



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Regular Meeting

Wednesday, October 13, 2021

12:00 Noon

Regional Fire Operations and Training Center

Board Room

1 Fire Authority Road
Irvine, California 92602

Committee Members

Joe Muller, Chair • Tri Ta, Vice-Chair

Ed Sachs • Shelley Hasselbrink • Gene Hernandez

Mark Tettemer • John O'Neill • Anthony Kuo • Troy Bourne

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

The public is permitted to convene in person for this public meeting or view and comment as follows:

- To watch the meeting online, please go to website at www.OCFA.org
- To submit an e-comment, please email to PublicComments@ocfa.org
Your comments will be forwarded electronically and immediately to the members of the Board.
- Live comment via Zoom. [Click here for instructions.](#)

You may comment on items on the agenda or within the subject jurisdiction of the committee.

CALL TO ORDER – Chair Muller

PLEDGE OF ALLEGIANCE - Director Ta

ROLL CALL – Clerk of the Authority**PUBLIC COMMENTS**

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

1. PRESENTATION

No items.

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 September 8, 2021, Regular Budget and Finance Committee Meeting
Submitted by: Maria Huizar, Clerk of the Authority

The record will reflect that any Director not in attendance at the meeting of the Minutes will be registered as an abstention, unless otherwise indicated.

Recommended Action:
Approve as submitted.

B. Monthly Investment Reports

Submitted by: Robert Cortez, Assistant Chief/Business Services Department, Tricia Jakubiak, Treasurer/Treasury & Financial Planning and James Slobojan, Assistant Treasurer/Treasury & Financial Planning

Recommended Action:
Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of October 28, 2021, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

C. Approval of Annual Statement of Investment Policy and Investment Authorization

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

Recommended Action:
Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of October 28, 2021, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Review and approve the submitted Investment Policy of the Orange County Fire Authority, to be effective January 1, 2022.

2. Pursuant to Government Code Sections 53601 and 53607, renew delegation of investment authority to the Treasurer for a one-year period, to be effective January 1, 2022.

D. 2020 Homeland Security Grant Program

Submitted by: Shane Sherwood, Division Chief/US&R and Jay Barkman, Legislative Analyst/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of October 28, 2021, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Approve and authorize the Fire Chief to execute any necessary agreement(s) to accept and administer the FY 2020 Homeland Security Grant Program.
2. Approve a budget adjustment to the FY 2021/22 General Fund (121) budget to increase revenues and expenditures by \$180,000.

E. Fire Integrated Real-time Intelligence System (FIRIS) 3.0 Program Extension

Submitted by: Brian Fennessy, Fire Chief and Robert Cortez, Assistant Chief/Business Services Department

Recommended Actions:

1. Approve and authorize a budget adjustment to increase revenue and appropriations in the FY 2021-22 General Fund (121) budget by an additional \$10,671,443 for the extension of the FIRIS 3.0 Program for an additional eight months from November 1 through June 30, 2022.
2. Approve and authorize the Purchasing Manager to adjust all FIRIS-related vendor contracts by the individual amounts needed in support of the FIRIS 3.0 Program extension, so long as the aggregate value of the increase does not exceed the revised program budget (see table).

3. DISCUSSION CALENDAR

A. Findings Required by AB 361 for the Continued Use of Teleconferencing for Meetings of the Budget and Finance Committee

Submitted by: David Kendig, General Counsel

Recommended Actions:

1. Make the following findings by majority vote of the Committee:
 - a. A state of emergency has been proclaimed by California's Governor due to the COVID-19 pandemic and continues in effect; and
 - b. The Committee has reconsidered the circumstances of the state of emergency; and
 - c. State and local officials continue to recommend measures to promote social distancing to slow the spread of COVID-19.
2. Direct staff to place this item on the agenda for the Board of Directors meeting of October 28, 2021, with the Budget and Finance Committee's recommendation that the

Board consider scheduling concurrent Special Meetings of this Committee with regular or special meetings of the Board of Directors whenever necessary to address the requirement to make the required findings at least every thirty (30) days, and to minimize the need for separate Committee meetings to address this new requirement of the Brown Act. (A proposed schedule that could accommodate the concurrent meetings is attached hereto and referenced as Attachment 2).

B. Fire Service Proposal for Emergency Services for the City of Fullerton

Submitted by: Rob Capobianco, Division Chief/Field Operation Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of October 28, 2021, with the Budget and Finance Committee's recommendation that the Board approve and authorize staff to submit the Orange County Fire Authority's proposal to the City of Fullerton for its consideration.

REPORTS

No Items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, November 10, 2021, 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 Fire Operations and Training Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting.

Maria D. Huizar, CMC
Clerk of the Authority

UPCOMING MEETINGS:

Executive Committee
Board of Directors
Budget & Finance Committee

Thursday, October 28, 2021, 5:30 p.m.
Thursday, October 28, 2021, 6:00 p.m.
Wednesday, November 10, 2021, 12 noon

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Regular Meeting

Wednesday, September 8, 2021

12:00 Noon

Regional Fire Operations and Training Center

Board Room

1 Fire Authority Road

Irvine, CA 92602

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on September 8, 2021, at 12:03 p.m. by Chair Muller.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Joe Muller, Dana Point, Chair*
Tri Ta, Westminster, Vice Chair*
Troy Bourne, San Juan Capistrano*
Gene Hernandez, Yorba Linda*
Shelley Hasselbrink, Los Alamitos*
Anthony Kuo, Irvine*
John O'Neill, Garden Grove*
Ed Sachs, Mission Viejo*
Mark Tettemer, Lake Forest*

Absent: None

Staff present were:

Fire Chief Brian Fennessy
Assistant Chief Phil Johnson
Assistant Chief Randy Black
Assistant Chief Jim Ruane
Assistant Chief Stephanie Holloman
Clerk of the Authority Maria Huizar

Deputy Chief Lori Zeller
Deputy Chief Kenny Dossey
Assistant Chief Lori Smith
Assistant Chief Robert Cortez
Ex-Officio Member Jennifer Cervantez
General Counsel David Kendig

**Committee Members participating via teleconferencing*

PUBLIC COMMENTS

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

1. PRESENTATION

No items.

2. CONSENT CALENDAR

On motion of Director Kuo and second by Director Hasselbrink, and following a roll call vote, declared passed 9-0 Items 2A-2D.

A. Minutes for the July 14, 2021, Regular Budget and Finance Committee Meeting (FILE 12.02B2)

Action: Approve as submitted.

B. Monthly Investment Reports (FILE 11.10D2)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 23, 2021, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

C. Fourth Quarter Financial Newsletter (FILE 15.07)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 23, 2021, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

D. Fourth Quarter Purchasing Report (FILE 11.10DH1)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of September 23, 2021, with the Budget and Finance Committee's recommendation that the Board of Directors receive and file the report.

3. DISCUSSION CALENDAR

A. Annual Investment Report (FILE 11.10D1)

Assistant Treasurer James Slobojan presented the report.

Minutes

OCFA Budget and Finance Committee Regular Meeting

September 8, 2021 Page - 2

On motion of Director Ta and second by Director Hernandez, and following a roll call vote, declared passed 9-0, recommended action to review the proposed annual agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of September 23, 2021, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

B. Budget Adjustment to Conduct Mandated Defensible Space Compliance Inspections per Assembly Bill 38 (FILE 17.18A)

Assistant Chief Lori Smith presented the report.

On motion of Vice Chair Ta and second by Director Hernandez, and following a roll call vote, declared passed 9-0, recommended action to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting on September 23, 2021, with the Budget & Finance Committee's recommendation that the Board of Directors:

1. Amend the Master Position Control List to add one Fire Prevention Specialist to conduct defensible space inspections located in the High or Very High Hazard Severity Zones, contingent on State funding for the position and staff shall be prepared with a fee study in the event State funding ceases.
2. Approve a Budget Adjustment to increase revenue by \$180,000 and expenditures by \$180,000, including \$135,000 in the General Fund (121) and \$45,000 in the Fleet CIP Fund (133).

Director Sachs left the meeting at 12:53 p.m.

C. Carryover of FY 2020/21 Uncompleted Projects (FILE 15.04)

Assistant Chief Cortez presented the report.

On motion of Director Tettermer and second by Director Hasselbrink, and following a roll call vote, declared passed 8-0 (Director Sachs absent), recommended action to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of September 23, 2021, 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 2021/22 General Fund (121) increasing revenues by \$16,637,547 and expenditures by \$17,174,678.
2. Approve a budget adjustment in the FY 2021/22 General Fund CIP (12110) increasing expenditures by \$6,025,736.
3. Approve a budget adjustment in the FY 2021/22 Fire Stations and Facilities Fund (123) increasing expenditures by \$6,818,795.
4. Approve a budget adjustment in the FY 2021/22 Communications and Information Systems Fund (124) increasing expenditures by \$3,741,515.

5. Approve a budget adjustment in the FY 2021/22 Fire Apparatus Fund (133) increasing expenditures by \$10,414,456.
6. Approve a budget adjustment in the FY 2021/22 Settlement Agreement Fund (139) increasing expenditures by \$1,500,000.
7. Approve a budget adjustment in the FY 2021/22 Structural Fire Entitlement Fund (171) increasing expenditures by \$1,120,305.

D. Follow-up to Fleet Replacement and Maintenance Analysis Request (FILE 15.09I)

Assistant Chief Ruane presented the report.

On motion of Director Tettemer and second by Vice Chair Ta, and following a roll call vote, declared passed 8-0 (Director Sachs absent), recommended action to receive and file the report.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS (FILE 12.02B4)

Director O'Neill reminded everyone to get vaccinated to protect yourselves from the Covid-19 influenza.

ADJOURNMENT – Chair Muller adjourned the meeting at 1:05 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, October 13, 2021, at 12:00 noon.

Maria D. Huizar, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 13, 2021

Agenda Item No. 2B
Consent Calendar

Monthly Investment Reports

Contact(s) for Further Information

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James Slobojan, Assistant Treasurer
Treasury & Financial Planning

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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 October 28, 2021, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Attached is the final monthly investment report for the month ended August 31, 2021. A preliminary investment report as of September 24, 2021, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – August 2021/Preliminary Report –September 2021

Orange County Fire Authority Monthly Investment Report



Final Report – August 2021

Preliminary Report – September 2021



Monthly Investment Report Table of Contents

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Orange County Fire Authority

Final Investment Report

August 31, 2021



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of August 2021, the size of the portfolio decreased by approximately \$25 million to \$156 million. Receipts for the month totaled \$10.1 million with noteworthy items of cash contract payments totaling \$5.9 million, Property tax apportionment payments totaling \$1.1 million, various grant reimbursement payments and other charges for current services totaling \$1.6 million and a \$1.4 million payment from the State of California for the FIRIS program. Total August cash outflows amounted to approximately \$35.4 million. Significant disbursements for the month included two biweekly payrolls and related benefits totaling approximately \$31.3 million. The portfolio's balance is expected to increase slightly in September.

In August, the portfolio's yield to maturity (365-day equivalent) ticked upward by 5 basis points to 0.42%. The effective rate of return also increased by 3 basis points to 0.35% for the month, and the average maturity of the portfolio decreased by 3 days to 29 days to maturity.

Economic News

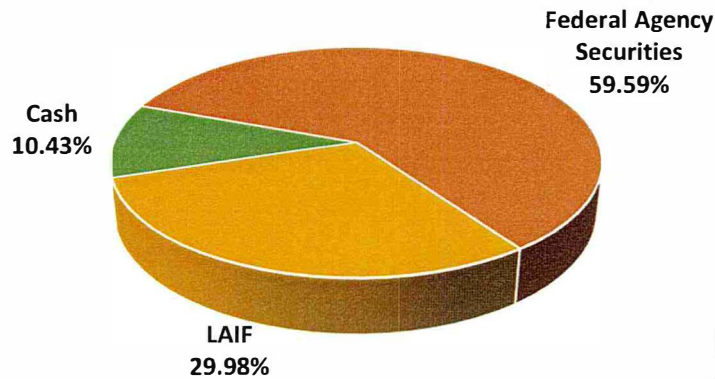
In August 2021, the nonfarm payroll employment rose by 235,000, the number of unemployed persons dipped slightly to 8.4 million and the unemployment rate declined by 0.2 percentage points to 5.2 percent. August's numbers are the worst since January 2021 as the labor market presented a dramatic slowdown in all industries. The consumer confidence index dropped to a reading of 113.8 in August, down from a revised 125.1 in July. It was the lowest level for the index since a reading of 95.2 in February. However, retail sales showed an unexpected gain of 0.7% in August despite fears that escalating Covid-19 cases and supply chain issues would hold back consumers.

