



# ORANGE COUNTY FIRE AUTHORITY AGENDA

## Budget and Finance Committee Meeting

Wednesday, September 9, 2020

12:00 Noon

### Regional Fire Operations and Training Center

#### Board Room

1 Fire Authority Road  
Irvine, California 92602

Gene Hernandez, Chair

Elizabeth Swift, Vice Chair

Ed Sachs • Shelley Hasselbrink • Joe Muller  
Sergio Farias • Don Sedgwick • Tri Ta • Vince Rossini  
Jennifer Cervantez, Ex Officio

This Agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action or discussion shall be taken on any item not appearing on the following Agenda. Unless legally privileged, all supporting documents, including staff reports, and any writings or documents provided to a majority of the Budget and Finance Committee after the posting of this agenda are available for review at the Orange County Fire Authority Regional Fire Operations & Training Center, 1 Fire Authority Road, Irvine, CA 92602 or you may contact the 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>



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 and identify the need and the requested modification or accommodation. Please notify us as soon as is feasible, however 48 hours prior to the meeting is appreciated to enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

### **NOTICE REGARDING PUBLIC PARTICIPATION DURING COVID-19 EMERGENCY**

During the Statewide COVID-19 Emergency, the public is not permitted to convene in person for this public meeting. However, the public may still view and comment on the meeting as follows:

- To watch the meeting online, please go to website at [www.OCFA.org](http://www.OCFA.org)
- To submit an e-comment, please email to [PublicComments@ocfa.org](mailto:PublicComments@ocfa.org).

You may comment on items on the agenda or not on the agenda. Your comments will be forwarded electronically and immediately to the members of the Committee. Comments related to a particular agenda item will only be considered prior to the close of public comments on that item.

### CALL TO ORDER

PLEDGE OF ALLEGIANCE by Director Sedgwick

ROLL CALL

**1. PRESENTATIONS**

No Items

**PUBLIC COMMENTS**

**Please refer to instructions on how to submit a public comment during COVID-19 Emergency on Page 1 of this Agenda.**

**2. CONSENT CALENDAR**

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

**A. Minutes for the July 8, 2020, Budget and Finance Committee Meeting**

Submitted by: Maria Huizar, Clerk of the Authority

Recommended Action:

Approve as submitted.

**B. Fourth Quarter Financial Newsletter**

Submitted by: Robert Cortez, Assistant Chief/Business Services Department and Tricia Jakubiak, Treasurer

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

**C. Annual Investment Report**

Submitted by: Tricia Jakubiak, Treasurer

Recommended Action:

In compliance with Section 18.2 of the Orange County Fire Authority's Investment Policy, review the proposed annual agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

**D. Carryover of FY 2019/20 Uncompleted Projects**

Submitted by: Robert Cortez, Assistant Chief/Business Services Department, Tricia Jakubiak, Treasurer, and Stuart Lan, Budget Manager

Recommended Actions:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Board of Directors authorize the following proposed budget adjustments:

1. Approve a budget adjustment in the FY 2020/21 General Fund (121) increasing revenues by \$7,853,974 and expenditures by \$10,468,027.
2. Approve a budget adjustment in the FY 2020/21 General Fund CIP (12110) increasing expenditures by \$4,251,843.
3. Approve a budget adjustment in the FY 2020/21 Fire Stations and Facilities Fund (123) increasing expenditures by \$6,021,771.
4. Approve a budget adjustment in the FY 2020/21 Communications and Information Systems Fund (124) increasing expenditures by \$2,948,389.
5. Approve a budget adjustment in the FY 2020/21 Fire Apparatus Fund (133) increasing expenditures by \$2,409,530.
6. Approve a budget adjustment in the FY 2020/21 Settlement Agreement Fund (139) increasing expenditures by \$1,500,000.
7. Approve a budget adjustment in the FY 2020/21 Structural Fire Entitlement Fund (171) increasing expenditures by \$1,226,020.

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

Submitted by: Tricia Jakubiak, Treasurer

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

**B. Organizational Service Level Assessment Results & Approval of Next Phase of Citygate Services**

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

Recommended Actions:

Review the proposed agenda items and direct staff to place the items on the agenda for the Board of Directors meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Receive and file the Citygate Organizational Service Level Assessment (SLA) results presentation and final reports for Field Deployment, Emergency Medical Services, Emergency Command Center, Fleet Services and Executive Leadership.

2. Approve and authorize the Purchasing Manager to issue individual Purchase Orders to Citygate Associates, LLC, under the general terms and conditions of the previously authorized Master Agreement, for each of the following:
  - a. Business Services Department SLA – \$68,356
  - b. Community Risk Reduction Department SLA - \$70,792
  - c. Prepare a Strategic Plan for the OCFA - \$124,691
3. Direct staff to increase expenditures in the FY 2020/21 General Fund (121) budget by \$263,839 to fund the SLA's and Strategic Plan outlined above.

## **REPORTS**

## **COMMITTEE MEMBER COMMENTS**

**ADJOURNMENT** – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, October 14, 2020, at 12:00 noon.

## **AFFIDAVIT OF POSTING**

I hereby certify under penalty of perjury and as required by the State of California, Government Code § 54954.2(a), that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 3<sup>rd</sup> day of September 2020.

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Maria D. Huizar, CMC  
Clerk of the Authority

## **UPCOMING MEETINGS:**

Executive Committee Meeting  
Board of Directors Meeting  
Budget and Finance Committee Meeting

Thursday, September 24, 2020, 5:30 p.m.  
Thursday, September 24, 2020, 6:00 p.m.  
Wednesday, October 14, 2020, 12 noon



# MINUTES ORANGE COUNTY FIRE AUTHORITY

**Budget and Finance Committee Meeting**  
**Wednesday, July 8, 2020**  
**12:00 Noon**

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

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## **CALL TO ORDER**

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on July 8, 2020, at 12:00 p.m. by Chair Hernandez.

## **PLEDGE OF ALLEGIANCE**

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

## **ROLL CALL**

**Present:** Gene Hernandez, Yorba Linda, Chair\*  
Beth Swift, Buena Park, Vice Chair\*  
Shelley Hasselbrink, Los Alamitos\*  
Joseph Muller, Dana Point\*  
Tri Ta, Westminster\*  
Don Sedgwick, Laguna Hills\*  
Ed Sachs, Mission Viejo\*

**Absent:** Vince Rossini, Villa Park  
Sergio Farias, San Juan Capistrano

## **Also present were:**

Fire Chief Brian Fennessy  
Deputy Chief Pokey Sanchez  
Assistant Chief Jim Ruane  
Assistant Chief Kenny Dossey  
Clerk of the Authority Maria Huizar

Deputy Chief Lori Zeller  
Assistant Chief Robert Cortez  
Assistant Chief Randy Black  
Assistant Chief Lori Smith

## **1. PRESENTATIONS**

No items.

*Budget and Finance Committee Members participating via teleconferencing\**

Director Muller arrived at 12:02 p.m.

## **PUBLIC COMMENTS**

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

## **2. CONSENT CALENDAR**

On motion of Director Hasselbrink and second by Director Ta, and following a roll call vote, declared passed 7-0 (Director Farias and Rossini absent) to approve Items 2A through 2B as submitted

### **A. Minutes for the June 10, 2020, Budget and Finance Committee Meeting (FILE 12.02B2)**

Action: Approve as submitted.

### **B. Organizational Service Level Assessment Update (FILE 17.16)**

Action: Receive and file the report.

## **3. DISCUSSION CALENDAR**

### **A. Monthly Investment Reports (FILE 11.10D2)**

Treasurer Tricia Jakubiak presented the Monthly Investment Reports.

On motion of Chair Hernandez and second by Vice Chair Swift, and following a roll call vote, declared passed 7-0 (Director Farias and Rossini absent) to approve and direct staff to place the item on the agenda for the Executive Committee meeting of July 23, 2020, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

### **B. Acceptance of 2020 Department of Homeland Security Grant Program (HSGP) / Federal Emergency Management Agency's Urban Search and Rescue Preparedness Cooperative Agreement Funding (FILE 16.02A)**

Deputy Chief Sanchez presented the Acceptance of 2020 Department of Homeland Security Grant Program (HSGP) Federal Emergency Management Agency's Urban Search and Rescue Preparedness Cooperative Agreement Funding.

On motion of Director Hasselbrink and second by Director Muller, and following a roll

call vote, declared passed 7-0 (Director Farias and Rossini absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of July 23, 2020, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve and adopt the proposed Resolution to accept the Department of Homeland Security/Federal Emergency Management Agency's Grant Readiness Cooperative Agreement funding.
2. Approve a budget adjustment to the FY 2020/21 General Fund (121) budget increasing revenues and expenditures by \$1,261,631.

## **REPORTS**

No items.

## **COMMITTEE MEMBER COMMENTS**

The Committee Members offered no comments.

**ADJOURNMENT** – Chair Hernandez adjourned the meeting at 12:14 p.m. The next regular meeting of the Budget and Finance Committee will be canceled; the following meeting is scheduled for Wednesday, September 9, 2020, at 12:00 noon.

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Maria D. Huizar, CMC  
Clerk of the Authority



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

**Budget and Finance Committee Meeting**  
**September 9, 2020**

**Agenda Item No. 2B**  
**Consent Calendar**

**Fourth Quarter Financial Newsletter**

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**Contact(s) for Further Information**

Robert Cortez, Assistant Chief Business Services Department	<a href="mailto:robertcortez@ocfa.org">robertcortez@ocfa.org</a>	714.573.6012
Tricia Jakubiak, Treasurer	<a href="mailto:triciajakubiak@ocfa.org">triciajakubiak@ocfa.org</a>	714.573.6301
Stuart Lam, Budget Manager	<a href="mailto:stuartlam@ocfa.org">stuartlam@ocfa.org</a>	714.573.6302

**Summary**

This routine agenda item is submitted to provide information regarding revenues and expenditures in the General Fund and the Capital Improvement Program Funds through the preliminary close of FY 2019/20.

**Prior Board/Committee Action**

Not Applicable.

**RECOMMENDED ACTION(S)**

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

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

**Attachment(s)**

Fourth Quarter Financial Newsletter – July 2019 to June 2020

# 4th Quarter July 2019 to June 2020

# Financial Newsletter

## Summary

The Quarterly Financial Newsletter provides summary level information regarding the General Fund (GF) operating budget and Capital Improvement Program (CIP) budget to highlight revenue and expenditure trends and areas of note.

With the close of the fiscal, General Fund actual revenues met budget estimates and expenditures are slightly lower than anticipated. As of the end of the 4th quarter, OCFA received 99.99% of budgeted revenues and expended 96% of appropriations.

The OCFA expended 48% of the GF CIP, 14.4% of Fire Stations & Facilities, 28.1% of Comm. & Info. Systems, and 80% of the Fire Apparatus budgets. CIP projects not yet completed are anticipated to be rebudgeted to FY2020/21.

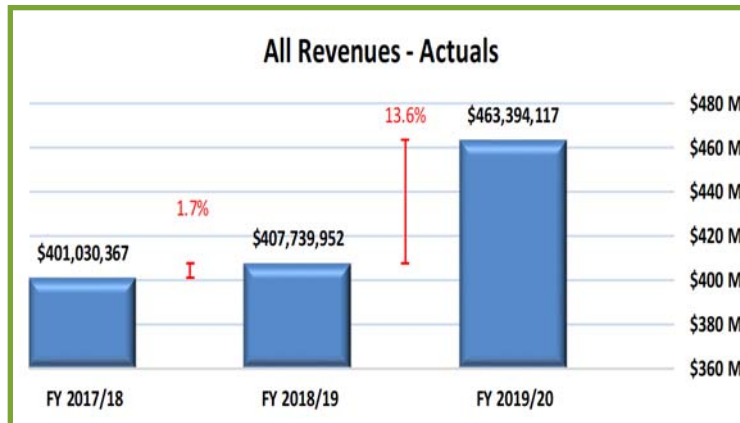
For additional info, see attached newsletter.



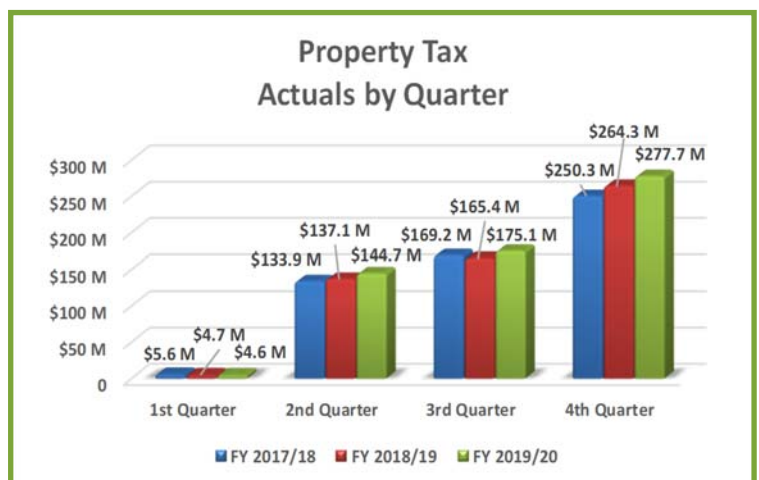
## General Fund

**REVENUES** - General Fund revenues received in FY 2019/20 amounted to \$463.4 million; approximately 13.6% higher than the prior year. The increase is primarily due to new revenues in the 2019/20 fiscal year such as Garden Grove contract charges

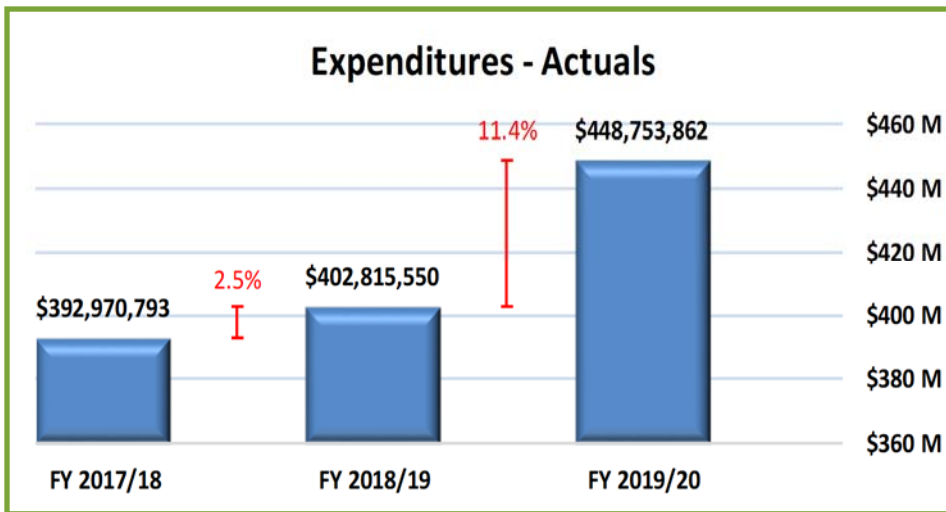
and funding attributed to the FIRIS and NextGen pilot programs. The top five revenues for 2019/20, are Property Taxes, Cash Contracts, State Reimbursements, CRA Pass-Through, and Federal Reimbursements. Overall, General Fund revenue receipts met expectations.



