an emergency response that exceeds available local resources, such as a disaster or a multiple-alarm fire. This occurs only if the requested agencies have enough resources to help others at the time. Mutual Aid is voluntary and may not occur if the requested agencies are dealing with incidents of their own and/or do not have enough equipment or firefighters to share at the time. The closest available fire department resources are usually requested, and the circle of requests gets larger until enough help can be found.

Mutual Aid may be *ad hoc*, requested only when such an emergency occurs. Mutual Aid must be requested through the Orange County Operational Area Fire Coordinator's Emergency Command Center. Fire agencies are able to charge other jurisdictions its actual costs for the provision of Mutual Aid.

A more formal agreement to send the resources automatically would be known as "Automatic Aid." A standing agreement for cooperative emergency management on a continuing basis, such as ensuring that resources are dispatched from the nearest fire station, regardless of which side of the jurisdictional boundary the incident is on.

Reciprocity of resource exchange is the basis for determining which type of aid may be voluntarily provided to a requestor. Reciprocity has nothing to do with equity in number of incident exchange between jurisdictions. Emergency aid that is not reciprocal, either due to the type or number of resources being requested or the type of resource needs the requesting agency is unable to provide, is considered Mutual Aid.

Since Placentia's proposed Fire and Emergency Medical Services (EMS) delivery model will not be able to provide the number of reciprocal or like services, the OCFA and other neighboring fire departments will need to make policy decisions as to:

- How requests for aid to Placentia will be processed?
- Will aid into Placentia be considered Mutual Aid with associated charges?
- Can aid be reasonably expected or acceptable from Placentia back to the OCFA and neighboring agencies, given the significantly lower level of skills/training possessed by contract and reserve personnel, and the unknown number of skilled firefighters staffing the Placentia units?
- The EMS personnel used by Placentia will not be dual function firefighter/paramedics; therefore, will not possess the same training and will be unable to safely operate on many of the incidents when needed.

OCFA staff have met with Mr. Scott Ferguson (the current contract consultant serving the City of Placentia) at his request, primarily for discussion of how aid will be provided among the neighboring fire departments. He has met individually and jointly with the Fire Chiefs from OCFA, Anaheim, and Fullerton/Brea. These meetings have not been productive and have led to even more questions and concerns. The priority concerns are listed below and have been shared with Mr. Ferguson:

1. Firefighter Safety

- a. No information has been provided as to the initial full alarm assignment capability expectations for: single-family dwellings, apartments, open-air strip shopping centers, and high-rise structure fires in Placentia
 - i. Expectation by OCFA is that the initial alarm assignments will be compliant with NFPA 1710 2020 Edition
 - ii. Based on a formal community risk assessment, fire suppression operations shall be organized to ensure that the fire department's fire suppression capability encompasses deployment of personnel, equipment, and resources for an initial arriving company, the initial full alarm assignment, and additional alarm assignments.

- b. No plan or procedures have been provided that ensure consistency and best business practice in how a mayday situation (lost, disoriented, trapped firefighter) will be handled by the Placentia Police Department Dispatch Center Dispatchers and its backup Public Safety Answering Point (PSAP) agency
- 2. Increased Risk to Neighboring Communities
 - a. Neighboring communities will experience a significantly longer duration drawdown of their community fire station resources, and on a more frequent basis than experienced now, due to service level reductions (staffing & deployment) in Placentia
 - i. The proposed Placentia Fire Department will NOT be able to ensure firefighter or citizen safety without neighboring fire agencies significantly subsidizing emergency response to structure fires in Placentia
 - ii. The proposed Placentia Fire Department will NOT be able to ensure citizen safety without neighboring fire agencies significantly subsidizing emergency Advanced Life Support (ALS) medical response
- 3. Firefighter Training
 - a. Absent OCFA review and validation that the below has been accomplished, OCFA resources will respond to requests for Mutual Aid with the minimum number of trained OCFA firefighters (per NFPA 1710 staffing & deployment), and will enter into unified command with Placentia, in an effort to control the emergency incident and ensure firefighter safety
 - i. No information has been provided that ensures that Placentia response personnel shall be trained in their assigned positions in accordance with Sections 5.2 and 5.3 of NFPA 1500
 - ii. No information has been provided that per NFPA 1710, Placentia shall have a training program and policy that ensure that members are trained, and competency is maintained to execute all responsibilities consistent with the department's organization and deployment
 - iii. No information has been provided that ensures that per NFPA 1710, Placentia shall adopt training standards based on the cited hazards and risks, set performance objectives to achieve those standards, and demonstrate training and competency by meeting the performance objectives
 - iv. No information has been provided that ensures that procedures and training of Placentia personnel in Mutual Aid, Automatic Aid, and fire protection agreement plans shall be comprehensive to produce an effective fire force and to ensure uniform operations
- 4. Dispatch Agency Staffing
 - a. No plan or procedures have been shared that demonstrates Placentia Police Department's commitment to adhering to NFPA 1221 standards

5. Transfer of 9-1-1 Calls

- a. Cal OES requires all PSAP's to meet mandatory standards from the CA 9-1-1 Operations Manual that could be affected by additional call volume. No plan or procedures have been shared that demonstrates Placentia Police Department's commitment to adhering to Cal OES requirements

6. HIPAA

- a. Unlike any other government agency in Orange County, Placentia has entered into a contract with a private/for-profit company (non-governmental agency) to provide ALS services
 - i. As such, there are legally protected HIPAA law compliance/privacy concerns that will need to be addressed by internal and external legal counsel

7. Fire Marshal Recommended Code Adoption

- a. Last minute change at November 12, 2019, Placentia City Council Meeting resulted in the elimination of OCFA Fire Marshal recommended amendments pertaining to the addition of fire sprinklers in commercial buildings at 5,000 square feet due to perceived conflict with the California Building Code.
 - i. OCFA provides all of its cities with coordinated and recommended California Building Code (CBC) and California Residential Code (CRC) amendments to match Fire Marshal recommended amendments
- b. Placentia City has made a decision that no longer will existing buildings need to be retrofitted during tenant improvement unless code specifically dictates it for occupancy type
- c. The outcome of this decision is that most new commercial buildings will be sprinkled at 12,000 square feet or more
- d. This is inconsistent with best business practices throughout the county and represents an unnecessary hazard to citizens and firefighters, if these buildings are on fire

At this time, we don't have any policy matters for the Board to consider, and we will continue monitoring the transition for future quarterly updates.

Attachment(s)

None.