Producer prices (the prices companies pay for goods and services) increased 0.7% in August and final demand prices rose 8.3% in from a year ago. Consumer prices cooled in August with the CPI rising 0.3% from July and 5.3% from a year ago as a surge in Covid-19 infections slowed economic growth and supplies and labor continued to drive up prices, albeit prices eased for autos. This recent slight cooling of prices in August may be signaling that although inflation is higher than normal, the Federal Reserve may be beginning to see a slowdown in price gains.

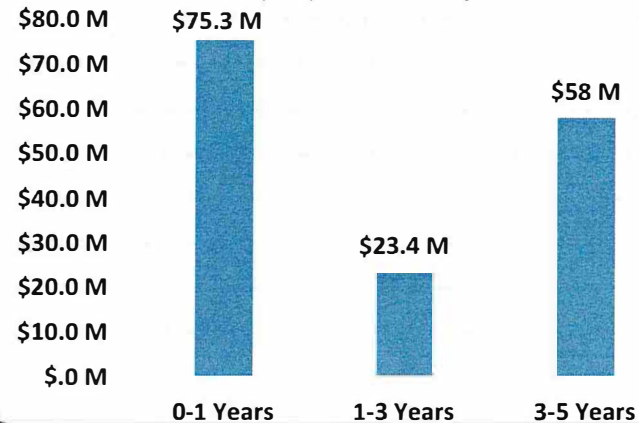


OCFA'S PORTFOLIO IS EXCEEDING BOTH THE LAIF AND TREASURY BENCHMARKS AS OF AUGUST 31, 2021

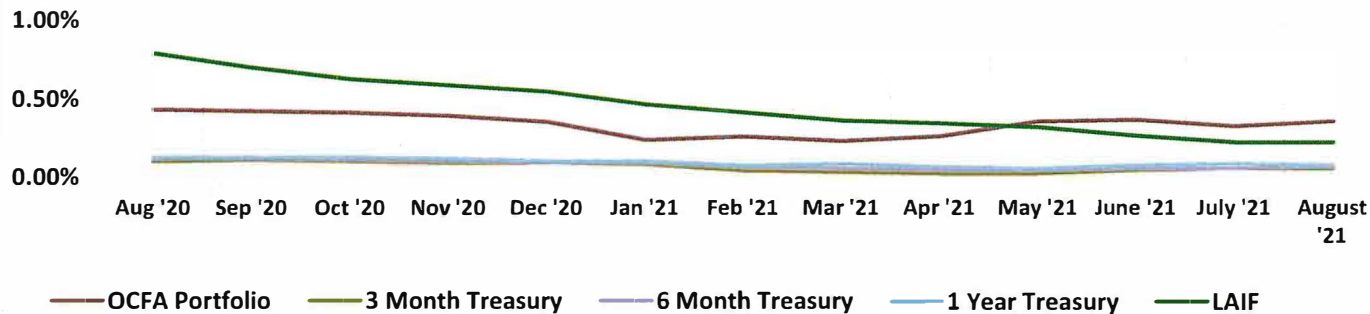
Market Value \$156,789,547



Aging Summary



12 Month Benchmarks



**BENCHMARK COMPARISON AS OF AUGUST 31, 2021**

3 Month T-Bill: 0.05%

1 Year T-Bill: 0.07%

6 Month T-Bill: 0.06%

LAIF: 0.22%

OCFA Portfolio: 0.35%

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>	\$156,812,532	\$182,004,316	\$150,598,712
<i>Yield to Maturity (365 day)</i>	0.42%	0.37%	0.49%
<i>Effective Rate of Return</i>	0.35%	0.32%	0.43%
<i>Days to Maturity</i>	29	32	16



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
August 31, 2021

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

See Note 1 on page 10

See Note 2 on page 10

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
Federal Agency Coupon Securities	81,450,000.00	81,425,961.65	81,452,560.37	57.99	1,318	42	0.593	0.601
Federal Agency Disc. -Amortizing	12,000,000.00	11,999,400.00	11,999,686.68	8.54	150	47	0.020	0.021
Local Agency Investment Funds	47,000,000.00	47,003,899.59	47,000,000.00	33.46	1	1	0.218	0.221
	140,450,000.00	140,429,261.24	140,452,247.05	100.00%	778	29	0.419	0.424

Investments

Cash and Accrued Interest

Passbook/Checking (not included in yield calculations)	16,358,850.44	16,358,850.44	16,358,850.44		1	1	0.000	0.000
Accrued Interest at Purchase		1,435.11	1,435.11					
Subtotal		16,360,285.55	16,360,285.55					
Total Cash and Investments	156,808,850.44	156,789,546.79	156,812,532.60		778	29	0.419	0.424

Total Earnings	August 31 Month Ending	Fiscal Year To Date
Current Year	49,184.37	101,485.97
Average Daily Balance	164,101,377.00	176,798,067.69
Effective Rate of Return	0.35%	0.34%

"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, 2021. 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

9/3/21

Cash and Investments with GASB 31 Adjustment:

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

\$ 156,812,532.60

GASB 31 Adjustment to Books (See Note 3 on page 10)

\$ (199,026.23)

Total

\$ 156,613,506.37

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
August 31, 2021

See Note 1 on page 10

See Note 2 on page 10

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/Call 365	Days to Mat./Call	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS528	528	Federated Treasury Obligations		07/01/2021	0.00	0.00	0.00	0.010	0.010	1	
Subtotal and Average			4,197,612.91		0.00	0.00	0.00		0.000	0	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank (Continuous Call)		12/23/2020	14,000,000.00	13,987,680.00	14,000,000.00	0.190	0.190	0	09/22/2023
3133EMWH1	1030	Federal Farm Credit Bank (Callable 4/21/2022)		04/22/2021	3,000,000.00	3,004,440.00	3,002,560.37	0.710	0.710	232	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	12,000,720.00	12,000,000.00	0.720	0.720	0	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 9/30/2021)		03/30/2021	8,000,000.00	7,998,320.00	8,000,000.00	0.550	0.822	29	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 10/8/2021)		04/22/2021	9,435,000.00	9,430,659.90	9,435,000.00	0.375	0.375	37	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 10/23/2021)		04/23/2021	11,015,000.00	11,008,941.75	11,015,000.00	0.520	0.520	52	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 10/29/2021)		04/29/2021	12,000,000.00	11,997,600.00	12,000,000.00	1.000	1.000	58	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 5/11/2022)		05/11/2021	12,000,000.00	11,997,600.00	12,000,000.00	0.550	0.641	71	10/11/2024
Subtotal and Average			81,452,587.80		81,450,000.00	81,425,961.65	81,452,560.37		0.601	42	
Federal Agency Disc. -Amortizing											
313313NC8	1036	Federal Farm Credit Bank		05/21/2021	12,000,000.00	11,999,400.00	11,999,686.68	0.020	0.021	47	10/18/2021
Subtotal and Average			20,386,660.16		12,000,000.00	11,999,400.00	11,999,686.68		0.021	47	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			47,000,000.00	47,003,899.59	47,000,000.00	0.221	0.221	1	
Subtotal and Average			58,064,516.13		47,000,000.00	47,003,899.59	47,000,000.00		0.221	1	
Total and Average			164,101,377.00		140,450,000.00	140,429,261.24	140,452,247.05		0.424	29	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
August 31, 2021

See Note 1 on page 10

See Note 2 on page 10

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/Call 365	Days to Mat./Call
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2021	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2021	16,338,850.44	16,338,850.44	16,338,850.44		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		1,435.11	1,435.11			1
				Subtotal		16,360,285.55	16,360,285.55			
Total Cash and Investments			164,101,377.00		156,808,850.44	156,789,546.79	156,812,532.60		0.424	29

Orange County Fire Authority
In Service of Others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of September 1, 2021

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	(09/01/2021 - 09/01/2021)	4 Maturities	0 Payments	63,358,850.44	40.41%	63,358,850.44	63,362,750.03
Aging Interval:	1 - 30 days	(09/02/2021 - 10/01/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	31 - 60 days	(10/02/2021 - 10/31/2021)	1 Maturities	0 Payments	12,000,000.00	7.65%	11,999,686.68	11,999,400.00
Aging Interval:	61 - 90 days	(11/01/2021 - 11/30/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	91 - 120 days	(12/01/2021 - 12/30/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	121 - 365 days	(12/31/2021 - 09/01/2022)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	366 - 1095 days	(09/02/2022 - 08/31/2024)	2 Maturities	0 Payments	23,435,000.00	14.94%	23,435,000.00	23,418,339.90
Aging Interval:	1096 days and after	(09/01/2024 -)	6 Maturities	0 Payments	58,015,000.00	37.00%	58,017,560.37	58,007,621.75
Total for			13 Investments	0 Payments		100.00	156,811,097.49	156,788,111.68



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The U.S. Bank Corporate Trust and Custody 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, 2021 includes an increase of \$6,222.75 to the LAIF investment and a decrease of (\$205,248.98) to the remaining investments.
- Note 4: End of day cash balances are invested in The First American Treasury Obligations money market mutual fund by the custodian bank, U.S. Bank National Association.



Local Agency Investment Fund (LAIF)

As of August 31, 2021, OCFA has \$47,000,000 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, 2021 is 1.00008297. When applied to OCFA's LAIF investment, the fair value is \$47,003,899 or \$3,899 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 August 31, 2021 is included on the following page.



Fair Value Including Accrued Interest	\$	176,834,696,252.77
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Orange County Fire Authority
Preliminary Investment Report
September 24, 2021



ORANGE COUNTY FIRE AUTHORITY **Portfolio Management** **Portfolio Summary** **September 24, 2021**

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

See Note 1 on page 19

See Note 2 on page 19

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
Money Mkt Mutual Funds/Cash	13,300.00	13,300.00	13,300.00	0.01	1	1	0.010	0.010
Federal Agency Coupon Securities	81,450,000.00	81,355,778.50	81,452,513.46	60.13	1,318	343	0.593	0.601
Federal Agency Disc. -Amortizing	12,000,000.00	11,999,880.00	11,999,846.67	8.86	150	23	0.020	0.021
Local Agency Investment Funds	42,000,000.00	42,003,484.74	42,000,000.00	31.00	1	1	0.218	0.221
	135,463,300.00	135,372,443.24	135,465,660.13	100.00%	806	209	0.426	0.432

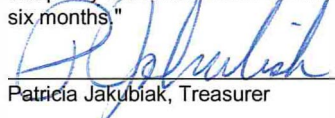
Investments

Cash and Accrued Interest

Passbook/Checking (not included in yield calculations)	1,758,602.78	1,758,602.78	1,758,602.78		1	1	0.000	0.000
Accrued Interest at Purchase		1,435.11	1,435.11					
Subtotal		1,760,037.89	1,760,037.89					
Total Cash and Investments	137,221,902.78	137,132,481.13	137,225,698.02		806	209	0.426	0.432

Total Earnings	September 24 Month Ending	Fiscal Year To Date
Current Year	37,182.82	138,668.79
Average Daily Balance	147,340,631.35	168,577,387.78
Effective Rate of Return	0.38%	0.35%

"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, 2021. 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)	\$ 137,225,698.02
GASB 31 Adjustment to Books (See Note 3 on page 19)	\$ (199,026.23)
Total	\$ 137,026,671.79

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
September 24, 2021

See Note 1 on page 19

See Note 2 on page 19

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/Call 365 Mat./Call	Days to Mat./Call	Maturity Date
Money Mkt Mutual Funds/Cash See Note 4 on Page 19											
SYS1042	1042	First American Treasury Oblig		09/22/2021	13,300.00	13,300.00	13,300.00	0.010	0.010	1	
Subtotal and Average			<u>8,429,992.07</u>		<u>13,300.00</u>	<u>13,300.00</u>	<u>13,300.00</u>		<u>0.010</u>	<u>1</u>	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank (Continuous Call)		12/23/2020	14,000,000.00	13,981,800.00	14,000,000.00	0.190	0.190	727	09/22/2023
3133EMWH1	1030	Federal Farm Credit Bank (Callable 4/21/2022)		04/22/2021	3,000,000.00	2,994,450.00	3,002,513.46	0.710	0.710	208	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	12,000,480.00	12,000,000.00	0.720	0.720	1,311	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 9/30/2021)		03/30/2021	8,000,000.00	7,993,840.00	8,000,000.00	0.550	0.822	5	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 10/8/2021)		04/22/2021	9,435,000.00	9,424,338.45	9,435,000.00	0.375	0.375	13	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 10/23/2021)		04/23/2021	11,015,000.00	11,000,350.05	11,015,000.00	0.520	0.520	28	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 10/29/2021)		04/29/2021	12,000,000.00	11,976,600.00	12,000,000.00	1.000	1.000	34	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 5/11/2022)		05/11/2021	12,000,000.00	11,983,920.00	12,000,000.00	0.550	0.641	47	10/11/2024
Subtotal and Average			<u>81,452,535.94</u>		<u>81,450,000.00</u>	<u>81,355,778.50</u>	<u>81,452,513.46</u>		<u>0.601</u>	<u>343</u>	
Federal Agency Disc. -Amortizing											
313313NC8	1036	Federal Farm Credit Bank		05/21/2021	12,000,000.00	11,999,880.00	11,999,846.67	0.020	0.021	23	10/18/2021
Subtotal and Average			<u>11,999,770.01</u>		<u>12,000,000.00</u>	<u>11,999,880.00</u>	<u>11,999,846.67</u>		<u>0.021</u>	<u>23</u>	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			42,000,000.00	42,003,484.74	42,000,000.00	0.221	0.221	1	
Subtotal and Average			<u>45,458,333.33</u>		<u>42,000,000.00</u>	<u>42,003,484.74</u>	<u>42,000,000.00</u>		<u>0.221</u>	<u>1</u>	
Total and Average			<u>147,340,631.35</u>		<u>135,463,300.00</u>	<u>135,372,443.24</u>	<u>135,465,660.13</u>		<u>0.432</u>	<u>209</u>	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
September 24, 2021