Actual Property tax revenue of \$277.7M increased 5.1% or \$13.5M over the prior year primarily due to growth in Secured Property Tax. Secured Property tax growth has been driven by price appreciation and new construction throughout the County.



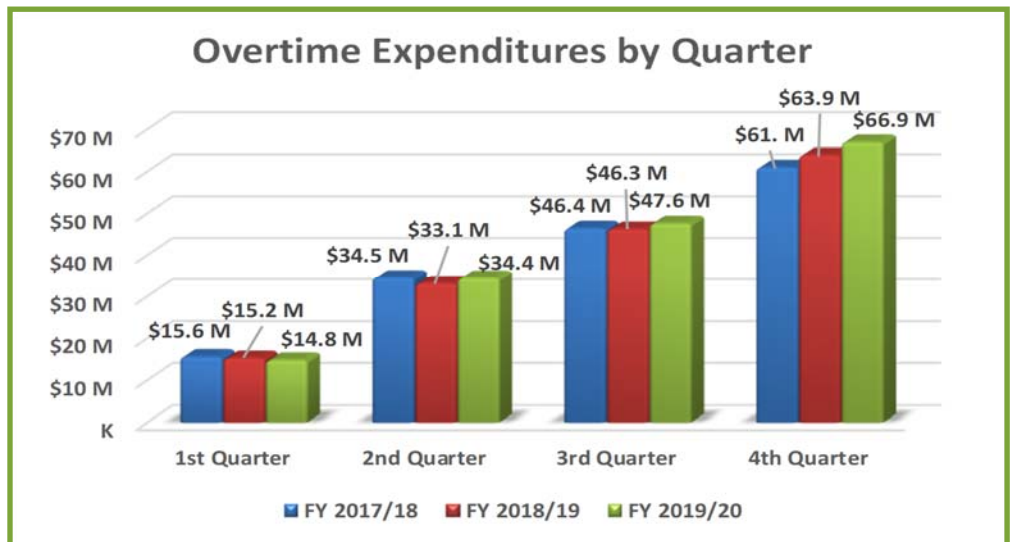
**EXPENDITURES** — General Fund expenditures through the 4th quarter amounted to \$448.8 million and



reflect an increase of 11.4% when compared to the prior fiscal year primarily due Garden Grove joining the OCFA as well as the FIRIS and NextGen pilot programs. General Fund expenditures were under budget by \$17.0 million or 3.6%. Lower than budgeted expenditures were the result of lower salary and employee benefit costs due to vacancies and uncompleted multi-year grant-funded

projects anticipated to be re-budgeted in 2020/21.

The following Overtime Expenditures by Quarter chart captures historical cumulative overtime expenditures from fiscal year 2017/18 through the 4th Quarter of 2019/20. Actual overtime expenditures are trending slightly higher than last year. Overtime expenses increased this year over last due to emergency incidents, the COVID-19 response, and upstaffing for high fire risk weather conditions such as the October and November 2019 wind events.



*We hope you have found this summary information illustrative and useful. Additional detailed information is included in following Newsletter pages, including progress for each of the CIP funds.*



# Orange County Fire Authority

## Fourth Quarter Financial Newsletter – July 2019 to June 2020

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### **OVERVIEW**

This report covers fiscal activities in the General Fund and CIP Funds through the fourth quarter and close of Fiscal Year 2019/20. Budget figures include all budget adjustments authorized by the Board through the end of the fiscal year.

### **GENERAL FUND**

With 100% of the year completed, General Fund revenues are 100.0% of budget and expenditures are 96.4% as shown below:

General Fund (excludes 12110)	YTD Actual	Budget	Variance in Dollars	% Variance
Revenues	463,809,688	463,846,649	36,961	100.0%
Expenditures	448,753,862	465,747,870	16,994,008	96.4%

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

Top Five Revenues	YTD Actual Receipts	Budget	Variance: Actual to Budget in Dollars	% Variance
Property Taxes	277,721,815	274,312,362	3,409,453	1%
Cash Contracts	126,182,384	125,650,169	532,215	0%
State Reimbursements	17,482,154	21,943,659	(4,461,505)	-20%
CRA Pass-through	14,029,513	15,267,155	(1,237,642)	-8%
Federal Reimbursements	9,776,568	8,598,746	1,177,822	14%
<b>Total</b>	<b>445,192,434</b>	<b>445,772,091</b>	<b>(579,657)</b>	<b>0%</b>

- **Property Taxes** – The variance in property taxes of \$3.4 million, or 1%, is a result of higher property tax revenue for FY 2019/20 than anticipated, primarily in the secured and unsecured property tax categories. The secured category exceeded budget by \$2.5 million and the unsecured category exceeded by \$625K.
- **State Reimbursements** – This revenue line includes grant revenues which are reimbursable, meaning revenues are recognized as allowable expenses are incurred. The variance is due to the CAL FIRE grant for Invasive Tree Pest Mitigation and Fuels Reduction of \$5.5 million and is designed to be a multi-year effort. The remaining expected revenue budget will be included in the Carryover of FY 2019/20 to FY 2020/21.
- **CRA Pass-through** – This variance is primarily due to CRA pass-through revenue for the County of Orange coming in lower than estimated. The CRA Pass-through revenue budget is calculated by OCFA's Property Tax Consultant and is based on estimated taxes collected by the County. A decrease in pass-through correlates to a decrease in overall revenue

collected by the County in the Redevelopment Areas for the year. Staff will continue to monitor this revenue source.

- **Federal Reimbursements** – The variance of \$1.2M in federal reimbursements is primarily a result of Disaster Relief reimbursements exceeding the budgeted amount. This includes \$718K in Assistance to Firefighters Grant (AFG-S) reimbursement for COVID-19 PPE received in late June. Most of these reimbursements were received after the estimate approved as part of the June budget adjustment. In addition, staff will be submitting a FEMA reimbursement request for approximately \$4.1M in COVID-19 related costs with funds anticipated to be received during FY2020/21.

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

Expenditures by Department	YTD Actual Expenditures	Budget	Variance: Actual to Budget in Dollars	% Variance
Business Services	27,657,749	28,095,105	(437,356)	-2%
Command & Emergency Planning	8,958,660	8,377,593	581,067	7%
Community Risk Reduction	10,460,329	11,664,231	(1,203,902)	-10%
EMS	5,536,471	5,725,455	(188,984)	-3%
Executive Management	7,598,441	8,543,270	(944,829)	-11%
Human Resources	9,824,247	11,182,412	(1,358,165)	-12%
Logistics	35,697,193	36,308,616	(611,423)	-2%
Operations	313,575,124	318,002,479	(4,427,355)	-1%
Special Operations	29,445,646	37,848,709	(8,403,063)	-22%
<b>Total</b>	<b>448,753,862</b>	<b>465,747,870</b>	<b>(16,994,008)</b>	<b>-4%</b>

- **Community Risk Reduction** – This department was under budget in Salaries and Benefits by approximately \$1.2M due to vacancies and the underfilling of positions.
- **Executive Management** – This department is below budget estimates due to the Operations Support Fire Captain vacancy and partial year vacancy savings related to the Deputy Fire Chief of Emergency Operations. In addition, Corporate Communications is included in the Executive Management Department and had three vacancies that included Fire Captain PIO, Community Education Supervisor and Community Education Specialist positions.
- **Human Resources** – This department is below budget estimates by approximately \$1.4M or 12%. This is primarily due to savings in the Professional & Specialized Services category.
- **Operations** – This department closed the year under budget by \$4.4 million, \$3.3M in Salaries and Benefits and \$1.1M in Services and Supplies and Equipment. Salary savings from vacant positions was offset by overtime expenses which exceeded budget in the Salary and Employee Benefits category.



- **Special Operations** – This division ended under budget by 22% or \$8.4 million, primarily due to multi-year grant projects. Unused grant funds are included in the Carryover request to FY 2020/21.

Expenditures by type are outlined below, with exception details following the table:

Expenditures by Type	YTD Actual Expenditures	Budget	Variance: Actual to Budget in Dollars	% Variance
Salary and Employee Benefits	394,606,090	400,620,875	(6,014,785)	-2%
Services and Supplies	51,872,910	61,328,056	(9,455,146)	-15%
Equipment	2,274,862	3,798,939	(1,524,077)	-40%
<b>Total</b>	<b>448,753,862</b>	<b>465,747,870</b>	<b>(16,994,008)</b>	<b>-4%</b>

- **Salary & Employee Benefits** – This category closed the year under budget by approximately \$6.0 million or 2%. This is primarily due to vacancies throughout the Authority. The Carryover request to fiscal year 2020/21 includes approximately \$915K in S&EB expenditures for grant projects.
- **Services and Supplies** – Actual expenditures finished approximately \$9.5 million or 15% under budget through preliminary close of the fiscal year. Significant grant projects and other funding requests of \$9.6 million of S&S expenditures are included in the Carryover request to fiscal year 2020/21.
- **Equipment** – This category is under budget by 40% or approximately \$1.5M. This is primarily due to grant funded equipment funds that were not expended during the course of the fiscal year. These grant funds will be used to be purchase equipment next fiscal year and will be included in the FY 2020/21 Carryover request.

## **CIP FUNDS**

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

### **General Fund CIP**

Fund 12110	YTD Actual	Budget	Percent
Expenditures	4,268,584	8,900,884	48.0%

- This Fund receives transfers from the General Fund as its revenue source.
- Appropriations of \$8.9 million include funding for routine maintenance and replacement of equipment such as tablets, PCs, laptops, printers, 800 MHz radios, VHF radios, MDC system, fire station telephone/alarm system upgrade, network servers, data storage, CPR auto continuous chest compression devices, high pressure airbags, fire shelters, thermal imaging cameras, fire station bathroom gender accommodation projects, FS 41 tarmac repairs and dormitory privacy, FS 51 painting and leak repairs, and FS 6 and 26 kitchen, flooring and/or bathroom remodels.

- Expenditures of approximately \$3.4 million are attributable to the CPR auto continuous chest compression devices, and various IT and Property Management projects. Approximately \$4.3 million in project funding is included in the Carryover request to FY 2019/20.

### **Fire Stations and Facilities**

Fund 123	YTD Actual	Budget	Percent
Revenue	1,024,707	935,515	109.5%
Expenditures	1,373,662	9,511,707	14.4%

- Revenues in this fund are attributable to interest earned through the fourth quarter and an unbudgeted developer contribution.
- Appropriations of \$9.5 million include funding for replacement of Fire Station 9, 10, and 12, RFOTC Training Grounds expansion and upgrade; FS 49 Apparatus bay floor reconstruction, infrastructure security enhancements, retrofit of existing fire station life and safety systems, US&R warehouse training center improvements, and FS 42 site stabilization.
- Expenditures of \$1.2 million through the fourth quarter are attributable to the RFOTC Training Grounds expansion and upgrade. Approximately \$6.0 million in project funding is included in the Carryover request to FY 2020/21. Funding for FS 9 (Mission Viejo) has been deferred while Property Management is focusing on FS 24.

### **Communications & Information Systems**

Fund 124	YTD Actual	Budget	Percent
Revenue	132,392	119,948	110.4%
Expenditures	1,254,749	4,463,508	28.1%

- Revenues in this fund are attributable to interest earned through the quarter.
- Appropriations of \$4.5 million include funding for: OCFA Enterprise Audio Video Equipment Upgrades, RFOTC Data Center Fire Suppression system, Disaster Recovery Co-Location facility, 800 MHz System Upgrade-OCFA base stations and ECC, Incident Reporting Application Replacement, IFP Replacement, and theHIVE cloud upgrade
- Expenditures through the fourth quarter occurred in all projects with the exception of theHIVE cloud upgrade. Approximately \$2.9 million of project funding is included in the Carryover request to FY 2020/21.

### **Fire Apparatus**

Fund 133	YTD Actual	Budget	Percent
Revenue	2,090,148	2,037,515	102.6%
Expenditures	14,192,807	17,698,655	80.2%

- Revenues in this fund are attributable to vehicle replacement program payments from cash contract cities, and interest earned through the fourth quarter.
- Expenditures in this fund include vehicle outfitting, air utility vehicle, 2 dozer tenders, 2 compact track loaders, a dozer and its tractor, foam tender, 3 full-size 4-door, 4 utility pickups, a superintendent vehicle, 13 Type I engines, a TDA 100' quint, 1 HazMat support vehicle, 6 cargo vans, 7 mid-size pickups, 2 vans, 4 general pickups, and 1 light service truck. Approximately \$2.4 million in project funding is included in the Carryover request to FY 2020/21.

## **SUMMARY**

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



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

**Budget and Finance Committee Meeting**  
**September 9, 2020**

**Agenda Item No. 2C**  
**Consent Calendar**

**Annual Investment Report**

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**Contact(s) for Further Information**

Robert Cortez, Assistant Chief,  
Business Services Department

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

714.573.6012

Patricia Jakubiak, Treasurer  
Treasury & Financial Planning

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

714.573.6301

**Summary**

This annual agenda item is submitted to the Budget and Finance Committee in compliance with Section 18.2 of the Orange County Fire Authority's Investment Policy.

**Prior Board/Committee Action**

Not Applicable.

**RECOMMENDED ACTION(S)**

In compliance with Section 18.2 of the Orange County Fire Authority's Investment Policy, review the proposed annual agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

Section 18.2 of OCFA's Investment Policy requires that the Treasurer submit an annual report to the Budget and Finance Committee and the Executive Committee following the close of the fiscal year. The attached report certifies that the Treasurer has complied with OCFA's investment policies and procedures and details the following:

- Portfolio performance and comparison to benchmarks
- A review of trends regarding the size of the portfolio
- Discussion of investment risk in the portfolio
- Analysis of the composition of the portfolio
- GASB 31 impacts
- Investment income
- A statement of anticipated investment fund activity in the next fiscal year

**Attachment(s)**

Annual Investment Report for Fiscal Year 2019/20



# ***Orange County Fire Authority Annual Investment Report***

## ***Fiscal Year 2019/20***

*The Annual Investment Report for the fiscal year ended June 30, 2020 fulfills the requirements of Section 18.2 of the Authority's Investment Policy ("the Policy"). The Annual Report is a review of the last twelve months of investment activity by the Treasurer.*



## ***Annual Investment Report***

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### PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARK

*OCFA's portfolio performance declined during the year and was significantly impacted by the coronavirus pandemic which shut down the U.S. economy.*

At the start of FY 2019/20, the U.S. economy was stable, but there were signs of a global slowdown as trade negotiations between the U.S. and China grew contentious. The Federal Reserve Board lowered the federal funds rate which is the overnight bank lending rate in September and October to 1.75%. The economy continued to slow, yet the job market remained very strong. The unemployment rate declined to 3.5% reaching a 50-year record low. By February, concerns about the spread of the coronavirus escalated. On March 3, in an emergency meeting, the Federal Reserve cut the federal funds rate by 50 basis points to 1.25% and on March 15, they cut another 100 basis points to 0.25%. The economic downturn in March was unlike any in recorded history. Economic activity came to a complete standstill due to the mandated shutdown. Employment conditions deteriorated quickly and collapsed in April. The unemployment rate surged to 14.7%. The unprecedented flight-to-safety into Treasuries caused their yields to plummet, pushing those with the shortest maturities below zero at times. OCFA's portfolio began the fiscal year with a maturity of 40 days and an effective rate of return of 2.26%. As a result of the Fed's actions on interest rates during the fiscal year, OCFA's portfolio return continued to decline in tandem and ended the year at 0.59% on a portfolio balance of \$187.5 million. Portfolio earnings were below the final budget projection for the fiscal year due to the sharp and sudden decline in interest rates.

<i>OCFA Portfolio</i>				<i>Benchmark Comparisons</i>			
	<i>Market Value</i>	<i>Days to Maturity</i>	<i>Effective Yield</i>	<i>3 Month Treasury</i>	<i>6 Month Treasury</i>	<i>1 Year Treasury</i>	<i>LAIF</i>
<i>July</i>	\$161,787,962	40	2.26%	2.15%	2.08%	1.96%	2.38%
<i>August</i>	146,709,174	27	2.25%	1.99%	1.93%	1.77%	2.34%
<i>September</i>	142,461,470	24	2.28%	1.93%	1.89%	1.80%	2.28%
<i>October</i>	123,446,525	18	2.08%	1.68%	1.67%	1.61%	2.19%
<i>November</i>	133,967,360	20	2.01%	1.57%	1.59%	1.57%	2.10%
<i>December</i>	206,205,550	30	1.77%	1.57%	1.58%	1.55%	2.04%
<i>January</i>	160,111,527	20	1.71%	1.55%	1.56%	1.53%	1.97%
<i>February</i>	137,309,170	16	1.74%	1.54%	1.51%	1.41%	1.91%
<i>March</i>	152,023,274	16	1.61%	0.30%	0.30%	0.33%	1.79%
<i>April</i>	217,674,581	45	1.05%	0.14%	0.17%	0.18%	1.65%
<i>May</i>	198,715,085	42	0.68%	0.13%	0.15%	0.16%	1.36%
<i>June</i>	187,514,436	38	0.59%	0.16%	0.18%	0.18%	1.22%
<i>Fiscal Year</i>	<i>\$163,993,843</i>	<i>28</i>	<i>1.67%</i>	<i>1.23%</i>	<i>1.22%</i>	<i>1.17%</i>	<i>1.94%</i>

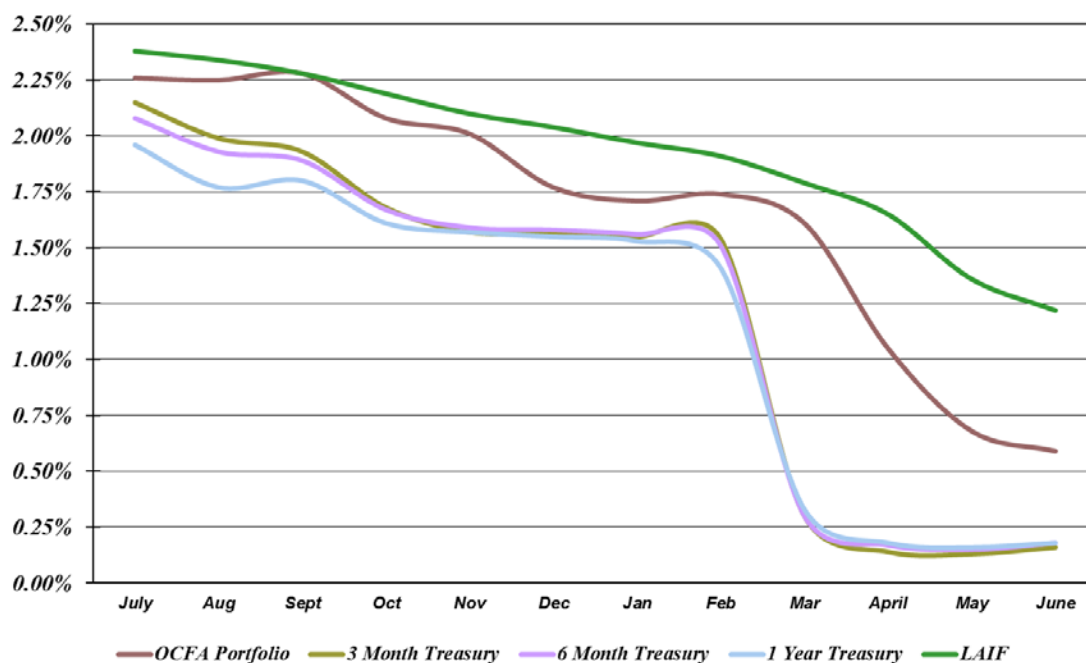


### PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARKS

The following chart compares the Authority's monthly portfolio performance with benchmarks including 3-month, 6-month, and 1-year Treasuries and the Local Agency Investment Fund (LAIF). With the portfolio's average maturity of less than 1 month, OCFA's overall portfolio yield outperformed all Treasury benchmarks, yet lagged LAIF's performance slightly during FY 2019/20.

- During FY 2019/20, Treasury yields declined in the first half of the fiscal year due to the two rate cuts enacted by the Fed in September and October 2019. The decline accelerated in the second half of the fiscal year as the Fed cut interest rates two more times in response to the coronavirus pandemic.
- In a rising/declining interest rate environment, LAIF's return tends to lag the market in rising/declining due to their maturity structure. As such, LAIF's return gradually declined throughout the fiscal year as interest rates were lowered by the Fed.
- In FY 2019/20, OCFA kept investments primarily in Treasuries, Federal Agency securities and LAIF. However, OCFA remains somewhat restrained due to the timing of cash flow needs. Since interest rates are expected to remain near zero in the coming months, OCFA's portfolio rate of return may also decline accordingly.

*Comparison to Benchmarks - FY 2019/20*



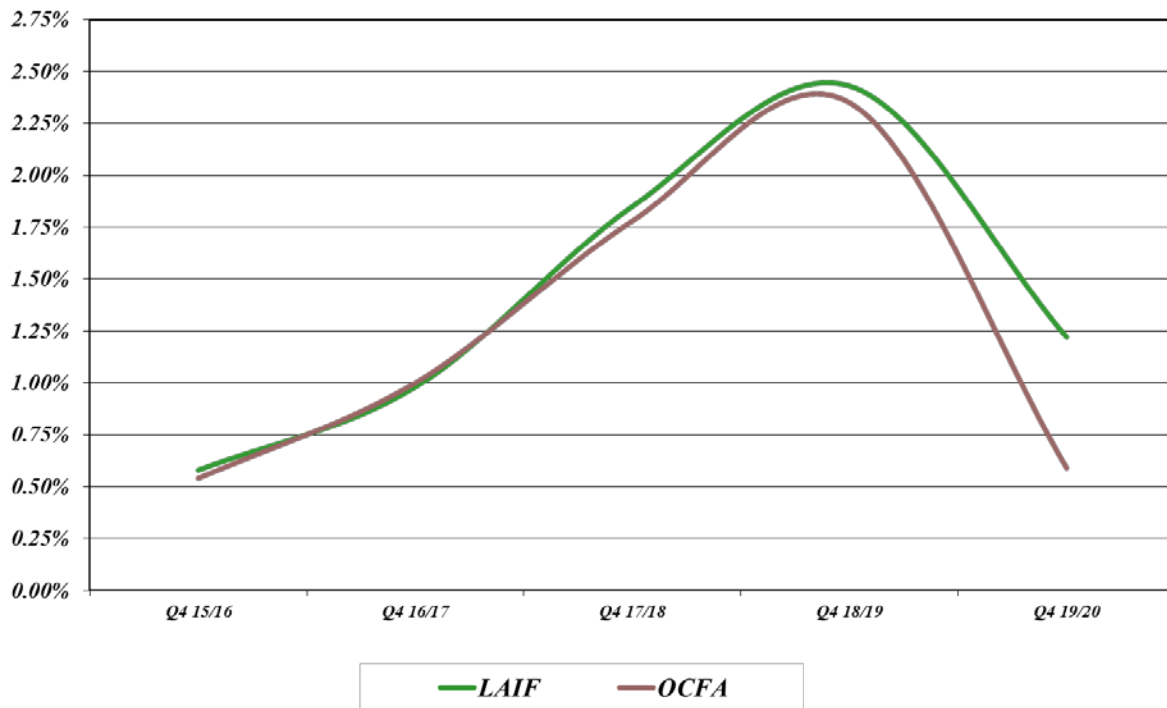




### PORTFOLIO PERFORMANCE AND COMPARISON TO BENCHMARKS

The following chart provides a 5-year history of the Authority's portfolio yield from FY 2015/16 through FY 2019/20 compared to a 5-year history of LAIF's yield. As demonstrated with this historical view, OCFA's portfolio yield performs very similarly to LAIF.

*OCFA & LAIF Portfolio Yields - 5 Year History*





***REVIEW OF TRENDS REGARDING THE SIZE OF  
THE PORTFOLIO***

***Portfolio balances during FY 2019/20 were similar to FY 2018/19.***

The size of the OCFA's portfolio fluctuates over the course of a fiscal year due to timing differences between cash receipts and disbursements. OCFA's largest cash receipts are from secured property taxes received in December and April and from cash contract payments received quarterly, except for the Cities of Santa Ana and Garden Grove which pay monthly. Cash disbursements occur more evenly with biweekly payroll expenditures representing the largest component. These timing differences cause the General Fund to experience temporary cash shortages from July through mid-December.

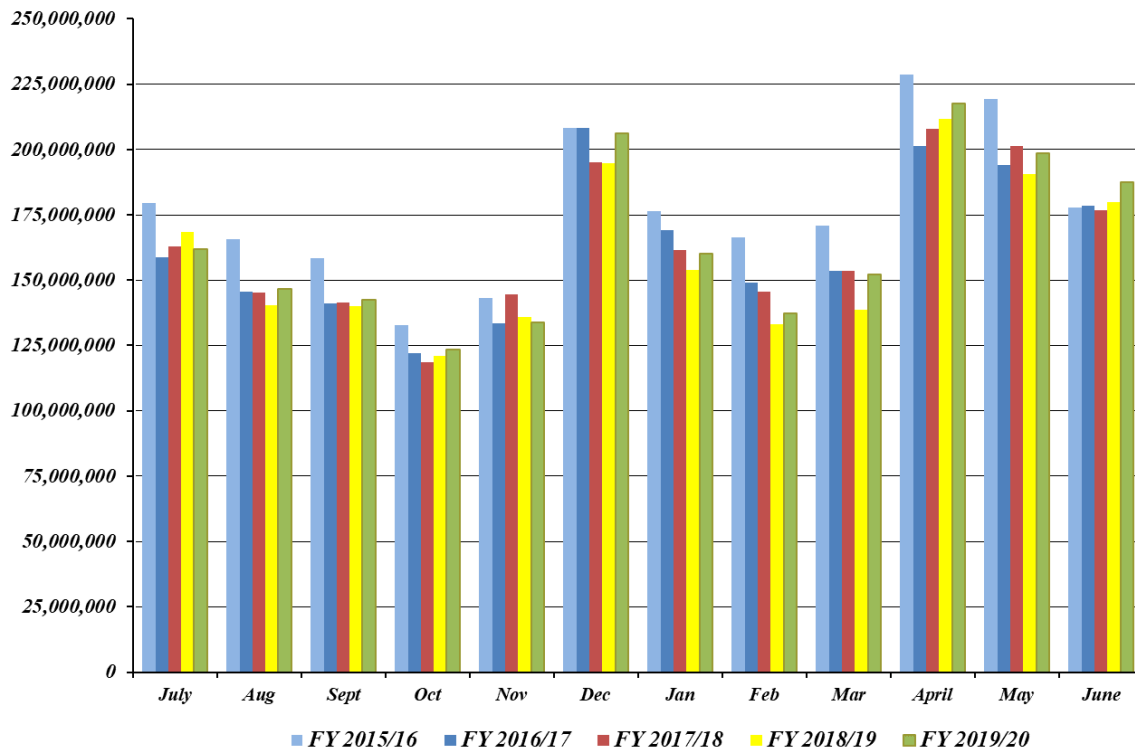
To resolve the temporary cash shortages in the General Fund, OCFA has issued Tax and Revenue Anticipation Notes (TRANs) on an as-needed basis. In FY 2015/16, in order to fund its General Fund's expected cash flow timing deficit, OCFA issued a \$36.3 million TRAN which contributed to a higher portfolio balance in that fiscal year. OCFA's TRANs are typically issued in July and repaid annually in June at the end of the fiscal year; therefore, the ending portfolio balance at June 30<sup>th</sup> excludes TRANs proceeds. Since FY 2016/17, OCFA has not needed to issue TRANs as it was able to meet its temporary cash flow timing shortages through use of a General Fund cash flow reserve, combined with interfund borrowing; thus, the cash flow balances during the fiscal year for those years (without TRANs proceeds) were lower than FY 2015/16. In the past, OCFA has also used lease purchase financing to fund certain capital expenditures including helicopters, vehicles, communication equipment, and information systems.



### REVIEW OF TRENDS REGARDING THE SIZE OF THE PORTFOLIO

The following chart provides a 5-year history of the size of the OCFA's portfolio. During the last five fiscal years, portfolio balances have been rising gradually due to higher revenues, steady increase in the General Fund cash flow reserve and the Worker's Compensation Fund reserve. In addition, due to the projected seasonal/short-term cash flow needs, the OCFA issued a TRAN in FY 2015/16, which contributed to the higher portfolio balance during that fiscal year. It should be noted, however, that the balances shown below represent total portfolio balance as opposed to fund balance available. Portfolio balance is always higher than fund balance because the portfolio includes cash and investments that are already committed to various contracts and purchase orders or that are reserved for future obligations.

*Size of the Portfolio - 5 Year Historical Trend*





## ***INVESTMENT RISK IN THE PORTFOLIO***

***Although all investments contain an element of risk, OCFA's Investment Policy, procedures, and investment strategies are designed to limit exposure to risk. The different types of risk are discussed below, as they pertain to the portfolio.***

### **Credit (Default) Risk**

Credit risk is defined as the risk to an investor that an issuer will default in the payment of interest and/or principal on a security. OCFA's investment policies and practices limit credit risk by:

- Limiting investments to the safest types of securities and highest quality issuers.
- Specifically excluding investments in equities, corporate bonds, derivatives, reverse repurchase agreements and financial futures or options.
- Avoiding investment in issuers placed on negative credit watch or with current events that involve negative financial implications.
- Pre-qualifying financial institutions and broker/dealers for competitive bidding of individual investment transactions.
- Diversifying investments so that potential losses on individual securities will be minimized.
- Reviewing monthly reports from the State Treasurer's Office regarding LAIF's performance.
- Requiring collateralization of demand deposits and certificates of deposit. MUFG Union Bank, as OCFA's bank, complies with all collateralization requirements for demand deposits.
- Safekeeping investments by separate agreement with MUFG Union Bank's Trust Department.