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/Call 365 Mat./Call	Days to Mat./Call
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2021	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2021	1,738,602.78	1,738,602.78	1,738,602.78		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		<u>1,435.11</u>	<u>1,435.11</u>			1
				Subtotal		<u>1,760,037.89</u>	<u>1,760,037.89</u>			
Total Cash and Investments			147,340,631.35		137,221,902.78	137,132,481.13	137,225,698.02		0.432	209

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of September 25, 2021

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	(09/25/2021 - 09/25/2021)	5 Maturities	0 Payments	43,771,902.78	31.92%	43,771,902.78	43,775,387.52
Aging Interval: 1 - 30 days	(09/26/2021 - 10/25/2021)	1 Maturities	0 Payments	12,000,000.00	8.75%	11,999,846.67	11,999,880.00
Aging Interval: 31 - 60 days	(10/26/2021 - 11/24/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 61 - 90 days	(11/25/2021 - 12/24/2021)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 91 - 120 days	(12/25/2021 - 01/23/2022)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 121 - 365 days	(01/24/2022 - 09/25/2022)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 366 - 1095 days	(09/26/2022 - 09/24/2024)	2 Maturities	0 Payments	23,435,000.00	17.07%	23,435,000.00	23,406,138.45
Aging Interval: 1096 days and after	(09/25/2024 -)	6 Maturities	0 Payments	58,015,000.00	42.26%	58,017,513.46	57,949,640.05
Total for		14 Investments	0 Payments		100.00	137,224,262.91	137,131,046.02



NOTES TO PORTFOLIO MANAGEMENT REPORT

- Note 1: Market value of the LAIF investment is calculated using a fair value factor provided by LAIF. The U.S. Bank Corporate Trust and Custody 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, 2021 includes an increase of \$6,222.75 to the LAIF investment and a decrease of (\$205,248.98) to the remaining investments.
- Note 4: End of day cash balances are invested in The First American Treasury Obligations money market mutual fund by the custodian bank, U.S. Bank National Association.

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.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 13, 2021

Agenda Item No. 2C
Consent Calendar

**Approval of Annual Statement of Investment
Policy and Investment Authorization**

Contact(s) for Further Information

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714.573.6301

Summary

This annual agenda item is submitted to the Committee in compliance with the Orange County Fire Authority's (OCFA's) Investment Policy that requires the Annual Statement of Investment Policy be reviewed and approved by the Budget and Finance Committee and the Board of Directors.

This item is also being submitted in compliance with Government Code provisions which require the Board of Directors to review and renew the annual delegation of investment authority to the Treasurer for a one-year period.

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 October 28, 2021, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Review and approve the submitted Investment Policy of the Orange County Fire Authority, to be effective January 1, 2022.
2. Pursuant to Government Code Sections 53601 and 53607, renew delegation of investment authority to the Treasurer for a one-year period, to be effective January 1, 2022.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

The Statement of Investment Policy is reviewed annually and revised by the Treasurer, if needed. The proposed Policy is then submitted to the Budget and Finance Committee and Board of Directors for approval to become effective on January 1 for the calendar year. During the past

year, there were no significant legislative amendments to the California Government Code regarding investments. Therefore, staff recommends that the Investment Policy remain unchanged. The Proposed Investment Policy is attached for review and approval, to be effective January 1, 2022. (Attachment 1).

Attachment(s)

Proposed Investment Policy (to be effective January 1, 2022)



ORANGE COUNTY FIRE AUTHORITY

INVESTMENT POLICY

Calendar Year 2022



INVESTMENT POLICY

History of OCFA's Investment Policy & Cash Management Program

Following the formation of the Orange County Fire Authority (the Authority) in March 1995, OCFA funds were initially invested in the Orange County Investment Pool (OCIP) and the Local Agency Investment Fund (LAIF). At that time, investment options were limited since the Authority was using County services for treasury, banking, and accounting systems pending implementation of its own systems. During this transitional stage, OCFA staff worked to establish independent banking, custodian, and broker/dealer agreements, installed a portfolio management system, and implemented the Banner Financial System. Staff also researched and drafted a comprehensive Investment Policy. On January 1, 1997, the OCFA Board of Directors adopted the Investment Policy and appointed a Treasurer. Immediately thereafter, OCFA assumed in-house responsibility for Treasury services and implemented its own Cash Management & Investment Services Program.

As the Cash Management program evolved, all remaining funds in the OCIP were gradually withdrawn. The Treasurer invested these funds in individual securities and scheduled maturities to correspond with cash flow needs. Investments included Treasury and Federal Agency securities, prime quality commercial paper, money market mutual funds (U.S. Treasury Obligations), and LAIF.

Since inception in 1997, the Treasurer has continued to refine the Investment Policy on an annual basis to meet the changing needs of the Authority. The Policy has also been formally recognized by the Association of Public Treasurer's of the United States and Canada (APTA US&C). Certification is awarded when an investment policy meets the professional standards set forth by MTA US&C. Agencies may submit for re-certification after significant changes are made to the Policy.

During the past year, there were no significant legislative amendments to the California Government Code regarding investments.



INVESTMENT POLICY

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INVESTMENT POLICY

ORANGE COUNTY FIRE AUTHORITY

1. **Policy:** The Orange County Fire Authority shall invest public funds in such a manner as to comply with state and local laws; ensure prudent money management; provide for daily cash flow requirements; and meet the objectives, in priority order, of safety, liquidity, and return on investment.
2. **Scope:** This Investment Policy applies to all financial assets of the Orange County Fire Authority which are available for investment by the Authority's Treasurer; except that funds in the Authority's deferred compensation plan, defined contribution plan, and security deposits held in escrow in lieu of retention are excluded from this investment policy. The funds governed by this policy may be referred to herein as the OCFA portfolio.
 - 2.1. The Authority's funds are accounted for in the Comprehensive Annual Financial Report (CAFR) and include the funds listed below and any new fund created by the Board of Directors unless specifically exempted.

Fund 121 General Fund
Fund 122 Facilities Maintenance and Improvements
Fund 123 Capital Projects
Fund 124 Communications and Information Systems Replacement
Fund 133 Vehicle Replacement
Fund 171 Structural Fire Fund Entitlement
Fund 190 Self-Insurance Fund
Fund 422 Extra-Help Retirement Trust
 - 2.2. Bond fund investments will be held separately and made in accordance with the bond debenture requirements.
 - 2.3. Retiree Medical Trust Funds may be held separately from the OCFA portfolio and invested in accordance with California Government Code Section 53620 to 53622 and/or Section 31694.3.
 - 2.4. Additional trust funds may be set up to help reduce OCFA's unfunded pension

liability. These funds may be held separately from the OCFA portfolio and invested according to guidelines provided by OCFA.

3. **Prudence:** The standard of prudence to be used shall be the “prudent investor” standard (in Probate Code Sections 16040-16042 and 16045-16054 cited as Uniform Prudent Investor Act) and shall be applied in the context of managing the overall portfolio, not to a single item within a diversified portfolio. Investments shall be made with judgment and care (under circumstances then prevailing) which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
4. **Objectives:** The primary objectives of investment activities, in order of priority, shall be:
 - 4.1. *Safety:* Safety of principal is the prime objective of the investment program. The investment program shall be designed and implemented to ensure preservation of capital in the overall portfolio. Invested funds shall be **diversified** to minimize the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer, or specific class of securities.
 - 4.2. *Liquidity:* The investment portfolio shall be structured in a manner which strives to time the maturity of securities with cash requirements. Additionally, since not all possible cash demands can be anticipated, the portfolio should consist of securities with an active secondary or resale market.
 - 4.3. *Return on investment:* The Authority shall attempt to obtain a reasonable return provided that the requirements of safety and liquidity are first met.
5. **Authorization and Delegation of Authority:** Under California Government Code Section 53601, the legislative body of a local agency (i.e., the Authority’s Board of Directors) is authorized to invest surplus moneys as specified in that code section. In accordance with California Government Code Section 53607, this authority is delegated to the Treasurer of the Authority for a one-year period. Subject to review, the Board of Directors may renew the delegation of authority under this code section each year. The Treasurer will be responsible for all investment transactions and shall establish a system of controls to regulate the activities of officials involved in any aspect of the investment program.
 - 5.1. *Investment Procedures:* The Treasurer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. The procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. The procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction, except as provided under the terms of this policy and the procedures established by the Treasurer.
 - 5.2. *Delegation in Treasurer’s Absence:* In the Treasurer’s absence, the Treasurer delegates investment authority in the following order to (1) the Assistant Chief, Business

Services and (2) the Deputy Chief, Administration and Support Bureau or Fire Chief's designee.

6. **Duties and Responsibilities:**

- 6.1. *Treasurer:* Charged with responsibility for all public funds and securities belonging to or under the control of the Authority, and for the deposit and investment of those funds in accordance with the principles of sound treasury management and in accordance with the applicable laws, ordinances and policies adopted by the Authority.
- 6.2. *Auditor:* Charged with recording investment activity in the accounting records and with verifying the Treasurer's records with broker confirmations, bank statements and safekeeping records.
- 6.3. *Assistant Chief, Business Services:* Charged with responsibility (in the absence of the Treasurer) for all public funds and securities belonging to or under the control of the Authority and for their deposit. Duties related to investment activities shall be performed by staff other than those responsible for the accounting of those investments.
- 6.4. *Deputy Chief or Fire Chief's designee:* Charged with responsibility (in the absence of the Treasurer and Assistant Chief, Business Services) for all public funds and securities belonging to or under the control of the Authority and for their deposit. Duties related to investment activities shall be performed by staff other than those responsible for the accounting of those investments.
- 6.5. *Fire Chief:* Charged with responsibility for implementation of and conformance to the policies and procedures approved by the Board of Directors for the investment of the Authority's funds.
- 6.6. *Budget and Finance Committee:* Charged with responsibility for investment oversight. The Committee shall review the monthly investment reports and significant investment activity being undertaken. The Committee's recommendations shall be reported in a monthly investment report to the Executive Committee.
- 6.7. *Executive Committee:* Charged with responsibility to receive, review and approve the monthly investment report, following review by the Budget and Finance Committee.
- 6.8. *Board of Directors:* May delegate to the Treasurer for a one-year period the authority to invest the Fire Authority's funds. Subject to review, the Board may renew the delegation of this authority each year. The Board shall also annually consider and approve a written Statement of Investment Policy at a public meeting. Any change to the Investment Policy at any time shall also be considered by the Board at a public meeting.

7. **Ethics and Conflicts of Interest:** All officers, employees, and participants in the Authority's investment process shall:
- 7.1. Act responsibly as custodians of the public trust.
 - 7.2. Avoid any transaction that might impair the public confidence in the Authority's ability to serve the citizens of our area of responsibility.
 - 7.3. Refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.
 - 7.4. Abide by the Authority's adopted Conflict of Interest Code, which by reference is incorporated into this Investment Policy.
 - 7.5. The Treasurer, the Assistant Chief, Business Services, the Deputy Fire Chief or Fire Chief's designee and the Fire Chief shall be prohibited from doing personal investment transactions with any broker or securities dealer with whom OCFA does business, with the exception of the OCFA's primary bank for banking services. Employees shall subordinate their personal investment transactions to those of OCFA, particularly with regard to the time of purchases and sales.
8. **Authorized Financial Dealers and Institutions:** To promote the optimum yield on the investment of Authority funds, investment procedures shall be designed to encourage competitive bidding on transactions from approved financial institutions or broker/dealers.
- 8.1. On a triennial basis, the Treasurer shall recommend a list of at least three financial institutions and broker/dealers who are authorized to provide investment services. The list shall be approved by the Budget and Finance Committee and the Executive Committee. All financial institutions and broker/dealers who wish to be considered for the list must meet the following minimum requirements:
 - 8.1.1 Must certify that they have read and agree to comply with the investment policies of the Authority.
 - 8.1.2 Must be a primary or regional dealer that qualifies under the Securities and Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule).
 - 8.1.3 Must have a branch office in California.
 - 8.1.4 Must be experienced in institutional trading practices and familiar with the California Government Code as related to investments for local governmental agencies.
 - 8.1.5 Must have been in business for at least three years.