## ***INVESTMENT RISK IN THE PORTFOLIO***

### **Market Risk**

Market risk is defined as the risk that the value of a security may fall as a result of changes in the financial markets, such as increases in interest rates. In periods of rising interest rates, the market value of a security can fall below the amount of principal invested. If an investor sells the security before maturity, part of the principal will be lost. OCFA reduces market risk by matching investment maturities with cash flow needs to minimize investments that may need to be sold prematurely.

### **Interest Rate Risk**

Interest rate risk is defined as the risk that an investor will under-perform the market, as a result of holding an investment with a lower yield than the current market rate. For example, if an investor holds a one-year certificate of deposit earning 2%, and interest rates rise to 4%, the investor would incur an opportunity cost of 2%. Investors can avoid interest rate risk by keeping maturities fairly short if interest rates are expected to rise.

***OCFA's portfolio reflected an average maturity under one year throughout FY 2019/20 due to projected cash flow needs and the continued decline in interest rates.***

### **Liquidity Risk**

Liquidity risk involves the ability to sell an investment before maturity. Some short-term investments are fairly illiquid. For example, a non-negotiable certificate of deposit is an illiquid asset that carries an interest penalty for early redemption. OCFA minimizes liquidity risk by maintaining a significant portion of its portfolio in very liquid instruments, such as LAIF where funds are immediately available, or Treasury and Agency securities, which have active secondary markets.



## **COMPOSITION OF THE PORTFOLIO**

### **Authorized Investments**

Section 10 of OCFA's Investment Policy lists the types of securities allowable for investment. Subject to stipulated restrictions, these include Treasury and Federal Agency securities, collateralized or insured passbook savings accounts and demand deposits, collateralized or insured certificates of deposit, bankers' acceptances, money market funds of short-term treasury securities, repurchase agreements, LAIF, and commercial paper (rated A1/P1/F1) by the credit rating agencies Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings, respectively.

***OCFA's portfolio only included those investments authorized in  
Section 10 of the Policy in FY 2019/20.***

### **Portfolio Diversification**

Section 15.1 of the Policy sets parameters for portfolio diversification. OCFA's portfolio shall not be invested in a single security type or in a single financial institution/pool in excess of 15% of the total investment portfolio, with the exception of the following:

➤ US Treasury Securities	100%
➤ Local Agency Investment Fund	75%
➤ Federal Agency Securities	75%
➤ Bankers' Acceptances	25%
➤ Negotiable CD's	25%



### COMPOSITION OF THE PORTFOLIO

#### Portfolio Diversification

	<i>US Treasury Securities</i>	<i>LAIF</i>	<i>Federal Agencies</i>	<i>Commercial Paper</i>	<i>Money Market Mutual Funds</i>	<i>Total Portfolio</i>
<b>Maximum</b>	100%	75%	75%	15%	15%	100%
<b>FY Average</b>	9.00%	44.62%	39.64%	0.00%	6.74%	100%
<b>July</b>	17.97%	40.48%	39.14%	0.00%	2.41%	100%
<b>August</b>	19.73%	42.32%	30.66%	0.00%	7.30%	100%
<b>September</b>	21.24%	46.22%	25.57%	0.00%	6.97%	100%
<b>October</b>	24.34%	50.43%	12.16%	0.00%	13.07%	100%
<b>November</b>	7.46%	48.62%	38.09%	0.00%	5.83%	100%
<b>December</b>	7.30%	31.67%	53.61%	0.00%	7.43%	100%
<b>January</b>	6.31%	47.41%	36.10%	0.00%	10.18%	100%
<b>February</b>	3.65%	54.70%	36.42%	0.00%	5.24%	100%
<b>March</b>	0.00%	50.13%	40.51%	0.00%	9.36%	100%
<b>April</b>	0.00%	34.39%	52.57%	0.00%	13.04%	100%
<b>May</b>	0.00%	43.10%	56.90%	0.00%	0.00%	100%
<b>June</b>	0.00%	46.01%	53.99%	0.00%	0.00%	100%



## ***COMPOSITION OF THE PORTFOLIO***

### **Maturity Diversification**

In order to ensure sufficient liquidity and reduce market risk, Section 15.3 of the Policy requires that “at least 50% of the portfolio is limited to a period of one year or less,” and “unless matched to a specific requirement and approved by the Executive Committee and the Board of Directors, no portion of the portfolio may exceed five years.”

***OCFA’s portfolio complied with maturity diversification requirements as stated in Section 15.3 of the Policy throughout FY 2019/20.***

### **Market Value**

Section 18.1.7 of OCFA’s Investment Policy requires monthly reporting of the current market value of the securities in the portfolio. The Treasurer reports current market values of the portfolio in both the Portfolio Summary and the Portfolio Detail sections of the Monthly Investment Report. Market values are provided monthly by MUFG Union Bank and quarterly by the State Treasurer’s Office for the LAIF investment.





## ***GASB 31 IMPACTS***

### **What is GASB 31?**

The Governmental Accounting Standards Board's Statement 31, titled "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," establishes rules for reporting investment valuation. The Statement generally requires governmental entities to report investments at fair value in the financial statements and to reflect the related unrealized gains and losses as a component of investment income. Different rules apply to an *internal investment pool* (consisting *only* of the governmental entity's own funds) versus an *external investment pool* (consisting of combined funds from other legally separate entities, such as a state or county investment pool).

### **How Does GASB 31 Impact OCFA's Portfolio?**

At June 30, 2020, all of the Authority's investments were reported at fair value in compliance with GASB 31 guidelines. The fair value reporting of OCFA's investments resulted in a net increase of \$362,803.09 to book value. **This fair value adjustment is for financial statement reporting only.**

Under GASB 31 guidelines, investment income is similarly increased/decreased for financial statement purposes. Investment income is impacted by the change in fair value of the investments from the beginning to the end of the reporting period. OCFA previously recognized and reported an increase/gain to investment valuation at June 2019 of \$141,814.96; therefore, a net gain/increase of \$220,988.09 was recognized and recorded to investment earnings as of June 30, 2020 to reflect the net gain change of \$362,803.09 in fair value of the investments at the end of the fiscal year.

<i>GASB 31 Adjustment to Books – Beginning of year/gain</i>	<i>\$ 141,814.96</i>
<i>Net Change/Increase to Investment Earnings</i>	<i>\$ 220,988.13</i>
<i>GASB 31 Adjustment to Books – End of year/gain</i>	<i>\$ 362,803.09</i>



### ***INVESTMENT INCOME***

Portfolio investment income in FY 2019/20 amounted to \$2,589,244.54 (pre-GASB 31 adjustment) compared to \$3,481,595 in FY 2018/19. The decrease in investment income was primarily due to lower investment yield compared to FY 2018/19. The effective yield for the portfolio was 1.67% in FY 2019/20 compared to 2.14% in FY 2018/19. This decrease in the overall effective yield from the prior year was consistent with the overall bond market performance.

### ***ANTICIPATED INVESTMENT ACTIVITY IN THE NEXT FISCAL YEAR***

Cash forecasts for FY 2020/21 are based primarily on the FY 2020/21 Adopted Budget. OCFA's Adopted Budget reflects revenues which are in balance with expenditures for the year, and the Budget will enable OCFA to sustain its reserves at the Board-mandated policy level. It is anticipated that the CIP Reserves will continue to be spent down this year on planned projects. The portfolio's balance is expected to decrease during the first half of the FY 2020/21 and fluctuate throughout the fiscal year when property taxes are received, but would level off at the end of the fiscal year.

In addition, based on the Fed's latest assessment of the economy, it plans on keeping interest rates near zero until at least 2022 and possibly longer. This will likely result in a decrease in investment income over the prior year.



***TREASURER’S CERTIFICATION***

*“As Treasurer of the Orange County Fire Authority, I certify that I have complied with the annual Investment Policies adopted by the Board of Directors and effective January 1, 2019 and January 1, 2020.”*

\_\_\_\_\_  
*Patricia Jakubiak*  
*Treasurer*

\_\_\_\_\_  
*Date*



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

**Budget and Finance Committee Meeting**  
**September 9, 2020**

**Agenda Item No. 2D**  
**Consent Calendar**

**Carryover of FY 2019/20 Uncompleted Projects**

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**Contact(s) for Further Information**

Robert Cortez, Assistant Chief Business Services Department	<a href="mailto:robertcortez@ocfa.org">robertcortez@ocfa.org</a>	714.573.6012
Tricia Jakubiak, Treasurer	<a href="mailto:triciajakubiak@ocfa.org">triciajakubiak@ocfa.org</a>	714.573.6301
Stuart Lam, Budget Manager	<a href="mailto:stuartlam@ocfa.org">stuartlam@ocfa.org</a>	714.573.6302

**Summary**

This agenda item is a routine annual request for approval to carryover funding for various projects, grants, and unexpended funds that were not used in FY 2019/20 and require funding in FY 2020/21.

**Prior Board/Committee Action**

Not Applicable.

**RECOMMENDED ACTION(S)**

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Board of Directors authorize the following proposed budget adjustments:

1. Approve a budget adjustment in the FY 2020/21 General Fund (121) increasing revenues by \$7,853,974 and expenditures by \$10,468,027.
2. Approve a budget adjustment in the FY 2020/21 General Fund CIP (12110) increasing expenditures by \$4,251,843.
3. Approve a budget adjustment in the FY 2020/21 Fire Stations and Facilities Fund (123) increasing expenditures by \$6,021,771.
4. Approve a budget adjustment in the FY 2020/21 Communications and Information Systems Fund (124) increasing expenditures by \$2,948,389.
5. Approve a budget adjustment in the FY 2020/21 Fire Apparatus Fund (133) increasing expenditures by \$2,409,530.
6. Approve a budget adjustment in the FY 2020/21 Settlement Agreement Fund (139) increasing expenditures by \$1,500,000.
7. Approve a budget adjustment in the FY 2020/21 Structural Fire Entitlement Fund (171) increasing expenditures by \$1,226,020.

**Impact to Cities/County**

The proposed adjustments to the FY 2020/21 budget will have no impact to cash contract city charges.

### **Fiscal Impact**

Approval of the requested adjustments will accommodate a change in timing of revenues and appropriations, from FY 2019/20 to FY 2020/21, in the funds listed as per the recommended actions.

### **Background**

The annual carryover request includes projects in the General, Capital Improvement Program and other funds, as summarized in the table below. Due to the complexity, size, timing and resources available to complete projects, as well as changes in priorities, not all projects were completed within the fiscal year. Therefore, staff is recommending to carry over the appropriations for such projects so that they may continue and be completed within fiscal year 2020/21. Carryover requests reflect simply a timing change of planned expenditures.

<b>Fund</b>	<b>Revenues</b>	<b>Expenditures</b>
General Fund (121)	\$7,853,974	\$10,468,027
GF Capital Improvement Program (12110)	-	\$4,251,843
Fire Stations & Facilities (123)	-	\$6,021,771
Comm. & Info Systems (124)	-	\$2,948,389
Vehicle Replacement (133)	-	\$2,409,530
Settlement Agreement (139)	-	\$1,500,000
SFF Entitlement Fund (171)	-	\$1,226,020

Staff recommends the approval of the recommended actions.

### **Attachment(s)**

Carryover FY 2019/20 to FY 2020/21

**ORANGE COUNTY FIRE AUTHORITY**  
**Carryover FY 2019/20 to FY 2020/21**

ATTACHMENT 1

<b>Fund#</b>	<b>Description</b>	<b>Carryover Revenue</b>	<b>Carryover Expenditure</b>	<b>Budget by Category</b>	<b>Appropriate Fund Balance</b>
<b>Fund 121 - General Fund</b>					
	<b>Restricted</b>				
121	US&R Grant (2018 & 2019)	\$759,528	\$759,528		\$0
121	SAFER Grant	844,852			(844,852)
121	AFG Fire Ground Survival Training Grant	866,760	866,760		0
121	CalFire Tree Pest Mitigation Grant	5,152,079	5,152,079		0
121	CalFire Fire Prevention Grant (cameras)	30,952	30,952		0
121	CalFire Augmentation/GGRF (revenues received prior years)		1,715,690		1,715,690
121	CALJAC	199,803	199,803		0
121	Maruchan Donation		380,398		380,398
			<b>Restricted</b>	<b>9,105,210</b>	
	<b>Training</b>				
121	Mission Driven Culture Training		396,350		396,350
121	L-Series Gettysburg Training		83,507		83,507
121	Special Operations - Air Ops Training		160,000		160,000
121	Clerk of the Authority-Virtual Training		3,000		3,000
121	Academy 51 Performance Coaching and Physician Oversight		86,833		86,833
121	Outreach & Recruitment Volunteer Training		75,000		75,000
			<b>Training</b>	<b>804,690</b>	
	<b>Other Services &amp; Supplies</b>				
121	Special Operations - Aircraft Maintenance		384,000		384,000
121	Incident Management Team Logistical Support		51,868		51,868
121	Badge Purchases		37,259		37,259
121	Marketing/Advertising re: FF Trainee Recruitment		60,000		60,000
121	Drowning Prevention Program		25,000		25,000
			<b>Other Services &amp; Supplies</b>	<b>558,127</b>	
<b>Total: Fund 121</b>		<b>7,853,974</b>	<b>10,468,027</b>	<b>10,468,027</b>	<b>2,614,053</b>
<b>Fund 12110 - General Fund CIP</b>					
	<b>Equipment</b>				
12110	Network, Servers, Security (P337)		334,673		334,673
12110	PCs, Laptops, Tablets, Printers (P331)		63,483		63,483
12110	Thermal Imaging Cameras (P411)		1,100,000		1,100,000
12110	Mobile Data computer system upgrade (P303)		130,567		130,567
12110	800 MHz Radios (P332)		137,106		137,106
12110	High Pressure Airbags (P410)		170,000		170,000
			<b>Equipment</b>	<b>1,935,829</b>	
	<b>Fire Station Improvements</b>				
12110	Enterprise Phone/Public Address System Upgrade (P408)		1,157,232		1,157,232
12110	Station Bathroom Gender Accommodation (P413)		233,750		233,750
12110	FS#26 Kitchen, Flooring and Bathroom Remodel (P414)		243,492		243,492
12110	Dormitory Privacy - FS#53 (P416)		77,000		77,000
12110	Dormitory Repairs - FS#41 (P417)		265,000		265,000
12110	Bathroom Modification - FS#13 (P418)		227,165		227,165
12110	Kitchen Remodel - FS#6 (P420)		77,273		77,273
12110	FS#32 New Security Fencing, Automatic Gate (P425)		35,102		35,102
			<b>Fire Station Improvements</b>	<b>2,316,014</b>	
<b>Total: Fund 12110</b>		<b>-</b>	<b>4,251,843</b>	<b>4,251,843</b>	<b>4,251,843</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Carryover FY 2019/20 to FY 2020/21**

ATTACHMENT 1

<b>Fund#</b>	<b>Description</b>	<b>Carryover Revenue</b>	<b>Carryover Expenditure</b>	<b>Budget by Category</b>	<b>Appropriate Fund Balance</b>
<b>Fund 123 - Fire Stations and Facilities</b>					
	<b>Fire Station Improvements</b>				0
123	Replacement of Fire Station 10 Yorba Linda) (P503)		1,712,231		1,712,231
123	Fire Station 49 Apparatus Bay Floor Reconstruction (P253)		1,032,570		1,032,570
123	Retrofit existing Station Fire Life Safety Systems (P258)		270,000		270,000
123	Construction of new FS#12 (Laguna Woods) (P553)		500,000		500,000
	<b>Fire Station Improvements</b>			<b>3,514,801</b>	
	<b>Other Facility Improvements</b>				
123	RFOTC Training Grounds Expansion and Upgrade (P251)		1,598,739		1,598,739
123	Infrastructure Security Enhancements (P247)		641,062		641,062
123	US&R Warehouse Training Center Improvements (P246)		267,169		267,169
	<b>Other Facility Improvements</b>			<b>2,506,970</b>	
<b>Total: Fund 123</b>		-	<b>6,021,771</b>	<b>6,021,771</b>	<b>6,021,771</b>
<b>Fund 124 - Communications &amp; Information Systems</b>					
	<b>Communications &amp; Equipment</b>				
124	OCFA Enterprise Audio Video Equipment Upgrades (P350)		278,720		278,720
	<b>Communications &amp; Equipment</b>			<b>278,720</b>	
	<b>Applications and Systems Upgrade</b>				
124	RFOTC Data Ctr Fire Suppression Sys Upgrade (P348)		967,262		967,262
124	Incident Reporting Application Replacement (P325)		142,881		142,881
124	CRR Automation-IFP Replacement (P326)		760,448		760,448
124	TheHive Cloud Upgrade (P351)		100,000		100,000
124	EMS Immunization Tracking (P352)		82,515		82,515
	<b>Applications and Systems Upgrade</b>			<b>2,053,106</b>	
	<b>Business Continuity</b>				
124	OCFA Disaster Recovery Co-Location Facility (P349)		616,563		616,563
	<b>Business Continuity</b>			<b>616,563</b>	
<b>Total: Fund 124</b>		-	<b>2,948,389</b>	<b>2,948,389</b>	<b>2,948,389</b>
<b>Fund 133 - Vehicle Replacement Fund</b>					
133	Haz Mat Support Vehicle		1,042,973		1,042,973
133	Heavy Rescue		835,000		835,000
133	US&R Support Vehicle		208,524		208,524
133	Paramedic Squad		273,033		273,033
133	Trailer - IT/IMT		50,000		50,000
<b>Total: Fund 133</b>		-	<b>2,409,530</b>	<b>2,409,530</b>	<b>2,409,530</b>
<b>Fund 139 - Settlement Agreement Fund</b>					
139	Joint Training Facility Design Allocation		1,000,000		1,000,000
139	Bidirectional Amplifiers		500,000		500,000
<b>Total: Fund 139</b>		-	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Fund 171 - Structural Fire Fund Entitlement Fund</b>					
171	Balance of remaining SFF funds		1,226,020		1,226,020
<b>Total: Fund 171</b>		-	<b>1,226,020</b>	<b>1,226,020</b>	<b>1,226,020</b>



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

**Budget and Finance Committee Meeting**  
**September 9, 2020**

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

**Monthly Investment Reports**

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**Contact(s) for Further Information**

Robert Cortez, Assistant Chief  
Business Services Department

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714.573.6012

Tricia Jakubiak, Treasurer  
Treasury & Financial Planning

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

714.573.6301

**Summary**

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

**Prior Board/Committee Action**

Not Applicable.

**RECOMMENDED ACTION(S)**

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

**Impact to Cities/County**

Not Applicable.

**Fiscal Impact**

Not Applicable.

**Background**

Since the Committee did not meet in August, attached are the final monthly investment reports for the months ending June 30 and July 31, 2020. A preliminary investment report as of August 21, 2020, is also provided as the most complete report that was available at the time this agenda item was prepared.

**Attachment(s)**

Final Investment Report – June 2020 and Preliminary Report – July 2020

Final Investment Report – July 2020 and Preliminary Report – August 2020





# ORANGE COUNTY FIRE AUTHORITY

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

Brian Fennessy, Fire Chief

(714) 573-6000

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

July 31, 2020

TO: Budget and Finance Committee  
Orange County Fire Authority

FROM: Patricia Jakubiak, Treasurer *PJ*

SUBJECT: **Investment Report**

Due to the cancellation of the August 12, 2020 Budget and Finance Committee meeting, I am sending the monthly investment report for your review. The report includes the following:

- Final Investment Report for June 2020
- Preliminary Investment Report for July 2020

Since the August meeting of the Executive Committee has also been cancelled, this report will be forwarded to the September 9, 2020 meeting of the Budget and Finance Committee for action to be taken. If you have any questions, please call me at (714) 573-6301.

Enclosure

# *Orange County Fire Authority Monthly Investment Report*



*Final Report – June 2020*

*Preliminary Report – July 2020*



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

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# *Orange County Fire Authority*

## *Final Investment Report*

*June 30, 2020*



## **EXECUTIVE SUMMARY**

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

During the month of June 2020, the size of the portfolio decreased by \$11.2 million to \$187.5 million. Significant receipts for the month totaled \$19.5 million and included \$2.4 million from various apportionments of property taxes, \$14.8 million from seven cash contract payments, and \$2.3 million from intergovernmental contract and grant payments and other charges for current services. Significant disbursements for the month included primarily two biweekly payrolls which were approximately \$13.0 million each with related benefits. Total June cash outflows amounted to approximately \$32.4 million. The portfolio's balance is expected to decrease in July as there are no major receipts scheduled for the month.

In June, the portfolio's yield to maturity (365-day equivalent) declined by 9 basis points to 0.63%. The effective rate of return decreased by 9 basis points to .59% for the month, and decreased by 13 basis points to 1.63% for the fiscal year to date. The average maturity of the portfolio shortened by 4 days to 38 days to maturity.

### ***Economic News***

The U.S. economy showed notable improvement in June. The labor market surprisingly added 4.8 million jobs, and the unemployment rate fell for the second straight month from 13.3% to 11.1%. Retail sales jumped 7.5%, and consumer confidence measures rose as states continued to ease coronavirus restrictions but remain well below pre-pandemic levels. Both manufacturing and non-manufacturing sectors rebounded as major parts of the country opened back up ending three months of contraction caused by the coronavirus. Industrial production - the combined output of factories, utilities, and mines - rose 5.4% from a month earlier. The gain was driven by an increase in manufacturing and motor vehicle output. The CPI (Consumer Price Index) rose 0.6% in June as states were broadening efforts to reopen. Demand picked up, and businesses had the ability to raise prices. Housing numbers surged in June. Existing homes sales rebounded 20.7% from pandemic fueled lows, and new home sales rose 13.8%. On June 10, 2020, the Federal Open Market Committee voted to keep the federal funds rate unchanged at the target range of 0.0% - 0.25%.



**BENCHMARK COMPARISON AS OF JUNE 30, 2020**

3 Month T-Bill: 0.16%

1 Year T-Bill: 0.18%

6 Month T-Bill: 0.18%

LAIF: 1.22%

OCFA Portfolio: 0.59%

**PORTFOLIO SIZE, YIELD, & DURATION**

	<u><i>Current Month</i></u>	<u><i>Prior Month</i></u>	<u><i>Prior Year</i></u>
<i>Book Value-</i>	\$187,514,436	\$198,715,085	\$179,881,999
<i>Yield to Maturity (365 day)</i>	0.63%	0.72%	2.31%
<i>Effective Rate of Return</i>	0.59%	0.68%	2.35%
<i>Days to Maturity</i>	38	42	50



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Summary**  
**June 30, 2020**

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

(See Note 1 on page 9)

(See Note 2 on page 9)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Call / Maturity	YTM / Call 360 Equiv.	YTM / Call 365 Equiv.
Federal Agency Coupon Securities	16,000,000.00	16,016,920.00	16,017,286.54	9.83	1,163	45	0.197	0.200
Federal Agency Disc. -Amortizing	72,000,000.00	71,977,200.00	71,982,490.00	44.16	127	75	0.115	0.117
Local Agency Investment Funds	75,000,000.00	75,368,459.63	75,000,000.00	46.01	1	1	1.200	1.217
<b>Investments</b>	<b>163,000,000.00</b>	<b>163,362,579.63</b>	<b>162,999,776.54</b>	<b>100.00%</b>	<b>171</b>	<b>38</b>	<b>0.622</b>	<b>0.631</b>
<b>Cash and Accrued Interest</b>								
Passbook/Checking (not included in yield calculations)	24,096,723.30	24,096,723.30	24,096,723.30		1	1	0.000	0.000
Accrued Interest at Purchase		55,133.33	55,133.33					
Subtotal		24,151,856.63	24,151,856.63					
<b>Total Cash and Investments</b>	<b>187,096,723.30</b>	<b>187,514,436.26</b>	<b>187,151,633.17</b>		<b>171</b>	<b>38</b>	<b>0.622</b>	<b>0.631</b>

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	92,758.71	2,589,244.54	2,589,244.54
Average Daily Balance	190,431,907.50	158,156,223.83	
Effective Rate of Return	0.59%	1.63%	

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2020. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

Patricia Jakubiak, Treasurer

7/3/20

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

Book Value of Cash & Investments before GASB 31 (Above)	\$ 187,151,633.17
GASB 31 Adjustment to Books (See Note 3 on page 9)	\$ 362,803.09
Total	\$ 187,514,436.26

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**June 30, 2020**

(See Note 1 on page 9)

(See Note 2 on page 9)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Call / Maturity	Maturity Date
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	Federated Treasury Obligations			0.00	0.00	0.00	0.010	0.010	1	
<b>Subtotal and Average</b>			<b>27,553,696.80</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0</b>	
<b>Federal Agency Coupon Securities</b>											
3135G0X65	1004	Fed Natl Mortg Assoc (Callable on 7/24/20)		04/23/2020	12,000,000.00	12,012,960.00	12,013,177.79	1.850	0.130	23	07/24/2023
3135G03D3	1005	Fed Natl Mortg Assoc (Callable on 10/20/20)		04/23/2020	4,000,000.00	4,003,960.00	4,004,108.75	0.750	0.410	111	04/20/2023
<b>Subtotal and Average</b>			<b>17,492,890.70</b>		<b>16,000,000.00</b>	<b>16,016,920.00</b>	<b>16,017,286.54</b>		<b>0.200</b>	<b>45</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313396J20	1000	Freddie Mac		04/23/2020	12,000,000.00	11,995,320.00	11,996,590.00	0.110	0.113	93	10/02/2020
313396G49	1001	Freddie Mac		04/23/2020	12,000,000.00	11,996,280.00	11,997,103.33	0.110	0.113	79	09/18/2020
313396E66	1002	Freddie Mac		04/23/2020	12,000,000.00	11,997,000.00	11,997,616.67	0.110	0.113	65	09/04/2020
313396C84	1003	Freddie Mac		04/23/2020	12,000,000.00	11,997,480.00	11,998,130.00	0.110	0.113	51	08/21/2020
313396A37	1007	Freddie Mac		05/28/2020	12,000,000.00	11,998,800.00	11,998,900.00	0.110	0.113	30	07/31/2020
313384P45	1008	Fed Home Loan Bank		06/30/2020	12,000,000.00	11,992,320.00	11,994,150.00	0.130	0.134	135	11/13/2020
<b>Subtotal and Average</b>			<b>70,385,320.00</b>		<b>72,000,000.00</b>	<b>71,977,200.00</b>	<b>71,982,490.00</b>		<b>0.117</b>	<b>75</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			75,000,000.00	75,368,459.63	75,000,000.00	1.217	1.217	1	
<b>Subtotal and Average</b>			<b>75,000,000.00</b>		<b>75,000,000.00</b>	<b>75,368,459.63</b>	<b>75,000,000.00</b>		<b>1.217</b>	<b>1</b>	
<b>Total and Average</b>			<b>190,431,907.50</b>		<b>163,000,000.00</b>	<b>163,362,579.63</b>	<b>162,999,776.54</b>		<b>0.631</b>	<b>38</b>	



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**June 30, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10033	10033	Revolving Fund		07/01/2019	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2019	24,076,723.30	24,076,723.30	24,076,723.30		0.000	1
<b>Average Balance</b>			<b>0.00</b>	Accrued Interest at Purchase		55,133.33	55,133.33			<b>1</b>
				Subtotal		24,151,856.63	24,151,856.63			
<b>Total Cash and Investments</b>			<b>190,431,907.50</b>			<b>187,096,723.30</b>	<b>187,514,436.26</b>		<b>0.631</b>	<b>38</b>

Orange County Fire Authority

In service of others!



**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of July 1, 2020**

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

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	( 07/01/2020 - 07/01/2020 )	4 Maturities	0 Payments	99,096,723.30	52.97%	99,096,723.30	99,465,182.93
Aging Interval:	1 - 30 days	( 07/02/2020 - 07/31/2020 )	1 Maturities	0 Payments	12,000,000.00	6.41%	11,998,900.00	11,998,800.00
Aging Interval:	31 - 60 days	( 08/01/2020 - 08/30/2020 )	1 Maturities	0 Payments	12,000,000.00	6.41%	11,998,130.00	11,997,480.00
Aging Interval:	61 - 91 days	( 08/31/2020 - 09/30/2020 )	2 Maturities	0 Payments	24,000,000.00	12.82%	23,994,720.00	23,993,280.00
Aging Interval:	92 - 121 days	( 10/01/2020 - 10/30/2020 )	1 Maturities	0 Payments	12,000,000.00	6.41%	11,996,590.00	11,995,320.00
Aging Interval:	122 - 152 days	( 10/31/2020 - 11/30/2020 )	1 Maturities	0 Payments	12,000,000.00	6.41%	11,994,150.00	11,992,320.00
Aging Interval:	153 - 183 days	( 12/01/2020 - 12/31/2020 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	( 01/01/2021 - 04/01/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	( 04/02/2021 - 07/01/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	( 07/02/2021 - 07/01/2023 )	1 Maturities	0 Payments	4,000,000.00	2.14%	4,004,108.75	4,003,960.00
Aging Interval:	1096 - 1825 days	( 07/02/2023 - 06/30/2025 )	1 Maturities	0 Payments	12,000,000.00	6.42%	12,013,177.79	12,012,960.00
Aging Interval:	1826 days and after	( 07/01/2025 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			12 Investments	0 Payments		100.00	187,096,499.84	187,459,302.93



**NOTES TO PORTFOLIO MANAGEMENT REPORT**

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank (formerly Union Bank) Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2020 includes an increase of \$368,460 to the LAIF investment and a decrease of (\$5,657) to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



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

As of June 30, 2020, OCFA has \$75,000,000 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of June 30, 2020 is 1.004912795. When applied to OCFA's LAIF investment, the fair value is \$75,368,460 or \$368,460 above cost. Although the fair value of the LAIF investment is higher than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at June 30, 2020 is included on the following page.