- 8.1.6 Must provide current audited financial statements.
- 8.1.7 Must provide proof of Financial Industry Regulatory Authority (FINRA) certification.
- 8.1.8 Other criteria as may be established in the *Investment Procedures Manual* of the Authority.
- 8.2. All financial institutions in which the Authority's public funds are deposited will supply the Treasurer with the following:
 - 8.2.1 Current audited financial statements.
 - 8.2.2 Depository contracts.
 - 8.2.3 A copy of the latest FDIC call report.
 - 8.2.4 Proof that the institution is state or federally chartered.

9. **Authorized Investment Advisors and Investment Managers:**

Authorized Investment Advisors

Although the Authority does not currently use an investment advisor, these policies and procedures shall be applicable if an investment advisor is utilized in the future to provide advice and guidance for the investment of OCFA portfolio funds. Under Government Code, the Authority is authorized to engage specially trained and experienced firms for economic advice and services. The Board of Directors must approve, in advance, all contracts with an investment advisor, after review by the Authority's Counsel. The investment advisor may only provide advice and may not effectuate trades; he/she may not make investment decisions. The Treasurer shall provide the investment manager with a copy of the Authority's Investment Policy.

Authorized Investment Managers

The provisions above for authorized investment advisors also apply to authorized investment managers. In addition, an investment manager may effectuate trades upon specific authorization for each transaction; however, he/she may not make investment decisions. All investment decisions must be made and approved by the Treasurer in advance, before the investment manager is authorized to execute a transaction. The Treasurer shall provide the investment manager with a copy of the Authority's Investment Policy. Upon execution of any trade, the Authority must receive confirmation directly from the broker/dealer and the custodian, not from the investment manager. Investments recommended by the investment manager should be safe kept by the Authority's regular custodian, and not with the investment manager.

10. **Authorized and Suitable Investments:** The Authority is empowered by statute (California

Government Code Section 53600 et seq., 53620 et seq., and Section 5922[d]) to invest in the following types of securities (see Section 15 of this Policy for maximum percentage limits imposed under Authority Policy):

- 10.1. U.S Treasury or Federal Agency securities.
- 10.2. Collateralized or insured passbook savings accounts and demand deposits.
- 10.3. Collateralized or insured certificates of deposit (or time deposits) placed with commercial banks (maximum term five years).
- 10.4. Bankers acceptances (issued by one of the 10 largest domestic banks or 20 largest international banks based on assets) with maturities not to exceed 180 days. State statute restricts bankers' acceptances to no more than 40% of the agency's surplus funds and no more than 30% in any one commercial bank. Authority policy is more restrictive, with a maximum 25% limit (see Section 15.1.4). Bankers' acceptances are to be purchased only from institutions that are well capitalized as the term is defined in the glossary.
- 10.5. Money market mutual funds whose portfolio consists solely of short-term treasury securities (i.e., one year or less remaining until maturity, at purchase). Mutual funds must be AAA rated by at least 2 of the 3 largest rating agencies.
- 10.6. Repurchase agreements whose underlying collateral consists of U.S. Treasury obligations or U.S. government agency obligations and the collateralization level must be in accordance with Government Code section 53601(i)(2), effective January 1, 1996 (maximum maturity of 14 days). A Public Securities Association (PSA) Master Repurchase Agreement is required between the Authority and the bank or broker/dealer for all repurchase agreements transacted. Direct investment in reverse repurchase agreements is prohibited.
- 10.7. Local Agency Investment Fund (State of California Pool).
- 10.8. Commercial paper in compliance with the following requirements:
 - 10.8.1 Must be rated highest-quality by at least two of the following three nationally recognized rating agencies. Highest-quality ratings are defined as (1) Moody's Investor Services rating of P1; (2) Standard & Poor's rating of A1/A1+; (3) Fitch rating of F1/F1+.
 - 10.8.2 Investments will not be made with commercial paper issuers placed on negative credit watch by any one of the above rating agencies.
 - 10.8.3 Commercial paper issuers must be domestic corporations having assets in excess of \$500,000,000 and having an AA or better rating on its long term debentures as provided by Moody's, Standard & Poor's, or Fitch.

- 10.8.4 Purchases of eligible commercial paper may not: (a) exceed 270 days to maturity; or (b) exceed 15% of the cost value of the portfolio. Although Government Code allows a maximum investment in commercial paper of 25%, Authority Policy maintains a 15% maximum, which is more restrictive.
- 10.8.5 The Treasurer shall conduct research on commercial paper issuers prior to investing OCFA funds with those issuers. The Treasurer will avoid investing in issuers with current events that involve negative financial implications that could lead to a downgrade to their credit rating. Sources of research will include, at a minimum, WSJ.com, Bloomberg.com, Marketwatch.com, and CNNMoney.com.
- 10.9. Negotiable certificates of deposit, issued by national or state-chartered banks or state or federal savings institutions, commercial bank, savings bank (savings and loan association), or credit union that uses a private sector entity that assists in the placement of certificates of deposit under specified conditions. Government Code limits negotiable certificates of deposit to 30% of the portfolio. Authority Policy, which is more restrictive, limits investment in these securities to 25% (see Section 15.1.5).
- 10.10. Proceeds of bonds or other indebtedness and any moneys set aside and pledged to secure payment of the bonds may be invested in accordance with the resolution, indenture, or other statutory provisions governing the issuance of those bonds or indebtedness.
- 10.11. Retiree Medical Funds may be held in a separate trust fund and invested as permitted under California Government Code Section 53620 to 53622 and/or Section 31694.3 for the purpose of paying health insurance benefits to retirees.
- 10.12. Additional trust funds may be set up to help reduce OCFA's unfunded pension liability. These funds may be held separately from the OCFA portfolio and invested according to guidelines provided by OCFA.
- 11. **Unallowable Investments / Restrictions:** The Authority shall **not** invest OCFA portfolio funds in the following instruments:
 - 11.1. Derivatives, except for indirect investment through the State's Local Agency Fund.
 - 11.2. Reverse repurchase agreements, although indirect investment through a pool is allowable up to a maximum of ten percent (10%) of the pool's portfolio.
 - 11.3. Financial futures or financial options.

- 11.4. Common stocks or corporate bonds.
- 12. **Investment Pools:** Governmental sponsored pools and/or mutual funds should be carefully reviewed prior to investing and should be monitored on an ongoing basis. Requisite information on the pool includes the following:
 - 12.1. A statement of investment policy and objectives.
 - 12.2. A list of allowable investments.
 - 12.3. Disclosure regarding settlement and safeguarding of investments.
 - 12.4. Description of securities pricing (fair value) and whether GASB 31 compliant.
 - 12.5. An explanation of interest calculations and distributions, plus fee disclosures.
 - 12.6. Deposit and withdrawal restrictions.
 - 12.7. Disclosure of audit findings and reports.
- 13. **Collateralization:** Collateral must always be held by an independent third party with whom the Authority has a current custodial agreement.
 - 13.1. State law regarding collateralization of deposits of public funds requires that securities be held by an agent (i.e., a trust company) of the bank, which may include the bank's trust department only if acceptable to both the bank and the Treasurer, pursuant to California Government Code Sections 53656 and 53658. Under the provisions of California Government Code Section 53652, banks are required to secure the deposits of public funds, including certificates of deposits, by: a) pledging government securities with a value of 110% of the principal and accrued interest; b) pledging first trust deed mortgage notes having a value of 150% of the total agency deposit; or c) a letter of credit drawn on the Federal Home Loan Bank at 105% of the total agency deposit. Deposits must be secured at all times with eligible securities pursuant to Section 53651. A copy of the Call Report of Local Agency's Deposits and Securities must be supplied to the Authority and retained to document compliance with the collateral requirements.
 - 13.2. Collateralization of repurchase agreements must be at least 102% of the market value of principal and accrued interest. Collateral must consist of U.S. Treasury obligations or U.S. Agency obligations. Other specific requirements on repurchase agreements must be addressed in a master repurchase agreement between the Authority and the bank or broker/dealer.
 - 13.3. The Treasurer, at his/her discretion, may waive the collateral requirements for deposits up to \$250,000 which are fully insured by the Federal Deposit Insurance Corporation. The right of collateral substitution is granted.

14. **Safekeeping and Custody:** All security transactions shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party qualified custodian and evidenced by safekeeping receipts. The trust department of the Authority's bank may act as third party custodian, provided that the custodian agreement is separate and apart from the banking agreement.
15. **Diversification:** The Authority shall maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity, issuer, or security type.
- 15.1. *Restrictions on Securities:* At no time shall the Authority's portfolio be invested in a single security type or in a single financial institution or pool in excess of 15% of the total investment portfolio, with the following exceptions:
- 15.1.1 Treasury securities 100%
- 15.1.2 Local Agency Investment Fund 75% (*Excludes moneys deposited in LAIF bond funds.*)
- 15.1.3 Federal Agency securities 75%
- 15.1.4 Bankers' Acceptances 25%
- 15.1.5 Negotiable CD's 25%
- 15.2. *Exception for Automatic Overnight Sweep:* There shall be no restriction on the amount that is automatically swept from the Authority's bank into the Highmark Money Market Mutual Fund of U.S. Treasury Obligations *on an overnight basis*, in order to accommodate immediate investment of large inflows of property taxes or other receipts, pending diversified investment into other securities by the Treasurer.
- 15.3. *Maturity Diversification:* Every effort will be made to match investment maturities to cash flow needs. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing the market risk. Maximum maturities shall be as follows:
- 15.3.1 At least 50% of the portfolio is limited to a period of one year or less.
- 15.3.2 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.
16. **Internal Control:**
- 16.1. Internal policies and procedures shall be developed to assure that appropriate controls are in place to document and confirm all transactions. A separate *Investment Procedures Manual* shall be established to assist Treasury staff with daily operations and shall be reviewed at least annually by the Treasurer.

- 16.2. An independent analysis by an external auditor shall be conducted annually to review internal control, account activity and compliance with policies and procedures.
- 16.3. To provide further protection of the Authority funds, written instructions require the Authority's bank to obtain verification of all wire transfers from two of the three following officers:
 - 16.3.1 Treasurer.
 - 16.3.2 Assistant Chief, Business Services.
 - 16.3.3 Deputy Fire Chief, or Fire Chief's designee.
- 17. **Performance Standards:** The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs.
 - 17.1. *Investment Strategy:* The Authority's basic investment strategy is to buy and hold investments until maturity. However, the Treasurer may sell a security due to adverse changes in credit or market risk or due to unexpected cash flow needs.
 - 17.2. *Market Yield (Benchmark):* The basis used by the Treasurer to determine whether market yields are being achieved shall be the rates of return from the following combination of indices: Local Agency Investment Fund (LAIF) and 3-month, 6-month and 1-year Treasury Bills (constant maturity).
 - 17.3. *Review:* The investment policy shall be reviewed at least annually by the Budget and Finance Committee and approved by the Board of Directors to ensure its consistency with the overall objectives of safety (including diversification), liquidity and return, as well as its relevance to current law and financial/economics trends. The Authority's philosophy prohibits speculation (i.e., purchasing securities with the intent to profit from anticipated changes in future market conditions). Leveraging or borrowing money for the purpose of investing is specifically prohibited.
- 18. **Reporting:**
 - 18.1. *Monthly Reports:* In compliance with Government Code Sections 53607 and 53646, the Treasurer shall file a monthly investment report with the Clerk of the Board, who will submit copies to the Board of Directors, the Executive Committee, the Budget and Finance Committee, the Fire Chief, the Deputy Chief, Administration and Support Bureau, the Assistant Chief, Business Services, the Auditor, and the Authority's outside auditor (as required). The investment report will be agendaized for the monthly meetings of the Budget and Finance Committee and the Executive Committee, and any Board member may request inclusion of the report on the Board's agenda at any time. This report shall certify that the Treasurer has complied with the Authority's

Investment Procedures Manual and will include an *Executive Summary*, which provides a condensed summary of the most important information in the report, plus a detailed report covering the following elements:

- 18.1.1 Type of investments and percent that each type represents in the portfolio.
 - 18.1.2 Issuer.
 - 18.1.3 Purchase date.
 - 18.1.4 Date of maturity.
 - 18.1.5 Amount of deposit.
 - 18.1.6 Face value of the securities.
 - 18.1.7 Current market value of securities.
 - 18.1.8 Portfolio yield and comparison to benchmark.
 - 18.1.9 Interest earnings.
 - 18.1.10 Percentage of portfolio maturing within one year, 1-3 years, 3-5 years and over 5 years.
 - 18.1.11 Statement relating the report to the Investment Policy.
 - 18.1.12 Statement on availability of funds to meet its obligations for the next 30 days and the next 6 months.
 - 18.1.13 Description of funds, investments, or programs managed by contracted parties.
 - 18.1.14 Statement of compliance of the portfolio with the investment policy or manner in which the portfolio is out of compliance.
 - 18.1.15 GASB 31 effects on financial statements.
 - 18.1.16 Comments on the fixed income markets and economic conditions.
 - 18.1.17 Potential changes in future portfolio structure (if any), including risk factors.
 - 18.1.18 Any other information required by the Board.
- 18.2. *Annual Reports:* The Treasurer shall submit an annual report to the Budget and Finance Committee and the Executive Committee, following the close of the fiscal

year which shall certify that the Treasurer has complied with the Authority's investment procedures and detail the following:

- 18.2.1 Analysis of the composition of the investment fund.
- 18.2.2 Discussion of investment risk in the portfolio.
- 18.2.3 GASB 31 impacts.
- 18.2.4 A review of trends regarding the size of the investment fund.
- 18.2.5 Portfolio performance and comparison to benchmark.
- 18.2.6 Investment income.
- 18.2.7 A statement of anticipated investment fund activity in the next fiscal year.