# State of California Pooled Money Investment Account Market Valuation 6/30/2020

Description		Carrying Cost Plus Accrued Interest Purch.	Amortized Cost	Fair Value	Accrued Interest
1*	United States Treasury:				
	Bills	\$ 23,981,651,409.11	\$ 24,057,110,770.12	\$ 24,086,038,500.00	NA
	Notes	\$ 28,916,240,318.04	\$ 28,914,282,796.34	\$ 29,340,004,500.00	\$ 125,755,726.50
1*	Federal Agency:				
	SBA	\$ 486,745,410.00	\$ 486,745,410.00	\$ 482,514,375.35	\$ 206,984.81
	MBS-REMICs	\$ 17,080,376.76	\$ 17,080,376.76	\$ 18,042,305.76	\$ 79,578.32
	Debentures	\$ 2,081,903,495.66	\$ 2,081,807,732.33	\$ 2,103,282,210.00	\$ 8,935,239.97
	Debentures FR	\$ -	\$ -	\$ -	\$ -
	Debentures CL	\$ 1,025,000,000.00	\$ 1,025,000,000.00	\$ 1,027,343,500.00	\$ 857,834.00
	Discount Notes	\$ 16,570,990,090.25	\$ 16,612,067,694.50	\$ 16,617,801,000.00	NA
1*	Supranational Debentures	\$ 614,688,043.27	\$ 614,656,765.49	\$ 619,258,800.00	\$ 3,295,333.75
1*	Supranational Debentures FR	\$ 200,128,103.33	\$ 200,128,103.33	\$ 200,124,773.71	\$ 399,965.53
2*	CDs and YCDs FR	\$ 500,000,000.00	\$ 500,000,000.00	\$ 500,132,000.00	\$ 110,622.74
2*	Bank Notes	\$ 100,000,000.00	\$ 100,000,000.00	\$ 100,198,708.70	\$ 674,222.22
2*	CDs and YCDs	\$ 12,700,650,610.28	\$ 12,700,428,388.06	\$ 12,706,251,524.80	\$ 40,862,527.80
2*	Commercial Paper	\$ 7,719,088,172.29	\$ 7,736,449,795.89	\$ 7,741,500,020.04	NA
1*	Corporate:				
	Bonds FR	\$ -	\$ -	\$ -	\$ -
	Bonds	\$ -	\$ -	\$ -	\$ -
1*	Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
1*	Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
	Time Deposits	\$ 5,488,990,000.00	\$ 5,488,990,000.00	\$ 5,488,990,000.00	NA
	AB 55 & GF Loans	\$ 575,596,000.00	\$ 575,596,000.00	\$ 575,596,000.00	NA
	<b>TOTAL</b>	<b>\$ 100,978,752,028.99</b>	<b>\$ 101,110,343,832.82</b>	<b>\$ 101,607,078,218.36</b>	<b>\$ 181,178,035.64</b>

Fair Value Including Accrued Interest

\$ 101,788,256,254.00

\* Governmental Accounting Standards Board (GASB) Statement #72

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

The value of each participating dollar equals the fair value divided by the amortized cost (1.004912795).  
As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$20,098,255.90 or \$20,000,000.00 x 1.004912795.



*Orange County Fire Authority*

*Preliminary Investment Report*

*July 24, 2020*



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Summary**  
**July 24, 2020**

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

(See Note 1 on page 18)

(See Note 2 on page 18)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Call / Maturity	YTM / Call 360 Equiv.	YTM / Call 365 Equiv.
Federal Agency Coupon Securities	4,000,000.00	4,003,160.00	4,003,204.07	2.46	1,092	87	0.404	0.410
Federal Agency Disc. -Amortizing	72,000,000.00	71,989,800.00	71,987,930.00	44.17	127	51	0.115	0.117
Treasury Discounts -Amortizing	12,000,000.00	11,997,120.00	11,996,446.67	7.36	105	82	0.132	0.134
Local Agency Investment Funds	75,000,000.00	75,368,459.63	75,000,000.00	46.02	1	1	1.200	1.217
<b>Investments</b>	<b>163,000,000.00</b>	<b>163,358,539.63</b>	<b>162,987,580.74</b>	<b>100.00%</b>	<b>91</b>	<b>31</b>	<b>0.623</b>	<b>0.631</b>
<b>Cash and Accrued Interest</b>								
Passbook/Checking (not included in yield calculations)	7,479,972.76	7,479,972.76	7,479,972.76		1	1	0.000	0.000
Accrued Interest at Purchase		250.00	250.00					
Subtotal		7,480,222.76	7,480,222.76					
<b>Total Cash and Investments</b>	<b>170,479,972.76</b>	<b>170,838,762.39</b>	<b>170,467,803.50</b>		<b>91</b>	<b>31</b>	<b>0.623</b>	<b>0.631</b>

Total Earnings	July 24 Month Ending	Fiscal Year To Date
Current Year	68,553.97	68,553.97
Average Daily Balance	182,833,039.03	182,833,039.03
Effective Rate of Return	0.57%	0.57%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2020. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

Patricia Jakubiak, Treasurer

7/31/20

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

Book Value of Cash & Investments before GASB 31 (Above)	\$ 170,467,803.50
GASB 31 Adjustment to Books (See Note 3 on page 18)	\$ 362,803.09
Total	\$ 170,830,606.59



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**July 24, 2020**

(See Note 1 on page 18)

(See Note 2 on page 18)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Call / Maturity	Maturity Date
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	Federated Treasury Obligations		07/01/2020	0.00	0.00	0.00	0.010	0.010	1	
		<b>Subtotal and Average</b>	<b>8,841,900.40</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0</b>	
<b>Federal Agency Coupon Securities</b>											
3135G03D3	1005	Fed Natl Mortg Assoc (Callable on 10/20/20)		04/23/2020	4,000,000.00	4,003,160.00	4,003,204.07	0.750	0.410	87	04/20/2023
		<b>Subtotal and Average</b>	<b>15,509,677.38</b>		<b>4,000,000.00</b>	<b>4,003,160.00</b>	<b>4,003,204.07</b>		<b>0.410</b>	<b>87</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313396J20	1000	Freddie Mac		04/23/2020	12,000,000.00	11,997,600.00	11,997,470.00	0.110	0.113	69	10/02/2020
313396G49	1001	Freddie Mac		04/23/2020	12,000,000.00	11,998,440.00	11,997,983.33	0.110	0.113	55	09/18/2020
313396E66	1002	Freddie Mac		04/23/2020	12,000,000.00	11,998,800.00	11,998,496.67	0.110	0.113	41	09/04/2020
313396C84	1003	Freddie Mac		04/23/2020	12,000,000.00	11,999,400.00	11,999,010.00	0.110	0.113	27	08/21/2020
313396A37	1007	Freddie Mac		05/28/2020	12,000,000.00	11,999,880.00	11,999,780.00	0.110	0.113	6	07/31/2020
313384P45	1008	Fed Home Loan Bank		06/30/2020	12,000,000.00	11,995,680.00	11,995,190.00	0.130	0.134	111	11/13/2020
		<b>Subtotal and Average</b>	<b>71,985,323.34</b>		<b>72,000,000.00</b>	<b>71,989,800.00</b>	<b>71,987,930.00</b>		<b>0.117</b>	<b>51</b>	
<b>Treasury Discounts -Amortizing</b>											
9127962R9	1009	US Treasury Bill		07/02/2020	12,000,000.00	11,997,120.00	11,996,446.67	0.130	0.134	82	10/15/2020
		<b>Subtotal and Average</b>	<b>11,496,137.92</b>		<b>12,000,000.00</b>	<b>11,997,120.00</b>	<b>11,996,446.67</b>		<b>0.134</b>	<b>82</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			75,000,000.00	75,368,459.63	75,000,000.00	1.217	1.217	1	
		<b>Subtotal and Average</b>	<b>75,000,000.00</b>		<b>75,000,000.00</b>	<b>75,368,459.63</b>	<b>75,000,000.00</b>		<b>1.217</b>	<b>1</b>	
		<b>Total and Average</b>	<b>182,833,039.03</b>		<b>163,000,000.00</b>	<b>163,358,539.63</b>	<b>162,987,580.74</b>		<b>0.631</b>	<b>31</b>	

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**July 24, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10033	10033	Revolving Fund		07/01/2020	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2020	7,459,972.76	7,459,972.76	7,459,972.76		0.000	1
<b>Average Balance</b>			<b>0.00</b>	Accrued Interest at Purchase		250.00	250.00			<b>1</b>
				Subtotal		7,480,222.76	7,480,222.76			
<b>Total Cash and Investments</b>			<b>182,833,039.03</b>		<b>170,479,972.76</b>	<b>170,838,762.39</b>	<b>170,467,803.50</b>		<b>0.631</b>	<b>31</b>

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**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of July 25, 2020**

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

					Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	( 07/25/2020 - 07/25/2020 )	4 Maturities	0 Payments	82,479,972.76	48.38%	82,479,972.76	82,848,432.39
Aging Interval:	1 - 30 days	( 07/26/2020 - 08/24/2020 )	2 Maturities	0 Payments	24,000,000.00	14.08%	23,998,790.00	23,999,280.00
Aging Interval:	31 - 60 days	( 08/25/2020 - 09/23/2020 )	2 Maturities	0 Payments	24,000,000.00	14.08%	23,996,480.00	23,997,240.00
Aging Interval:	61 - 91 days	( 09/24/2020 - 10/24/2020 )	2 Maturities	0 Payments	24,000,000.00	14.08%	23,993,916.67	23,994,720.00
Aging Interval:	92 - 121 days	( 10/25/2020 - 11/23/2020 )	1 Maturities	0 Payments	12,000,000.00	7.04%	11,995,190.00	11,995,680.00
Aging Interval:	122 - 152 days	( 11/24/2020 - 12/24/2020 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	153 - 183 days	( 12/25/2020 - 01/24/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	184 - 274 days	( 01/25/2021 - 04/25/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	275 - 365 days	( 04/26/2021 - 07/25/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	( 07/26/2021 - 07/25/2023 )	1 Maturities	0 Payments	4,000,000.00	2.35%	4,003,204.07	4,003,160.00
Aging Interval:	1096 days and after	( 07/26/2023 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for			12 Investments	0 Payments		100.00	170,467,553.50	170,838,512.39



**NOTES TO PORTFOLIO MANAGEMENT REPORT**

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2020 includes an increase of \$368,460 to the LAIF investment and a decrease of (\$5,657) to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



## GLOSSARY

### INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ECONOMIC TERMS

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

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

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

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

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

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

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

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

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

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

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



# ***Orange County Fire Authority Monthly Investment Report***



***Final Report – July 2020***

***Preliminary Report – August 2020***



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***Orange County Fire Authority***

***Final Investment Report***

***July 31, 2020***



### **EXECUTIVE SUMMARY**

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

During the month of July 2020, the size of the portfolio decreased by \$15.4 million to \$172.1 million. Significant receipts for the month included cash contract payments, apportionments of property taxes, intergovernmental agency and grant payments and other charges for current services totaling \$18.5 million. Significant disbursements for the month included primarily two biweekly payrolls which were approximately \$14.0 million each with related benefits. Total July cash outflows amounted to approximately \$35.6 million. The portfolio's balance is expected to decrease in August as there are no major receipts scheduled for the month.

In July, as the new fiscal year started, the portfolio's yield to maturity (365-day equivalent) declined by 10 basis points to 0.53%. The effective rate of return decreased by 14 basis points to .45% for the month, and the average maturity of the portfolio shortened by 8 days to 30 days to maturity.

#### ***Economic News***

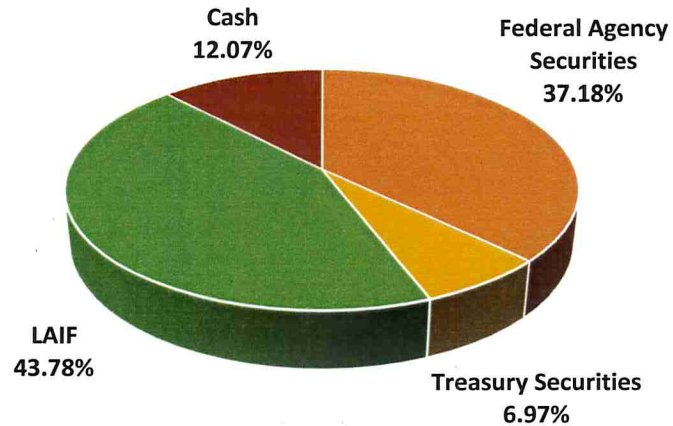
Data for July suggests the U.S. economy is growing but still faces threats as it digs out of a severe recession. The labor market added 1.8 million jobs, and the unemployment rate fell for the third straight month from 11.1% to 10.2%. Retail sales rose 1.2% in July marking the third consecutive monthly gain. Consumer confidence measures fell as coronavirus cases surged across the country, shuttering bars and other businesses and raising concerns about the future of the economy. Manufacturing expanded for the third straight month, but production remains below pre-pandemic levels and not all jobs are coming back soon. The non-manufacturing/service sector also expanded for the second straight month. Industrial production - the combined output of factories, utilities, and mines - rose 3% from a month earlier. The Consumer Price Index rose for the second straight month after declines in March, April and May. Prices were up 0.6% from last month and 1.6% from last year. Housing numbers surged again in July. Existing homes sales rebounded 24.7%, and new home sales rose 13.9% as low mortgage rates helped fuel a suburban construction boom. On July 29, 2020, the Federal Open Market Committee voted to keep the federal funds rate unchanged at the target range of 0.0% - 0.25% where it has been since March. Fed Chair Powell said the U.S. economic recovery will depend to a large extent on efforts to check the coronavirus. He also said that until the virus is contained, the labor market will not be able to fully recover, leaving people in need of support.