18.3 **Investment Policy Adoption:** The Treasurer shall annually render to the Fire Chief, the Budget and Finance Committee, and the Board of Directors a Statement of Investment Policy.

Glossary

Active Deposits. Funds which are immediately required for disbursement.

Active investment management. An investment strategy that involves the active trading of securities in an attempt to earn above-average returns on a portfolio. Active investment management requires frequent monitoring of financial markets.

Agency. A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of an FSA is the Federal National Mortgage Association (FNMA).

Arbitrage. Generally, transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a difference in prices in the two markets.

Bankers' Acceptances (BA's). Time drafts or bills of exchange that are accepted payment by banks engaged in the financing of international trade. BA's finance the importation, exportation, shipment or storage of foreign and domestic goods. BA's are usually backed by documentation such as invoices, bills of lading, or warehouse receipts. Upon acceptance by a bank, a BA becomes an irrevocable and unconditional obligation of the accepting bank, while it is also an obligation of the drawer as well as any endorser thereof.

Basis point. By common agreement, .01% of yield on a fixed income security (1/100 of 1%).

Bond Equivalent Yield (BEY). An annual yield, expressed as a percentage, describing the return provided to bond holders. A bond equivalent yield is double the simple interest, semiannual yield. Since Treasury and agency notes and bonds pay interest semiannually, the bond equivalent yield is a way to compare yields from discount securities, such as Treasury bills and bankers' acceptances with yields available from coupon securities. From that usage, this yield measure is also known as the coupon yield equivalent. For securities that pay daily, monthly or quarterly interest, the bond equivalent yield understates the benefits obtained from the compounding of those investments.

Book-entry clearance. A system for the transfer of ownership of securities through entries on the records of a centralized agency. The centralized agency holds securities on behalf of their owners; when the securities are sold, ownership is transferred by bookkeeping entry from the seller to the purchaser. In the case of U.S government securities, securities certificates are not issued, and ownership of the securities is evidenced in computer records maintained by the Federal Reserve System. For other types of securities, book entry clearance is made available through linked or interfaced systems maintained by four securities depositories, which hold securities and act on behalf of their participants.

Book-entry security. A security which is not available to purchasers in physical form. Such a security may be held either as a computer entry on the records of a central holder (as is the case with U.S. certain government securities) or in the form of a single, global certificate.

Book value. The value at which a security is carried on the inventory lists or other financial records of an investor. 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.

Broker. A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position or take ownership of the security.

Certificate of Deposit (CD). A deposit of funds, in a bank or savings and loan association, for a specified term that earns interest at a specified rate or rate formula.

Collateralization. Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

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. Firms with lower ratings or without well known names usually back their commercial paper with guarantees or bank letters of credit.

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

Credit Risk. The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return). A measure of the simple interest annual yield for interest-bearing investments with maturities of one year or more. To calculate the current yield, the annual coupon interest income is divided by the amount paid to acquire the investment. It is important to note that the current yield is only accurate for investments purchased at par. The current yield calculation includes just one income cash flow - the annual interest income. It ignores the profit or loss resulting from discounts and premiums.

Custody. The service of an organization, usually a financial institution, of holding (and reporting) a customer's securities for safekeeping. The financial institution is known as the **custodian**.

Dealer. An individual or firm who, as a matter of regular business, purchases or sells securities for his account and risk.

Delivery versus payment (DVP). A settlement procedure where payment for a securities purchase is made simultaneously with the transfer of the purchased securities. The same procedure applies for a securities sale; the securities are transferred as payment is made.

Derivative instrument. A security that derives its value from an underlying asset, group of assets, reference rate, or an index value. Some derivative instruments can be highly volatile and result in a loss of principal in changing interest rate environments.

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.

Diversification. Dividing investment funds among a variety of securities, offering independent returns, to reduce risk inherent in particular securities.

Effective Annual Yield. A seldom used expression to refer to the yield on an investment expressed on a compound interest basis.

Fed Wire. Computerized network linking the Fed with its district banks, member banks, and primary dealers in government securities.

Federal Agency Securities. A variety of securities issued by several Federally sponsored agencies. Some are issued on a discount basis and some are issued with coupons. Several have the full faith and credit guarantee of the U.S. government, although others do not.

Federal Deposit Insurance Corporation (FDIC). A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

Federal funds (Fed 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 - Interest rate charged by one institution lending federal funds to another.

Floater. A floating rate security with an interest rate that resets at specified intervals according to an underlying index, such as LIBOR (the London Interbank Offered Rate), and is based on a predetermined formula. The value of a floater will fluctuate as interest rates change and therefore can be very volatile.

Inactive deposits. Funds not immediately needed for disbursement.

Interest rate risk. The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

Inverse floater. A security that reacts inversely to the direction of interest rates. These securities can be very volatile and can lose value in a rising interest-rate environment.

Leverage. An attempt to increase the rate of return on an investment by buying securities on margin or using borrowed funds for investment purposes. This practice can be risky if interest rates rise or if investment yields are lower than expected.

Liquidity. The quality of an asset that permits it to be converted quickly into cash without a significant loss of value.

Local Agency Investment Fund (LAIF). A special fund in the State Treasury which local agencies may use to deposit funds for investment and for reinvestment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, 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. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via a check, warrant, or direct deposit to the agency's State Pooled Fund account. The State keeps an amount for reasonable costs of making the investments, not to exceed 1/4 of a percent of the earnings.

Marketability. The measure of ease with which a security can be sold in the secondary market.

Mark-to-Market. The practice of valuing a security of portfolio according to its market value, rather than its cost or book value.

Market Rate of Return. The average yield of the 3-month U.S. Treasury Bill or other index that closely matches the average maturity of the portfolio.

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, a 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, repos and federal funds).

Mutual Fund. An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines.

Negotiable. Salable.

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

Passive investment management. An investment strategy where securities are bought with the

intention of holding them to maturity or investments in benchmark products designed to yield a market rate of return.

Principal. The face amount or par value of a debt instrument.

Primary Dealer. A small group of large banks and brokers that have pledged to make a market for any Treasury securities at any time. They are required to report their inventory positions and volume of activities to the Federal Reserve. Because of this, they are given the right to deal directly with the Federal Reserve in their daily operations.

Prudent Investor Standard. A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing funds. The test of whether the standard is being met is if a prudent person acting in a similar situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

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.

Public Securities Association. The bond market trade association, which publishes a Master Repurchase Agreement that is widely accepted as the industry standard.

Rating. Judgment of creditworthiness of an issuer made by an accepted rating service.

Repurchase Agreement (Repo). A form of secured, short-term borrowing in which a security is sold with a simultaneous agreement to buy it back from the purchaser at a future date. A *master repurchase agreement* is a written contract governing all future transactions between the parties and seeks to establish each party's rights in the transaction.

Reverse Repurchase Agreement. A form of secured, short-term investment in which a security is purchased with a simultaneous agreement to sell it back to the seller at a future date.

Safekeeping. A procedure where securities are held by a third party acting as custodian for a fee.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument. The first sale of a financial instrument by the original issuer is said to be done a primary market. All subsequent trades are said to be secondary market.

Securities Investors Protection Corporation (SIPC). A private corporation providing insurance to brokerage firms to cover customer accounts up to \$500,000 in securities which includes a \$250,000 for cash.

Swap. The trading of one asset, or cash flows, for another. Sometimes used in active portfolio management to increase investment returns by "swapping" one type of security for another. Also used to manage risk; for example, swapping fixed interest rate payments for floating rate payments.

Total return. Interest income paid on the invested principal, plus interest income earned from the successive reinvestment of that interest income, plus projected capital gains (or minus losses) on the investment. Differs from yield to maturity because (1) it can include gains or losses from sales prior to maturity, and (2) it permits the assumption of a reinvestment rate different from the yield earned on the underlying principal.

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 ten years or longer.

Uniform Net Capital Rule. Securities and Exchange Commission 15C3-1 outlining capital requirements for brokers.

Weighted Average Maturity (WAM). The average maturity of all the securities that comprise a portfolio.

Yield. Loosely refers to the annual return on an investment expressed as a percentage on an annual basis. For interest-bearing securities, the yield is a function of the rate, the purchase price, the income that can be earned from the reinvestment of income received prior to maturity, call or sale and the time from purchase to maturity, call or sale. Different formulas or methods are used to calculate yield. See Yield to Maturity and Total Return Analysis.

Yield-to-maturity. The rate of return yielded by a debt security held to maturity when both the interest payments and the investor's potential capital gain or loss are included in the calculation of the return.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 13, 2021

Agenda Item No. 2D
Consent Calendar

2020 Homeland Security Grant Program

Contact(s) for Further Information

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Division 7

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Jay Barkman, Grant Administrator

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Summary

This item is submitted for the approval and authorization for the Fire Chief to execute any necessary agreements to accept the FY 2020 Homeland Security Grant Program (HSGP) award for an Administrative Fire Captain assigned to the Orange County Intelligence Assessment Center (OCIAAC).

Prior Board/Committee Action

The Board has received and approved HSGP annually since 2011 to fund this position.

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 October 28, 2021, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Approve and authorize the Fire Chief to execute any necessary agreement(s) to accept and administer the FY 2020 Homeland Security Grant Program.
2. Approve a budget adjustment to the FY 2021/22 General Fund (121) budget to increase revenues and expenditures by \$180,000.

Impact to Cities/County

Not Applicable.

Fiscal Impact

The FY 2021/22 General Fund revenues and expenditures will be increased by \$180,000.

Background

The FY 2020 HSGP plays a significant role in the implementation of the National Preparedness System by supporting the building, sustainment, and delivery of core capabilities essential to achieving the National Preparedness Goal of a secure and resilient Nation. Delivering core capabilities requires the combined effort of the whole community, rather than the exclusive effort of any single organization or level of government.

The FY 2020 HSGP's allowable costs support efforts to build and sustain core capabilities across the prevention, protection, mitigation, response, and recovery mission areas.

On August 16, 2021, OCFA was notified it was awarded \$180,000 as part of the FY 2020 HSGP related to funding of one OCFA Fire Captain at the OCIAC as a fire agency representative working in conjunction with law enforcement to combat and educate against terrorist's threats or acts to the citizens of Orange County.

Attachment(s)

1. FY 2020 Homeland Security Grant Program Agreement
2. Award Letter of \$180,000

**AGREEMENT TO TRANSFER PROPERTY OR FUNDS
FOR 2020 HOMELAND SECURITY GRANT PROGRAM PURPOSES**

THIS AGREEMENT is entered into this 21 day of July 2021, which date is enumerated for purposes of reference only, by and between the COUNTY OF ORANGE, a political subdivision of the State of California, hereinafter referred to as "COUNTY", and Orange County Fire Authority, a (municipal corporation/special district/not-for-profit corporation), hereinafter referred to as "SUBGRANTEE."

WHEREAS, COUNTY, acting through its Sheriff-Coroner Department in its capacity as the lead agency for the Orange County Operational Area, has applied for, received and accepted a grant from the State of California, acting through its California Office of Emergency Services, to enhance county-wide emergency preparedness, hereinafter referred to as "the grant", as set forth in the grant documents that are attached hereto as Attachments A (FY 20 CA Supplement to the Federal Notice of Funding Opportunity), B (FY 20 Homeland Security Grant Program Notice of Funding Opportunity), and C (FY 20 Homeland Security Grant Assurances) and incorporated herein by reference.

WHEREAS, the terms of the grant require that COUNTY use certain grant funds to purchase equipment, technology or services that will be transferred to SUBGRANTEE to be used for grant purposes.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

1. COUNTY shall transfer to SUBGRANTEE the equipment, technology or services as specified in Attachment D hereto, which is incorporated herein by reference. If the grant requires COUNTY to transfer to SUBGRANTEE equipment, technology or services that COUNTY has not yet acquired, COUNTY shall transfer said equipment, technology or services to SUBGRANTEE as soon after acquisition by COUNTY as is reasonably practicable.