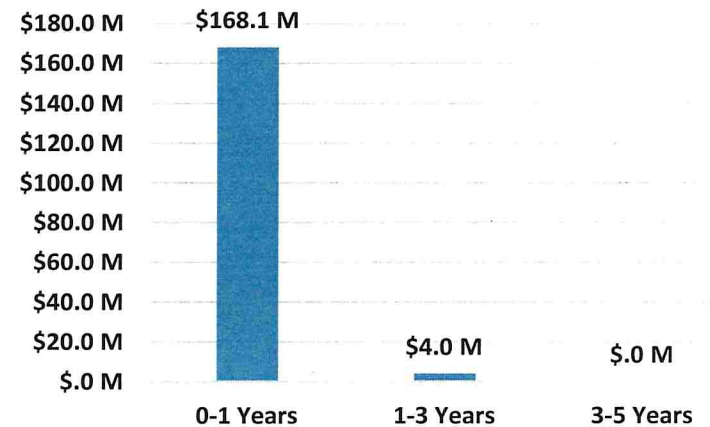


**PORTFOLIO HAS AMPLE LIQUIDITY AND IS EXCEEDING TREASURY BENCHMARKS AS OF JULY 31, 2020**

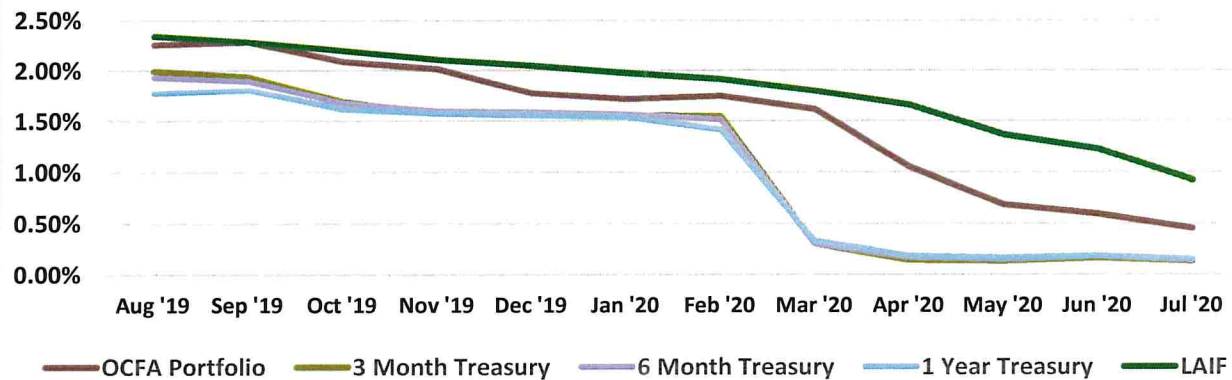
**Market Value \$172,140,983**



**Aging Summary**



**12 Month Benchmarks**



**BENCHMARK COMPARISON AS OF JULY 31, 2020**

3 Month T-Bill: 0.13%

1 Year T-Bill: 0.15%

6 Month T-Bill: 0.14%

LAIF: 0.92%

OCFA Portfolio: 0.45%

**PORTFOLIO SIZE, YIELD, & DURATION**

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Book Value-	\$172,131,134	\$187,514,436	\$161,787,962
Yield to Maturity (365 day)	0.53%	0.63%	2.28%
Effective Rate of Return	0.45%	0.59%	2.26%
Days to Maturity	30	38	40



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Summary**  
**July 31, 2020**

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

(See Note 1 on page 9)

(See Note 2 on page 9)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Call / Maturity	YTM / Call 360 Equiv.	YTM / Call 365 Equiv.
Federal Agency Coupon Securities	4,000,000.00	4,003,360.00	4,002,977.90	2.65	1,092	80	0.404	0.410
Federal Agency Disc. -Amortizing	60,000,000.00	59,992,560.00	59,989,480.01	39.73	140	54	0.116	0.117
Treasury Discounts -Amortizing	12,000,000.00	11,997,480.00	11,996,750.00	7.95	105	75	0.132	0.134
Local Agency Investment Funds	75,000,000.00	75,368,459.63	75,000,000.00	49.67	1	1	0.907	0.920
<b>Investments</b>	<b>151,000,000.00</b>	<b>151,361,859.63</b>	<b>150,989,207.91</b>	<b>100.00%</b>	<b>93</b>	<b>30</b>	<b>0.518</b>	<b>0.525</b>
<b>Cash and Accrued Interest</b>								
Passbook/Checking (not included in yield calculations)	20,778,873.02	20,778,873.02	20,778,873.02		1	1	0.000	0.000
Accrued Interest at Purchase		250.00	250.00					
Subtotal		20,779,123.02	20,779,123.02					
<b>Total Cash and Investments</b>	<b>171,778,873.02</b>	<b>172,140,982.65</b>	<b>171,768,330.93</b>		<b>93</b>	<b>30</b>	<b>0.518</b>	<b>0.525</b>

Total Earnings	July 31 Month Ending	Fiscal Year To Date
Current Year	69,267.96	69,267.96
<b>Average Daily Balance</b>	<b>180,202,204.13</b>	<b>180,202,204.13</b>
<b>Effective Rate of Return</b>	<b>0.45%</b>	<b>0.45%</b>

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2020. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

Patricia Jakubiak, Treasurer

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

Book Value of Cash & Investments before GASB 31 (Above)	\$ 171,768,330.93
GASB 31 Adjustment to Books (See Note 3 on page 9)	\$ 362,803.09
<b>Total</b>	<b>\$ 172,131,134.02</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**July 31, 2020**

(See Note 1 on page 9)

(See Note 2 on page 9)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Call / Maturity	Maturity Date
<b>Money Mkt Mutual Funds/Cash</b>											
SYS528	528	Federated Treasury Obligations		07/01/2020	0.00	0.00	0.00	0.010	0.010	1	
<b>Subtotal and Average</b>			<b>9,081,961.64</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0</b>	
<b>Federal Agency Coupon Securities</b>											
3135G03D3	1005	Fed Natl Mortg Assoc (Callable on 10/20/20)		04/23/2020	4,000,000.00	4,003,360.00	4,002,977.90	0.750	0.410	80	04/20/2023
<b>Subtotal and Average</b>			<b>12,911,408.64</b>		<b>4,000,000.00</b>	<b>4,003,360.00</b>	<b>4,002,977.90</b>		<b>0.410</b>	<b>80</b>	
<b>Federal Agency Disc. -Amortizing</b>											
313396J20	1000	Freddie Mac		04/23/2020	12,000,000.00	11,998,200.00	11,997,726.67	0.110	0.113	62	10/02/2020
313396G49	1001	Freddie Mac		04/23/2020	12,000,000.00	11,998,680.00	11,998,240.00	0.110	0.113	48	09/18/2020
313396E66	1002	Freddie Mac		04/23/2020	12,000,000.00	11,999,040.00	11,998,753.33	0.110	0.113	34	09/04/2020
313396C84	1003	Freddie Mac		04/23/2020	12,000,000.00	11,999,640.00	11,999,266.67	0.110	0.113	20	08/21/2020
313384P45	1008	Fed Home Loan Bank		06/30/2020	12,000,000.00	11,997,000.00	11,995,493.34	0.130	0.134	104	11/13/2020
<b>Subtotal and Average</b>			<b>71,599,018.71</b>		<b>60,000,000.00</b>	<b>59,992,560.00</b>	<b>59,989,480.01</b>		<b>0.117</b>	<b>54</b>	
<b>Treasury Discounts -Amortizing</b>											
9127962R9	1009	US Treasury Bill		07/02/2020	12,000,000.00	11,997,480.00	11,996,750.00	0.130	0.134	75	10/15/2020
<b>Subtotal and Average</b>			<b>11,609,150.00</b>		<b>12,000,000.00</b>	<b>11,997,480.00</b>	<b>11,996,750.00</b>		<b>0.134</b>	<b>75</b>	
<b>Local Agency Investment Funds</b>											
SYS336	336	Local Agency Invstmt Fund			75,000,000.00	75,368,459.63	75,000,000.00	0.920	0.920	1	
<b>Subtotal and Average</b>			<b>75,000,665.14</b>		<b>75,000,000.00</b>	<b>75,368,459.63</b>	<b>75,000,000.00</b>		<b>0.920</b>	<b>1</b>	
<b>Total and Average</b>			<b>180,202,204.13</b>		<b>151,000,000.00</b>	<b>151,361,859.63</b>	<b>150,989,207.91</b>		<b>0.525</b>	<b>30</b>	



**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**July 31, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10033	10033	Revolving Fund		07/01/2020	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2020	20,758,873.02	20,758,873.02	20,758,873.02		0.000	1
<b>Average Balance</b>			<b>0.00</b>	Accrued Interest at Purchase		250.00	250.00			<b>1</b>
				Subtotal		20,779,123.02	20,779,123.02			
<b>Total Cash and Investments</b>			<b>180,202,204.13</b>		<b>171,778,873.02</b>	<b>172,140,982.65</b>	<b>171,768,330.93</b>		<b>0.525</b>	<b>30</b>

Orange County Fire Authority

In service of others!



**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of August 1, 2020**

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

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	( 08/01/2020 - 08/01/2020 )	4 Maturities	0 Payments	95,778,873.02	55.76%	95,778,873.02	96,147,332.65
Aging Interval: 1 - 30 days	( 08/02/2020 - 08/31/2020 )	1 Maturities	0 Payments	12,000,000.00	6.99%	11,999,266.67	11,999,640.00
Aging Interval: 31 - 60 days	( 09/01/2020 - 09/30/2020 )	2 Maturities	0 Payments	24,000,000.00	13.97%	23,996,993.33	23,997,720.00
Aging Interval: 61 - 91 days	( 10/01/2020 - 10/31/2020 )	2 Maturities	0 Payments	24,000,000.00	13.97%	23,994,476.67	23,995,680.00
Aging Interval: 92 - 121 days	( 11/01/2020 - 11/30/2020 )	1 Maturities	0 Payments	12,000,000.00	6.99%	11,995,493.34	11,997,000.00
Aging Interval: 122 - 152 days	( 12/01/2020 - 12/31/2020 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	( 01/01/2021 - 01/31/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	( 02/01/2021 - 05/02/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	( 05/03/2021 - 08/01/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	( 08/02/2021 - 08/01/2023 )	1 Maturities	0 Payments	4,000,000.00	2.33%	4,002,977.90	4,003,360.00
Aging Interval: 1096 days and after	( 08/02/2023 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		11 Investments	0 Payments		100.00	171,768,080.93	172,140,732.65



**NOTES TO PORTFOLIO MANAGEMENT REPORT**

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank (formerly Union Bank) Trust Department provides market values of the remaining investments.
- Note 2: Book value reflects the cost or amortized cost before the GASB 31 accounting adjustment.
- Note 3: GASB 31 requires governmental entities to report investments at fair value in the financial statements and to reflect the corresponding unrealized gains/ (losses) as a component of investment income. The GASB 31 adjustment is recorded only at fiscal year end. The adjustment for June 30, 2020 includes an increase of \$368,460 to the LAIF investment and a decrease of (\$5,657) to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks, yet allow that liquidity to be invested while payment of the outstanding checks is pending.



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

As of July 31, 2020, OCFA has \$75,000,000 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of June 30, 2020 is 1.004912795. When applied to OCFA's LAIF investment, the fair value is \$75,368,460 or \$368,460 above cost. Although the fair value of the LAIF investment is higher than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at July 31, 2020 is included on the following page.





Fair Value Including Accrued Interest	\$	114,278,928,770.61
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Page 12



*Orange County Fire Authority*

*Preliminary Investment Report*

*August 21, 2020*





**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Summary**  
**August 21, 2020**

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

(See Note 1 on page 18)

(See Note 2 on page 18)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Call / Maturity	YTM / Call 360 Equiv.	YTM / Call 365 Equiv.
Federal Agency Coupon Securities	4,000,000.00	4,002,200.00	4,002,186.31	2.88	1,092	59	0.404	0.410
Federal Agency Disc. -Amortizing	48,000,000.00	47,995,800.00	47,993,433.34	34.53	145	41	0.117	0.118
Treasury Discounts -Amortizing	12,000,000.00	11,998,440.00	11,997,660.00	8.63	105	54	0.132	0.134
Local Agency Investment Funds	75,000,000.00	75,368,459.63	75,000,000.00	53.96	1	1	0.907	0.920
	<b>139,000,000.00</b>	<b>139,364,899.63</b>	<b>138,993,279.65</b>	<b>100.00%</b>	<b>91</b>	<b>21</b>	<b>0.553</b>	<b>0.561</b>
<b>Investments</b>								
<b>Cash and Accrued Interest</b>								
Passbook/Checking (not included in yield calculations)	8,299,837.98	8,299,837.98	8,299,837.98		1	1	0.000	0.000
Accrued Interest at Purchase		250.00	250.00					
Subtotal		8,300,087.98	8,300,087.98					
<b>Total Cash and Investments</b>	<b>147,299,837.98</b>	<b>147,664,987.61</b>	<b>147,293,367.63</b>		<b>91</b>	<b>21</b>	<b>0.553</b>	<b>0.561</b>

Total Earnings	August 21 Month Ending	Fiscal Year To Date
Current Year	45,520.37	114,788.33
Average Daily Balance	161,923,075.90	172,820,248.50
Effective Rate of Return	0.49%	0.47%

"I certify that this investment report accurately reflects all pooled investments and is in compliance with the investment policy adopted by the Board of Directors to be effective on January 1, 2020. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."

Patricia Jakubiak, Treasurer

8/28/20

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

Book Value of Cash & Investments before GASB 31 (Above)	\$ 147,293,367.63
GASB 31 Adjustment to Books (See Note 3 on page 18)	\$ 362,803.09
Total	<u>\$ 147,656,170.72</u>

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**August 21, 2020**

						(See Note 1 on page 18)	(See Note 2 on page 18)	Days			
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	to Call / Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations		07/01/2020	0.00	0.00	0.00	0.010	0.010	1	
Subtotal and Average			11,503,146.30		0.00	0.00	0.00		0.000	0	
Federal Agency Coupon Securities											
3135G03D3	1005	Fed Natl Mortg Assoc (Callable on 10/20/20)		04/23/2020	4,000,000.00	4,002,200.00	4,002,186.31	0.750	0.410	59	04/20/2023
Subtotal and Average			4,002,563.25		4,000,000.00	4,002,200.00	4,002,186.31		0.410	59	
Federal Agency Disc. -Amortizing											
313396J20	1000	Freddie Mac		04/23/2020	12,000,000.00	11,998,920.00	11,998,496.67	0.110	0.113	41	10/02/2020
313396G49	1001	Freddie Mac		04/23/2020	12,000,000.00	11,999,520.00	11,999,010.00	0.110	0.113	27	09/18/2020
313396E66	1002	Freddie Mac		04/23/2020	12,000,000.00	11,999,760.00	11,999,523.33	0.110	0.113	13	09/04/2020
313384P45	1008	Fed Home Loan Bank		06/30/2020	12,000,000.00	11,997,600.00	11,996,403.34	0.130	0.134	83	11/13/2020
Subtotal and Average			59,420,139.69		48,000,000.00	47,995,800.00	47,993,433.34		0.118	41	
Treasury Discounts -Amortizing											
9127962R9	1009	US Treasury Bill		07/02/2020	12,000,000.00	11,998,440.00	11,997,660.00	0.130	0.134	54	10/15/2020
Subtotal and Average			11,997,226.67		12,000,000.00	11,998,440.00	11,997,660.00		0.134	54	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			75,000,000.00	75,368,459.63	75,000,000.00	0.920	0.920	1	
Subtotal and Average			75,000,000.00		75,000,000.00	75,368,459.63	75,000,000.00		0.920	1	
Total and Average			161,923,075.90		139,000,000.00	139,364,899.63	138,993,279.65		0.561	21	