2. If COUNTY transfers grant funds to SUBGRANTEE, SUBGRANTEE shall use said grant funds only to acquire equipment, technology or services as set forth in Attachment B hereto and/or to perform such other grant functions, if any, for which Attachments A, B and C permit SUBGRANTEE to

1 expend grant funds. SUBGRANTEE shall provide COUNTY with a budget breakdown signed by the
2 authorized agent.

3 3. Throughout its useful life, SUBGRANTEE shall use any equipment, technology or
4 services acquired with grant funds only for those purposes permitted under the terms of the grant, and
5 shall make it available for mutual aid response.

6 4. SUBGRANTEE shall exercise due care to preserve and safeguard equipment acquired with
7 grant funds from damage or destruction and shall provide regular maintenance and repairs for said
8 equipment as are necessary, in order to keep said equipment in continually good working order. Such
9 maintenance and servicing shall be the sole responsibility of the SUBGRANTEE, who shall pay for
10 material and labor costs for any maintenance and repair of the said equipment throughout the life of the
11 said equipment.

12 5. SUBGRANTEE shall assume all continuation costs of said equipment, technologies and/or
13 services to include but not limited to upgrades, licenses and renewals of said equipment, technologies
14 and/or services.

15 6. If equipment acquired with grant funds becomes obsolete or unusable, SUBGRANTEE
16 shall notify COUNTY of such condition. SUBGRANTEE shall transfer or dispose of grant-funded
17 equipment only in accordance with the instructions of COUNTY.

18 7. SUBGRANTEE agrees to indemnify, defend and save harmless COUNTY and their
19 elected and appointed officials, officers, agents and employees from any and all claims and losses accruing
20 or resulting to any and all contractors, subcontractors, laborers, and any other person, firm or corporation
21 furnishing or supplying work services, materials or supplies in connection with SUBGRANTEE's use of
22 grant-funded equipment, technology or services and SUBGRANTEE's performance of this Agreement,
23 including Attachments A, B and C hereto, and from any and all claims and losses accruing or resulting to
24 any person, firm, or corporation who may be injured or damaged by SUBGRANTEE in SUBGRANTEE's
25 use of grant-funded equipment, technology or services and SUBGRANTEE's performance of this
26 Agreement, including Attachments A, B and C hereto.

27 8. By executing this Agreement, SUBGRANTEE agrees to comply with and be fully bound
28 by all applicable provisions of Attachments A, B and C hereto. SUBGRANTEE shall notify COUNTY

1 immediately upon discovery that it has not abided or no longer will abide by any applicable provision of
2 Attachments A, B and C hereto.

3 9. SUBGRANTEE and COUNTY shall be subject to examination and audit by the State
4 Auditor General with respect to this Agreement for a period of three years after final payment hereunder.

5 10. No alteration or variation of the terms of this Agreement shall be valid unless made in
6 writing and signed by duly authorized representatives of the parties hereto, and no oral understanding or
7 agreement not incorporated herein shall be binding on any of the parties hereto.

8 11. SUBGRANTEE may not assign this Agreement in whole or in part without the express
9 written consent of COUNTY.

10 12. For a period of three years after final payment hereunder or until all claims related to this
11 Agreement are finally settled, whichever is later, SUBGRANTEE shall preserve and maintain all
12 documents, papers and records relevant to the work performed or property or equipment acquired in
13 accordance with this Agreement, including Attachments A, B and C hereto. For the same time period,
14 SUBGRANTEE shall make said documents, papers and records available to COUNTY and the agency
15 from which COUNTY received grant funds or their duly authorized representative(s), for examination,
16 copying, or mechanical reproduction on or off the premises of SUBGRANTEE, upon request during usual
17 working hours.

18 13. SUBGRANTEE shall provide to COUNTY all records and information requested by
19 COUNTY for inclusion in quarterly reports and such other reports or records as COUNTY may be
20 required to provide to the agency from which COUNTY received grant funds or other persons or agencies.

21 14. COUNTY may terminate this Agreement and be relieved of the payment of any
22 consideration to SUBGRANTEE if a) SUBGRANTEE fails to perform any of the covenants contained in
23 this Agreement, including Attachments A, B and C hereto, at the time and in the manner herein provided,
24 or b) COUNTY loses funding under the grant. In the event of termination, COUNTY may proceed with
25 the work in any manner deemed proper by COUNTY.

26 15. SUBGRANTEE and its agents and employees shall act in an independent capacity in the
27 performance of this Agreement, including Attachments A, B and C hereto, and shall not be considered
28 officers, agents or employees of COUNTY or of the agency from which COUNTY received grant funds.

1 **IN WITNESS WHEREOF**, the parties have executed this Agreement in the County of Orange,
2 State of California.

3 DATED: _____, 2021

COUNTY OF ORANGE, a political
subdivision of the State of California

5 By _____
6 Sheriff-Coroner
7 "COUNTY"

8 APPROVED AS TO FORM:

9 COUNTY COUNSEL

10 By Wendy J. Phillips
11 Wendy J. Phillips, Senior Deputy County Counsel

12
13 DATED: July 21, 2021

14
15 DATED: _____

SUBGRANTEE

16 By: _____

17 Dated: _____

18
19 ATTEST:

20
21 By _____
22 City Clerk

23 DATED: _____



ORANGE COUNTY SHERIFF'S DEPARTMENT

SHERIFF-CORONER DON BARNES

2020 Homeland Security Grant Program

Project Approval Notification

August 16, 2021

Chief Brian Fennessy
1 Fire Authority Rd.
Irvine, CA 92602

This letter serves to inform you that the State Homeland Security Program (SHSP) has approved your project request. This project award will recognize the Orange County Fire Authority as a sub-recipient. Your agency can only spend the allocated grant funding based on the preapproved project below and any administrative modifications have be requested by the County of Orange. Below is some important information related to the project approval:

- Requesting Jurisdiction: Orange County Fire Authority
- Project Awarded: OCIAAC – Planning
- Project Allocation: \$180,000
- Awarding Agency: Cal-OES / Department of Homeland Security
- Award Name: Homeland Security Grant Program
- Federal Grant Number: 2020-0095
- Recipient Performance: September 1, 2020 to May 31, 2023
- Contract Performance: September 1, 2020 to March 31, 2023
- CFDA: 97.067
- DUNS: 11-195-0874
- Cal-OES ID: 059-00000

An in depth review process of the application was necessary prior to approval. This process is required due to stringent HSGP guidelines that must be adhered to. Following the review process, your project was found to be a viable concept based on investment justifications, regional benefit, and degree of applicability to the overarching Homeland Security Grant goals and objectives.

It is critical that you become familiar with the 2020 Homeland Security Grant Program Guidance and the 2020 Homeland Security Grant Program California Supplemental Guidance. It is also imperative you contact the Homeland Security Grant Unit before funding any part of the project that may be questionable in regards to procurement guidelines and or Authorized Equipment List allow ability. In order to eliminate reimbursement issues, we will seek reimbursement approval from the State on behalf of your agency or jurisdiction.

If you have any questions regarding this notification or the review process, feel free to contact me or Monique Vansuch at (714) 834-3201 or mvansuch@ocsheriff.gov.

Respectfully,

A handwritten signature in black ink, appearing to read "C. Walters".

Captain Charlie Walters
Special Operations Division
Orange County Sheriff's Department
clwalters@ocsheriff.gov
(714) 349-9118



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 13, 2021

Agenda Item No. 2E
Consent Calendar

Fire Integrated Real-time Intelligence System
(FIRIS) 3.0 Program Extension

Contact(s) for Further Information

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

Summary

This agenda item is submitted for approval of budget and contract adjustments in reference to the extension of the Fire Integrated Real-time Intelligence System (FIRIS) 3.0 Program, as requested by the California Governor's Office of Emergency Services (Cal OES) to continue providing enhanced regional wildfire situational awareness for first responders. This agenda item seeks approval to increase revenue and appropriate Cal OES funds by an additional \$10,671,443 to cover the cost of the FIRIS 3.0 Program extension from November 1 through June 30, 2022.

Prior Board/Committee Action

On August 22, 2019, the Board of Directors authorized the SoCal/OCFA FIRIS Pilot Program for 150 days. This included initial approval of \$4.5 million in State funding and approval of various agreements for services including aviation equipment, data analytics, program managers, Air Tactical Group Supervisors (ATGSs), and other related services.

On June 25, 2020, the Board of Directors authorized the FIRIS 2.0 Program for an initial duration of 180 days. This included approval of \$8.2 million in State funding and approval of various agreements for services including aviation equipment, data analytics, program managers, ATGSs, and other related services. Subsequent requests and funding commitments by Cal OES to extend the FIRIS program through June 30, 2021, for a total budget of \$8.6M were also approved by the Board of Directors.

On July 22, 2021, the Board of Directors authorized the FIRIS 3.0 Program for an initial three months of fiscal year 2021/22 from August 1 through October 31, 2021. This included approval of \$4 million in State funding and approval of various agreements for services including aviation equipment, data analytics, program managers, ATGSs, and other related services.

RECOMMENDED ACTION(S)

1. Approve and authorize a budget adjustment to increase revenue and appropriations in the FY 2021-22 General Fund (121) budget by an additional \$10,671,443 for the extension of the FIRIS 3.0 Program for an additional eight months from November 1 through June 30, 2022.
2. Approve and authorize the Purchasing Manager to adjust all FIRIS-related vendor contracts by the individual amounts needed in support of the FIRIS 3.0 Program extension, so long as the aggregate value of the increase does not exceed the revised program budget (see table).

Impact to Cities/County

The FIRIS program will enhance aerial wildfire response and situational awareness throughout California during the 2021-22 wildfire season.

Fiscal Impact

The FIRIS 3.0 Program was initially funded with \$4 million in State funding for a three-month period from August 1, 2021 to October 31, 2021. Cal OES now desires to extend the term of the Program from November 1 through June 30, 2022 and will provide an additional \$10,671,443 to continue the program.

Background

FIRIS PROGRAM

Wildland fire remains the most significant threat to life and property in California; lives, property, and natural resources are threatened on a 24-hour basis. A risk assessment conducted by the California Department of Forestry and Fire Protection (CAL FIRE) concluded that an estimated 11 million residents, or the equivalent of 1 in 4 Californians live in areas considered to be high risk of a wildfire. As a regional fire agency, the OCFA plays a key role in wildfire mitigation and suppression in Orange County and Southern California.

Due to the success of both the 2019 FIRIS Pilot Program and the 2020 FIRIS 2.0 Program, Cal OES requested that OCFA, once again, lead the efforts to implement FIRIS 3.0 for the fiscal year 2021-22 fire season. Therefore, Cal OES provided OCFA approval of a funding allocation of \$4,001,791 in State cost reimbursement funds for the FIRIS 3.0 Program. This funding allowed for an initial three-month program duration from August 1 to October 31, 2021, with efforts ongoing to secure additional funding to extend the program eight additional months to June 30, 2022.

The OCFA will be transitioning program management and operations to Cal OES during the fiscal year 2021-22 fire season and this work effort has begun. It is the OCFA's expectation that the FIRIS program will be a Cal OES program no later than July 1, 2022.

Cal OES Request for FIRIS 3.0 Program Extension from November 1 through June 30, 2022

Since September of 2020, the OCFA has been providing enhanced regional wildfire situational awareness for first responders in Orange County and throughout the State of California at the request of Cal OES per agreement number A201003758.

At its July 2021 meeting, the OCFA Board of Directors approved the initial three-months of the FIRIS 3.0 Program from August 1 to October 31, 2021 with a program budget of \$4,001,791 at the request of Cal OES. Cal OES now desires to extend the term of the FIRIS 3.0 Program from November 1 through June 30, 2022 with flexibility to adjust the number of aircraft from two down to one to provide coverage throughout the state. Cal OES will provide up to an additional \$10,671,443 to extend the program which brings the Cal OES total funding up to \$14,673,234 for FIRIS 3.0 Program services through June 30, 2022.

Staff is recommending authorization for the necessary agreement adjustments (subject to the budget estimates as summarized in the table below) in order to ensure that this vital program funded by the State will continue to operate through the end of the 2021-22 fiscal year.

Program Budget

The table below details the recommended FIRIS 3.0 budget adjustments and spending cap for the Program extension:

Funding Source	Funding Description	Current Amount	Proposed Adjustment	Proposed Revised Total Budget
Cal OES	Reimbursement Basis	\$4,001,791	\$10,671,443	\$14,673,234
	Total Project Funding	\$4,001,791	\$10,671,443	\$14,673,234
Service Contracts and Other Expenses	Services/Equipment	Current Amount	Proposed Adjustment	Proposed Revised Spending Cap Total
AEVEX - North & South Operations Aircraft	Daily availability with flight hours for primary turbine commander aircraft.	\$2,400,250	\$6,400,667	\$8,800,917
Air Tactical Group Supervisors	Up to two 12-hr Shifts per day (\$250K per ATGS cap)	\$808,519	\$2,156,051	\$2,964,570
UCSD/WIFIRE	Enhanced situational awareness/fire modeling and other related services	\$166,667	666,667	\$833,334
Program Manager	Project support	\$60,000	258,732	\$318,732
Fusion Center Support – LAFD & NCFPD	Fusion Center staffing	\$250,000	666,667	\$916,667
Other Services	As needed common database, operating picture platform services, additional Fusion Center Support services, and other operational needs	\$236,369	\$329,333	\$565,702
OCFA	Project administration, communications, and other program needs	\$64,986	\$173,294	\$238,280
Air Base – North & South Operations	Airfield to serve as home base for aircraft	\$15,000	\$20,032	\$35,032
	Total Project Cost	\$4,001,791	\$10,671,443	\$14,673,234



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 13, 2021

Agenda Item No. 3A
Discussion Calendar

**Findings Required by AB 361 for the Continued Use of
Teleconferencing for Meetings of the Budget and Finance Committee**

Contact(s) for Further Information

David Kendig, General Counsel

dkendig@wss-law.com

714-415-1083

Summary

In order for the Committee (or any member of the Committee) to continue meeting via teleconference during the pandemic, AB 361 requires the Committee to make specified findings at least "every thirty (30) days".

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

1. Make the following findings by majority vote of the Committee:
 - a. A state of emergency has been proclaimed by California's Governor due to the COVID-19 pandemic and continues in effect; and
 - b. The Committee has reconsidered the circumstances of the state of emergency; and
 - c. State and local officials continue to recommend measures to promote social distancing to slow the spread of COVID-19.
2. Direct staff to place this item on the agenda for the Board of Directors meeting of October 28, 2021, with the Budget and Finance Committee's recommendation that the Board consider scheduling concurrent Special Meetings of this Committee with regular or special meetings of the Board of Directors whenever necessary to address the requirement to make the required findings at least every thirty (30) days, and to minimize the need for separate Committee meetings to address this new requirement of the Brown Act. (A proposed schedule that could accommodate the concurrent meetings is attached hereto and referenced as **Attachment 2**).

Impact to Cities/County

Not Applicable.

Fiscal Impact

Commencing October 1st, OCFA is prepared to allow the public to watch and comment in real time on the public meetings via Zoom in order to comply with AB 361 in the event the Committee makes findings to enable one or more Committee members to continue to participate via teleconference. If additional Budget & Finance Committee meetings are scheduled concurrently with Board meetings, there will be no additional cost of Board member meeting stipends. If additional meetings are scheduled on separate days, there could be an additional cost associated per meeting, depending on how many of the Committee's members attend the additional meetings.

Background and Discussion

Assembly Bill 361 was signed into law by the Governor on September 16, 2021. A portion of AB 361 enacted amendments to California Government Code section 54953 regarding teleconference meetings. (The relevant amendments to section 54953 that are in effect today are attached hereto as **Attachment 1**).

Those amendments authorize local agencies like the OCFA to continue to conduct meetings by teleconference during a Governor-proclaimed state of emergency¹ provided that certain findings are made by the legislative body, and provided that certain procedural requirements are met regarding public access to the meetings.

Note: A “teleconference” occurs for purposes of AB 361 whenever one or more members of the Committee connect to a committee meeting via electronic means.² Thus, even if eight members of the Committee meet in person, if the ninth joins the meeting via Zoom, the meeting will be a teleconference meeting that must be conducted in accordance with the requirements of AB 361.

A new requirement in AB 361 requires particular findings be made by the Board of Directors and each of the OCFA’s legislative bodies, including the Budget & Finance Committee, and requires that the new findings must be reaffirmed at least every thirty (30) days thereafter in order for the Committee to continue to use teleconferencing.

The Required Findings

The teleconference provisions in AB 361 may only be utilized as long as a Governor-proclaimed state of emergency remains active, or while state or local officials have recommended measures to promote social distancing.

When either of those is the case (both are true at this time), then in order to continue to teleconference using the new provisions of AB 361, each legislative body must make the following findings by majority vote every 30 days:

(A) The Committee has reconsidered the circumstances of the state of emergency; and

(B) Either of the following circumstances exist:

- (i) The state of emergency continues to directly impact the ability of the members to meet safely in person; or
- (ii) State or local officials continue to impose or recommend measures to promote social distancing.³

To comply with that requirement, the recommended action would have the Budget and Finance Committee find each of the following:

¹ For purposes of AB 361 “... ‘state of emergency’ means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act...” Cal. Gov’t Code sec. 54953(e)(4). Section 8625 of CESA in turn refers to a state of emergency proclaimed by the Governor.

² “Teleconference means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.” Cal. Gov’t Code sec. 54953(b)(4).

³ Cal. Gov’t Code sec. 54953(e)(3).

- a. A state of emergency has been proclaimed by California's Governor due to the COVID-19 pandemic and continues in effect; and
- b. The Committee has reconsidered the circumstances of the emergency; and
- c. State and local officials continue to recommend measures to promote social distancing to slow the spread of COVID-19.

The "Every 30 Days Thereafter" Requirement:

As noted above, AB 361 findings must be made "not later than 30 days after teleconferencing for the first time pursuant to [AB 361], and every 30 days thereafter..."

In order to preserve the option for the Committee or individual members of the Committee to participate in meetings during the pandemic via teleconference in the future, the Committee will have to adopt the required findings at least every 30 days. From time to time this may require the Committee to meet for a special meeting when the Committee's regular meetings would otherwise be scheduled more than 30 days apart. These meetings may themselves be conducted via teleconference, provided the requirements of AB 361 have been previously addressed.

In an effort to efficiently accommodate the new requirement that all of OCFA's legislative bodies make the findings at least every thirty (30) days, it is suggested that the various committees of the Board schedule special meetings to coincide with the regular and special meetings of the full Board. This way, the findings for the full Board and each of the Board's committees can be addressed in the same evening (albeit by separate votes), and the need to coordinate separate special meetings on different nights can usually⁴ be avoided.

Potential Consequence of Not Making the Findings Every 30 Days

AB 361 does not expressly state what happens if a legislative body fails to make the required findings "every 30 days." However, it expressly requires the timely reapproval of the findings "in order to continue to teleconference" in the manner that AB 361 authorizes.

As a result, if the Committee does not adopt the required findings every 30 days, then the Committee could be precluded from continuing to teleconference thereafter, perhaps even if the Committee was later willing to adopt the findings at a later date. For this reason, General Counsel recommends that the Committee adopt the required findings at this time and at least every 30 days thereafter, unless the Committee decides as a *permanent* matter that it will no longer permit teleconferencing at all (e.g., regardless of whether the state of emergency worsens).

Procedural Requirements for The Conduct of Teleconference Meetings

AB 361 contains several new requirements for the conduct of teleconference meetings with which OCFA has prepared to comply effective October 1st. Specifically, each meeting must:

1. Allow members of the public to attend and comment at the meeting via call-in option or internet-based service option;
2. Protect the statutory and constitutional rights of the parties and the public appearing before the legislative body;

⁴ It may not always be possible to avoid scheduling an occasional special meeting of a committee if, for instance, a quorum of that committee will not be present for a regular Board meeting and more than 30 days would otherwise lapse between the committee's regular meetings.

3. In the event of disruption which prevents broadcasting the meeting or which prevents members of the public from offering public comments via the call-in or internet-based option, the Committee must take no further action until the disrupted public access is restored;
4. The OCFA may not require public comments to be submitted in advance, and must offer the opportunity for the public to offer comments “in real time” during the meeting; and
5. The public must be allowed “a reasonable amount of time per agenda item to allow members of the public to provide public comment, including time for members of the public to register [to log into the teleconference], or otherwise be recognized for the purpose of providing public comment.”

Attachment(s)

1. Excerpt of AB 361 – Amendments to Government Code section 54953 in effect now
2. Proposed Calendar of Meetings in 2022 if held jointly with Board of Directors

Excerpts of AB 361 – Amendments to Government Code section 54953

54953.

- (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.
- (b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.
- (2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.
- (3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.
- (4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.
- (c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.
- (2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.
- (3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public’s right under the California Public Records Act

(Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

- (d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

- (e) (1) A local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

- (B) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3. In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.
- (C) The legislative body shall conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body of a local agency.
- (D) In the event of a disruption which prevents the public agency from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control which prevents members of the public from offering public comments using the call-in option or internet-based service option, the body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption which prevents the public agency from broadcasting the meeting may be challenged pursuant to Section 54960.1.
- (E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.
- (F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.
- (G)
 - (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.
 - (ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the

public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) For the purposes of this subdivision, “state of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(f) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

Orange County Fire Authority Board of Directors & Committee Meetings

Calendar Year 2022 - Proposed Special Joint Meetings

January	February	March	April
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
1	1 2 3 4 5	1 2 3 4 5	1 2
2 3 4 5 6 7 8	6 7 8 9 10 11 12	6 7 8 9 10 11 12	3 4 5 6 7 8 9
9 10 11 12 13 14 15	13 14 15 16 17 18 19	13 14 15 16 17 18 19	10 11 12 13 14 15 16
16 17 18 19 20 21 22	20 21 22 23 24 25 26	20 21 22 23 24 25 26	17 18 19 20 21 22 23
23 24 25 26 27 28 29	27 28	27 28 29 30 31	24 25 26 27 28 29 30
30 31			
May	June	July	August
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
1 2 3 4 5 6 7	1 2 3 4	1 2	1 2 3 4 5 6
8 9 10 11 12 13 14	5 6 7 8 9 10 11	3 4 5 6 7 8 9	7 8 9 10 11 12 13
15 16 17 18 19 20 21	12 13 14 15 16 17 18	10 11 12 13 14 15 16	14 15 16 17 18 19 20
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29 30 31	26 27 28 29 30	24 25 26 27 28 29 30 31	28 29 30 31
September	October	November	December
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4 5 6 7 8 9 10	2 3 4 5 6 7 8	6 7 8 9 10 11 12	4 5 6 7 8 9 10
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25 26 27 28 29 30	23 24 25 26 27 28 29 30 31	27 28 29 30	25 26 27 28 29 30 31

LEGEND:

	Holiday - RFOTC Closed
	BFC = Regular Budget & Finance Committee Meeting (Meets on the 2nd Wednesday of the Month @ 12 noon)
	HRC = Human Resources Committee (Meets Quarterly @ 12 noon)
	EC & BOD = Regular Executive Committee & Board of Directors Meeting (Meets on 4th Thursday of the Month @ 5:30 p.m. and 6 p.m. respectively) (in addition to proposed concurrent Special Joint Mtg.)
	Proposed Special Joint Mtg. of the Board of Directors and all committees, pursuant to AB361 requirement to adopt findings at least every 30-days (12/16/21, 1/13/22, 4/14/22, 7/14/22, 10/13/22, 12/15/22)

Calendar Year 2022 - Proposed Special Joint Meetings

16-Dec-21	Special Joint Mtg. @ 6 pm (Proposed)
12-Jan-22	BFC @ 12 pm
13-Jan-22	Special Joint Mtg. @ 6 pm (Proposed)
27-Jan-22	EC & BOD @ 5:30 pm & 6 pm (In addition to proposed concurrent Special Joint Mtg.)
1-Feb-22	HRC @ 12 pm
9-Feb-22	BFC @ 12 pm
24-Feb-22	EC & BOD @ 5:30 pm & 6 pm (In addition to proposed concurrent Special Joint Mtg.)
9-Mar-22	BFC @ 12 pm
24-Mar-22	EC & BOD @ 5:30 pm & 6 pm (In addition to proposed concurrent Special Joint Mtg.)
13-Apr-22	BFC @ 12 pm
14-Apr-22	Special Joint Mtg. @ 6 pm (Proposed)
28-Apr-22	EC & BOD @ 5:30 pm & 6 pm (In addition to proposed concurrent Special Joint Mtg.)
3-May-22	HRC @ 12 pm
11-May-22	BFC @ 12 pm
26-May-22	EC & BOD @ 5:30 pm & 6 pm (In addition to proposed concurrent Special Joint Mtg.)
8-Jun-22	BFC @ 12 pm
23-Jun-22	EC & BOD @ 5:30 pm & 6 pm (In addition to proposed concurrent Special Joint Mtg.)
13-Jul-22	BFC @ 12 pm
14-Jul-22	Special Joint Mtg. @ 6 pm (Proposed)
28-Jul-22	EC & BOD @ 5:30 pm & 6 pm (In addition to proposed concurrent Special Joint Mtg.)
2-Aug-22	HRC @ 12 pm
25-Aug-22	Special Joint Mtg. @ 6 pm (Proposed)
14-Sep-22	BFC @ 12 pm
22-Sep-22	EC & BOD @ 5:30 pm & 6 pm (In addition to proposed concurrent Special Joint Mtg.)
12-Oct-22	BFC @ 12 pm
13-Oct-22	Special Joint Mtg. @ 6 pm (Proposed)
27-Oct-22	EC & BOD @ 5:30 pm & 6 pm (In addition to proposed concurrent Special Joint Mtg.)
1-Nov-22	HRC @ 12 pm
9-Nov-22	BFC @ 12 pm
17-Nov-22	EC & BOD @ 5:30 pm & 6 pm (In addition to proposed concurrent Special Joint Mtg.)
15-Dec-22	Special Joint Mtg. @ 6 pm (Proposed)

LEGEND:

BFC = Regular Budget & Finance Committee Meeting (Meets on the 2nd Wednesday of the Month @ 12 noon)

EC & BOD = Regular Executive Committee & Board of Directors Meeting (Meets on 4th Thursday of the Month @ 5:30 p.m. and 6 p.m. respectively) (in addition to proposed concurrent Special Joint Mtg.)