**ORANGE COUNTY FIRE AUTHORITY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**August 21, 2020**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity
<b>Money Mkt Mutual Funds/Cash</b>										
SYS10033	10033	Revolving Fund		07/01/2020	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2020	8,279,837.98	8,279,837.98	8,279,837.98		0.000	1
<b>Average Balance</b>			<b>0.00</b>	Accrued Interest at Purchase		250.00	250.00			<b>1</b>
				Subtotal		8,300,087.98	8,300,087.98			
<b>Total Cash and Investments</b>			<b>161,923,075.90</b>		<b>147,299,837.98</b>	<b>147,664,987.61</b>	<b>147,293,367.63</b>		<b>0.561</b>	<b>21</b>

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**ORANGE COUNTY FIRE AUTHORITY**  
**Aging Report**  
**By Maturity Date**  
**As of August 22, 2020**

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

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	( 08/22/2020 - 08/22/2020 )	4 Maturities	0 Payments	83,299,837.98	56.55%	83,299,837.98	83,668,297.61
Aging Interval: 1 - 30 days	( 08/23/2020 - 09/21/2020 )	2 Maturities	0 Payments	24,000,000.00	16.29%	23,998,533.33	23,999,280.00
Aging Interval: 31 - 60 days	( 09/22/2020 - 10/21/2020 )	2 Maturities	0 Payments	24,000,000.00	16.29%	23,996,156.67	23,997,360.00
Aging Interval: 61 - 91 days	( 10/22/2020 - 11/21/2020 )	1 Maturities	0 Payments	12,000,000.00	8.15%	11,996,403.34	11,997,600.00
Aging Interval: 92 - 121 days	( 11/22/2020 - 12/21/2020 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 122 - 152 days	( 12/22/2020 - 01/21/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 153 - 183 days	( 01/22/2021 - 02/21/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 184 - 274 days	( 02/22/2021 - 05/23/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 275 - 365 days	( 05/24/2021 - 08/22/2021 )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	( 08/23/2021 - 08/22/2023 )	1 Maturities	0 Payments	4,000,000.00	2.72%	4,002,186.31	4,002,200.00
Aging Interval: 1096 days and after	( 08/23/2023 - )	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Total for		10 Investments	0 Payments		100.00	147,293,117.63	147,664,737.61





**NOTES TO PORTFOLIO MANAGEMENT REPORT**

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The MUFG Union Bank Trust Department provides market values of the remaining investments.
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## GLOSSARY

### INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

**Local Agency Investment Fund (LAIF).** A California State Treasury fund which local agencies may use to deposit funds for investment and for reinvestment with a maximum of \$75 million for any agency (*excluding bond funds, which have no maximum*). It offers high liquidity because



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

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

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

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

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

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

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

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

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

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

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

### ECONOMIC TERMS

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

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

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

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

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

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

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

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

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

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

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



Revised 09/09/20

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

**Budget and Finance Committee Meeting**  
**September 9, 2020**

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

**Organizational Service Level Assessment Results**  
**& Approval of Next Phase of Citygate Services**

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**Contact(s) for Further Information**

Robert Cortez, Assistant Chief  
Business Services Department

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

714.573.6012

**Summary**

This agenda item is submitted to share the results of the Citygate Service Level Assessments (SLAs) for Field Deployment (SOC), Emergency Medical Services, Emergency Command Center, Fleet Services and Executive Management, and to seek approval for the next phase of Citygate services.

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

At its regular November 15, 2018, meeting, the Executive Committee awarded a Master Consulting Agreement with Citygate Associates, LLC, the number one ranked firm in the OCFA's Request for Qualifications (RFQ) process for as-needed organizational service level review consulting services.

At its regular January 9, 2019, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of Citygate's scope of work, associated costs, and proposed budget.

At its regular January 24, 2019, meeting, the Board of Directors approved Citygate's initial scope of work, associated costs, and necessary budget adjustments for performance of SLAs in five areas of the OCFA during 2019.

At its regular meeting on October 24, 2019, the Executive Committee approved the reallocation of funding from the approved Purchase Orders issued for the Executive Leadership Team and Fleet Services SLAs into the Field Deployment Services SLA. The total contract amount remained unchanged (\$700,725).

**RECOMMENDED ACTION(S)**

Review the proposed agenda items and direct staff to place the items on the agenda for the Board of Directors meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Receive and file the Citygate Organizational Service Level Assessment (SLA) results presentation and final reports for Field Deployment, Emergency Medical Services, Emergency Command Center, Fleet Services and Executive Leadership.
2. Approve and authorize the Purchasing Manager to issue individual Purchase Orders to Citygate Associates, LLC, under the general terms and conditions of the previously authorized Master Agreement, for each of the following:
  - a. Business Services Department SLA – \$68,356

- b. Community Risk Reduction Department SLA - \$70,792
- ~~c. Prepare a Strategic Plan for the OCFA - \$124,691~~
- 3. Direct staff to increase expenditures in the FY 2020/21 General Fund (121) budget by ~~\$263,839~~ \$139,148 to fund the SLA's and Strategic Plan outlined above.

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

Not Applicable.

### **Fiscal Impact**

The FY 2020/21 General Fund expenditures will increase by \$263,839 to complete the next phase of Citygate services.

### **Background**

Following a 2018 RFQ process, Citygate Associates, LLC (Citygate) was selected and ultimately awarded a 3-year term agreement, with two additional one-year renewals, to perform as-needed organizational service level review consulting services for OCFA. Citygate, is a public sector firm that provides management consulting to a full array of local government functions, with particular emphasis on fire protection, law enforcement, community development, public works, animal services, and human resources.

Five organizational SLA areas, also known as cost centers, were identified and approved for review during calendar year 2019, which include Emergency Command Center (ECC), Emergency Medical Services (EMS), Fleet Services, Field Deployment (SOC), and Executive Leadership Team/Human Resources. These assessments are intended to accomplish the same objectives as a strategic plan, but in smaller pieces, and allow for progress to be made on identified objectives, while other portions of the organization are still being assessed.

Each SLA evaluates, at a forensics data-driven level, the operational performance of the cost centers, not just compared to national and Citygate team best practices, but to the needs of the OCFA, its employees and its agency customers. Each SLA is a stand-alone assessment report, that will cover elements assessed, the operational metrics, and describe strengths and areas of opportunity.

The SLA process began with a series of kickoff meetings during February and March of 2019 in which OCFA assessment leads met with Citygate consultants, the Chief, and members of the Executive Management Team to discuss the assessment, process and timelines, leader's intent, initial data/information requests and to begin the scheduling of future information gathering meetings. All five SLAs follow the same project process flow that begins with information requests, start-up meetings, and progressively move thru data gathering, analysis, mid-project meetings, development of a draft report, final report, and briefings.

In an effort to maintain the Budget & Finance Committee and the organization informed on the progress of the assessments, staff provided five quarterly progress updates to the Committee and also provided a total of 16 monthly updates to OCFA personnel from March 2019 through July of 2020.

On August 17, 2020, OCFA hosted a four-hour Labor Group Briefing where Citygate presented the results of all five SLA's. Representatives from all four labor groups were present and provided an opportunity to comment and ask questions. In addition, an invitation was extended to the entire OCFA organization (both operations and professional staff) to view the presentation and hear firsthand the results of the assessments. As of August 31, 2020, Citygate has submitted all SLA reports and are now considered completed. These reports are included as attachments 1 through 5. Citygate during the September 9, 2020, Budget & Finance Committee meeting, will provide a



summary presentation of the findings and recommendations. This presentation will mark the completion of the first phase of Citygate's scope of work as recommended by the Budget & Finance Committee and approved by the Board of Directors.

In following with the Chief's recommendation to perform reviews of other areas of the organization, the Chief and Executive Team have identified the next phase of services to be performed by Citygate. This next phase includes service level assessments for the Business Services and the Community Risk Reduction Departments, and the development of a Strategic Plan for the OCFA. The attached proposals (Attachments 6 & 7) provide the scope of work and process flow that the Business Services and Community Risk Reduction SLA's will follow. The proposal to develop the Strategic Plan is included as Attachment 8 and highlights the scope of work and approach to complete this effort. Citygate's approach to preparing the Strategic Plan will include incorporating the findings and recommendations from all service level assessments.

Following is a cost breakdown for the next phase of services:

- Business Services Department SLA - \$68,356
- Community Risk Reduction SLA - \$70,792
- Prepare a Strategic Plan for the OCFA - \$124,691

Staff anticipates that the two additional SLA's and the Strategic Plan will be completed in 2021.

The Budget & Finance Committee provides oversight for all future phases of Citygate's work. As such, staff recommends approval of the next and final phase of services to be performed by Citygate.

#### **Attachment(s)**

- 1a. Field Deployment (SOC) SLA Technical Report
- 1b. Field Deployment (SOC) SLA Map Atlas
2. Emergency Medical Services SLA
3. Emergency Command Center SLA
4. Fleet Services SLA
5. Executive Leadership SLA
6. Proposal to perform the Business Services Department SLA
7. Proposal to perform the Community Risk Reduction Department SLA
8. Proposal to prepare a Strategic Plan for the OCFA



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

**Budget and Finance Committee Meeting**  
**September 9, 2020**

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

**Organizational Service Level Assessment Results**  
**& Approval of Next Phase of Citygate Services**

---

**Contact(s) for Further Information**

Robert Cortez, Assistant Chief  
Business Services Department

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714.573.6012

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Review the proposed agenda items and direct staff to place the items on the agenda for the Board of Directors meeting of September 24, 2020, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Receive and file the Citygate Organizational Service Level Assessment (SLA) results presentation and final reports for Field Deployment, Emergency Medical Services, Emergency Command Center, Fleet Services and Executive Leadership.
2. Approve and authorize the Purchasing Manager to issue individual Purchase Orders to Citygate Associates, LLC, under the general terms and conditions of the previously authorized Master Agreement, for each of the following:
  - a. Business Services Department SLA – \$68,356

- b. Community Risk Reduction Department SLA - \$70,792
- c. Prepare a Strategic Plan for the OCFA - \$124,691
- 3. Direct staff to increase expenditures in the FY 2020/21 General Fund (121) budget by \$263,839 to fund the SLA's and Strategic Plan outlined above.

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

Not Applicable.

### **Fiscal Impact**

The FY 2020/21 General Fund expenditures will increase by \$263,839 to complete the next phase of Citygate services.

### **Background**

Following a 2018 RFQ process, Citygate Associates, LLC (Citygate) was selected and ultimately awarded a 3-year term agreement, with two additional one-year renewals, to perform as-needed organizational service level review consulting services for OCFA. Citygate, is a public sector firm that provides management consulting to a full array of local government functions, with particular emphasis on fire protection, law enforcement, community development, public works, animal services, and human resources.

Five organizational SLA areas, also known as cost centers, were identified and approved for review during calendar year 2019, which include Emergency Command Center (ECC), Emergency Medical Services (EMS), Fleet Services, Field Deployment (SOC), and Executive Leadership Team/Human Resources. These assessments are intended to accomplish the same objectives as a strategic plan, but in smaller pieces, and allow for progress to be made on identified objectives, while other portions of the organization are still being assessed.

Each SLA evaluates, at a forensics data-driven level, the operational performance of the cost centers, not just compared to national and Citygate team best practices, but to the needs of the OCFA, its employees and its agency customers. Each SLA is a stand-alone assessment report, that will cover elements assessed, the operational metrics, and describe strengths and areas of opportunity.

The SLA process began with a series of kickoff meetings during February and March of 2019 in which OCFA assessment leads met with Citygate consultants, the Chief, and members of the Executive Management Team to discuss the assessment, process and timelines, leader's intent, initial data/information requests and to begin the scheduling of future information gathering meetings. All five SLAs follow the same project process flow that begins with information requests, start-up meetings, and progressively move thru data gathering, analysis, mid-project meetings, development of a draft report, final report, and briefings.

In an effort to maintain the Budget & Finance Committee and the organization informed on the progress of the assessments, staff provided five quarterly progress updates to the Committee and also provided a total of 16 monthly updates to OCFA personnel from March 2019 through July of 2020.

On August 17, 2020, OCFA hosted a four-hour Labor Group Briefing where Citygate presented the results of all five SLA's. Representatives from all four labor groups were present and provided an opportunity to comment and ask questions. In addition, an invitation was extended to the entire OCFA organization (both operations and professional staff) to view the presentation and hear firsthand the results of the assessments. As of August 31, 2020, Citygate has submitted all SLA reports and are now considered completed. These reports are included as attachments 1 through 5. Citygate during the September 9, 2020, Budget & Finance Committee meeting, will provide a



summary presentation of the findings and recommendations. This presentation will mark the completion of the first phase of Citygate's scope of work as recommended by the Budget & Finance Committee and approved by the Board of Directors.

In following with the Chief's recommendation to perform reviews of other areas of the organization, the Chief and Executive Team have identified the next phase of services to be performed by Citygate. This next phase includes service level assessments for the Business Services and the Community Risk Reduction Departments, and the development of a Strategic Plan for the OCFA. The attached proposals (Attachments 6 & 7) provide the scope of work and process flow that the Business Services and Community Risk Reduction SLA's will follow. The proposal to develop the Strategic Plan is included as Attachment 8 and highlights the scope of work and approach to complete this effort. Citygate's approach to preparing the Strategic Plan will include incorporating the findings and recommendations from all service level assessments.

Following is a cost breakdown for the next phase of services:

- Business Services Department SLA - \$68,356
- Community Risk Reduction SLA - \$70,792
- Prepare a Strategic Plan for the OCFA - \$124,691

Staff anticipates that the two additional SLA's and the Strategic Plan will be completed in 2021.

The Budget & Finance Committee provides oversight for all future phases of Citygate's work. As such, staff recommends approval of the next and final phase of services to be performed by Citygate.

#### **Attachment(s)**

- 1a. Field Deployment (SOC) SLA Technical Report
- 1b. Field Deployment (SOC) SLA Map Atlas
2. Emergency Medical Services SLA
3. Emergency Command Center SLA
4. Fleet Services SLA
5. Executive Leadership SLA
6. Proposal to perform the Business Services Department SLA
7. Proposal to perform the Community Risk Reduction Department SLA
8. Proposal to prepare a Strategic Plan for the OCFA

Due to voluminous nature, all attachments are available and listed under Agenda Packet and respective meeting date on our website.

**Attachment(s)**

[1a. Field Deployment \(SOC\) SLA Technical Report](#)

[1b. Field Deployment \(SOC\) SLA Map Atlas](#)

[2. Emergency Medical Services SLA](#)

[3. Emergency Command Center SLA](#)

[4. Fleet Services SLA](#)

[5. Executive Leadership SLA](#)

[6. Proposal to perform the Business Services Department SLA](#)

[7. Proposal to perform the Community Risk Reduction Department SLA](#)

[8. Proposal to prepare a Strategic Plan for the OCFA](#)