Proposed Special Joint Mtg. of the Board of Directors and all committees, pursuant to AB361 requirement to adopt findings at least every 30-days (12/16/21, 1/13/22, 4/14/22, 7/14/22, 10/13/22, 12/15/22)

HRC = Human Resources Committee (Meets Quarterly @ 12 noon)



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
October 13, 2021

Agenda Item No. 3B
Discussion Calendar

Fire Service Proposal for Emergency Services
for the City of Fullerton

Contact(s) for Further Information

Rob Capobianco, Division Chief
Field Operations Department

Robcapobianco@ocfa.org

(714) 559-8653

Summary

This agenda item is requesting approval to submit the Fullerton Fire Service Proposal for Emergency Services to the City of Fullerton for its consideration.

Prior Board/Committee Action(s)

At its March 25, 2021, meeting, the Board authorized staff to develop a proposal for fire services for the City of Fullerton. The proposal was at the request of the City; the City paid the OCFA's required \$80,207.55 for the proposal prior to commencement of its preparation. The Board also authorized that, in the event the City chooses to join OCFA, the amount paid by the City for the proposal may be returned in the form of a credit against annual contract charges, amortized over the duration of the current term of the OCFA Joint Powers Authority Agreement (i.e. through 2030).

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 October 28, 2021, with the Budget and Finance Committee's recommendation that the Board approve and authorize staff to submit the Orange County Fire Authority's proposal to the City of Fullerton for its consideration.

Impact to Cities/County

Should the City of Fullerton accept the proposal, the new contractual relationship with Fullerton will have positive benefits to our regional delivery of services on behalf of existing member agencies.

Fiscal Impact

The proposed contract price contained in the proposal includes funding to cover all new OCFA costs associated with serving the City of Fullerton, including direct labor, support labor, services and supplies, administrative overhead, vehicle replacement, and station maintenance.

Background

On March 3, 2021, the Orange County Fire Authority (OCFA) received a formal written request from the City of Fullerton seeking a Fire Service Proposal for Emergency Services. This request seeks a comprehensive assessment and costing for the OCFA to provide emergency medical and fire services, which also includes fire prevention and dispatch services for Fullerton.

In developing the proposal, staff modeled the existing JPA terms for cash contract costs, caps, and the contractual relationship with OCFA. Staff recommends that the Board of Directors approve and direct staff to submit the proposal to the City of Fullerton for its consideration (Attachment). If Fullerton is interested in pursuing the proposal further, the next step would be for staff to develop a Fire Services and Emergency Medical Services Agreement and a Transition Plan for formal approval by both the City of Fullerton and the OCFA's Board of Directors.

Attachment(s)

Fullerton Fire Services Proposal



City of Fullerton

Fire Service Proposal

Provided by the Orange County Fire Authority

1 Fire Authority Road

Irvine, CA 92602

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Foreword

The Orange County Fire Authority evaluated the feasibility of providing contract services to the City of Fullerton. This proposal is presenting the OCFA's method of providing the highest quality services to the residents of Fullerton. I welcome this opportunity to describe our regional fire service delivery system.

The principle benefits of a regional system are reduced costs, increased effectiveness, and a depth of resources unmatched within the county. The consolidation of resources, the streamlining of overhead and a partnership in a regional protection system is beneficial for all parties.

The results the OCFA achieves every day in providing protection to our communities occur through individual and team dedication, commitment, and organizational values. I am proud of the men and women of the Orange County Fire Authority, and I am confident the residents of Fullerton will feel similar pride, if we become your City's fire service provider.

The cost provided herein represents the cost of our services including our basic service charge, station maintenance, and equipment and vehicle replacement costs. The costs represented are for fiscal year 2021/22 and remain valid through June 2022. I have included a brief description of each of the OCFA's departments and sections to provide you with an overview of the services available from us as a regional provider.

Our commitment is proclaimed in our Mission Statement:

“We proudly serve the changing needs of our communities by providing exceptional emergency and support services. We pledge a commitment to preserving the quality of life”

Brian Fennessy
Fire Chief

Summary of Proposal

The Orange County Fire Authority (OCFA) deploys resources based on a regional service delivery system, assigning personnel and equipment to emergency incidents without regard to jurisdictional boundaries. Regional fire protection offers the citizens a wide range of services that translates into quality and strength extending well beyond the fire station. It enables the use of existing administrative resources on a broader scale, increases purchasing power for major expenditures, and maximizes the use of all emergency and support resources within the OCFA. The regional concept provides for significant depth of emergency services while creating financial efficiencies and cost savings.

The Fire Authority presents this service proposal based on OCFA established Standards of Cover. Performance is evaluated based on the distribution and concentration of resources. The OCFA determines appropriate emergency response utilizing computer Geographic Information Systems (GIS) programs, historic data analysis, and the OCFA's Standards of Coverage. The response standards for structure fires utilize the Effective Fire Force concept, consisting of three engines, one truck, one paramedic unit and one battalion chief.

The OCFA provides for the efficiency of a regional command staff while acknowledging the importance of local leadership. Fullerton's geographical size and population warrant the creation of a new battalion within the OCFA, utilizing the existing footprint of Fullerton Battalion One. A Division Chief will provide a level of local control for the City Council and staff by participation on relevant public safety committees, participation at city staff meetings, and attendance at City Council meetings.

The OCFA's Emergency Medical Service (EMS) model is three faceted. The first is Emergency Medical Dispatch, where a caller is provided life-saving instructions, while fire department units respond. The second is to front load paramedic service, allowing the first arriving units to provide paramedic level care upon arrival. To ensure only the highest level of service for the City of Fullerton, the OCFA proposal will position a paramedic unit capable of delivering Advanced Life Support (ALS) at every station and on every unit. This enhancement will increase paramedic coverage in the city by 17%. The transportation of patients is the third facet of EMS delivery and is provided by a private ambulance company in Fullerton. The OCFA would expand on the Fullerton Flex Staffing concept with the addition of a second set of ALS equipment on all 6 paramedic units. This significantly increases the depth of ALS capabilities in the City by enabling units to return to the station and remain in service as a Paramedic Assessment Unit, until the transporting paramedic is returned by the private ambulance.

The OCFA recognizes wildfire as a significant threat to the residents of Orange County. Fires in the open space in Fullerton would be met with a robust response on the ground and in the air. The depth of specialized resources provided by a regional service model greatly increases the capabilities to meet this challenge while capitalizing on the fiscal efficiencies.

All of our partner communities have unique characteristics and demographics, and the OCFA strives to meet the diverse needs of each. Creating a diverse workforce that matches our service areas is an OCFA value. Adapting to this need in Fullerton will benefit the service level provided to the entire OCFA system.

Service Option Overview

Contract costs detailed in this proposal reflect the cost of all emergency response units assigned to the City of Fullerton. These costs include all the equipment, personnel, vehicle depreciation and station maintenance.

Also included are services available through the OCFA as a regional provider such as urban search and rescue, dispatch, fire investigation, fire mechanics, community education professionals, nurse educators and public information officers. Fullerton will be directly served by OCFA specialized wildfire resources including helicopters, dozers and handcrews, as well as a cross-staffed OCFA Type 3 (brush engine) stationed in the city. In addition, the City will have Fire Prevention Officers with the primary fire prevention responsibility for the City located at the present Fullerton Fire Department headquarters with support from the complete OCFA Community Risk Reduction (Fire Prevention) Section.

By contracting with the OCFA, the administrative functions for the fire department will be administered by the Fire Authority without additional costs to the City of Fullerton. These administrative functions include: Human Resources, Finance/Payroll, Information Technology, Purchasing, Risk Management, Workers' Compensation, Legislative Services, Records Management, Compliance Training, Supplies and Equipment, Property Management, and Fleet Services.

Fire Service Proposal – FY 2021/22

	OCFA Costs (A)	Fullerton Fire Department Budgeted Costs (B)
Service Charge	\$21,137,238	\$27,307,520
Facilities Maintenance <i>(Note 1)</i>	\$90,000	<i>(Note 2)</i>
Vehicle Replacement/Depreciation	\$282,752	<i>(Note 2)</i>
Total	\$21,509,990	\$27,307,520
Total Savings (B-A)	\$5,797,530	

Note 1: Station maintenance contributions are handled by the OCFA as a revolving fund, with an initial deposit by the City of \$15,000 per station. The City is only required to replenish the Station Maintenance account annually, to the extent that the funds were spent specifically on Fullerton stations.

Note 2: If Fullerton pays for station facility maintenance costs and vehicle replacement from a section budget outside of the Fullerton Fire Department budget, then those budget allocations are additional costs that would be reduced for the City in joining the OCFA.

Deployment Comparison

In the chart below, there are two distinctions between the OCFA's proposed deployment model for the City, and the City's current deployment. The first being the OCFA proposed deployment model for Fullerton is an enhancement that configures every engine and truck company as a full ALS unit. The second is the addition of a paramedic truck/quint at Station 3 utilizing the existing plan of city/developer funded station retrofit and truck purchase.

OCFA Proposal Comparison with Current Fullerton Deployment

	Station 1	Station 2	Station 3	Station 4	Station 5	Station 6	Daily Staffing	Daily Medics
OCFA Deployment	Paramedic Engine / BC	Paramedic Engine	Paramedic Truck	Paramedic Engine	Paramedic Engine	Paramedic Truck	25	12
Fullerton Current Deployment	Paramedic Engine / BC	Paramedic Engine	Paramedic Engine	Paramedic Engine	Paramedic Engine	BLS Truck	25	10

The call volume in the downtown area surrounding Station 1 is significant. The augmentation of ALS delivery and truck coverage in the City of Fullerton will have a positive effect on the emergency service system. Following a 2-year period of service with the OCFA, the City and the OCFA will evaluate the response performance for the recommended configuration of response units in the city and discuss the results of the analysis, including any recommendations from either party for modifications that are warranted. Resource modifications may be available with additional new partnering agencies.

Start-Up Cost Summary

In addition to the annual contract price, a necessary one-time start-up cost will be charged to facilitate hiring of current Fullerton employees by the OCFA, standardization of equipment, and facilities (see page 43). One-time costs assume 75 sworn personnel positions and non-sworn personnel that the OCFA has vacancies for and can be adjusted for variations in transitioning staff. The OCFA is willing to discuss amortizing the start-up costs over multiple years rather than incurring a large cash outlay in a single budget year.

Summary of Start-Up Costs – Detail on Page 43

Communications	\$404,650
Facilities	\$152,700
Personnel	\$167,880
Service Center	\$394,080
Fleet Services	\$114,520
EMS	\$172,027
TOTAL	\$1,405,857

Long-Term Savings

Over the past ten years, the Orange County Fire Authority's cost increases to contract cities has averaged 3.29%. The OCFA's maximum increase is capped at 4.5%, and therefore, the table below represents this 4.5% increase to demonstrate the highest possible service charge for the City for each fiscal year. The increases represented for the Fullerton Fire Department were taken from the published projections represented in the current City of Fullerton's budget.

OCFA Proposal Cost Budget Comparison with Annual Increases

	2021/22	2022/23	2023/24	2024/25
OCFA Service Charge	\$21,509,990	\$22,477,939	\$23,489,447	\$24,546,472
OCFA % Increase (Maximum)		4.50%	4.50%	4.50%
Fullerton FD Budget (Note 3)	\$27,307,520	\$29,183,547	\$31,188,456	\$33,331,103
% Increase	8.26% (Note 3)	6.87% (Note 4)	6.87% (Note 4)	6.87% (Note 4)
Annual Savings	\$5,797,530	\$6,705,607	\$7,699,010	\$8,784,632
Cumulative Savings (Notes 1 & 2)	\$5,797,530	\$12,503,137	\$20,202,147	\$28,986,779

Note 1: Excludes one-time start-up costs and the City's annual Unfunded Actuarial Accrued Liability (UAAL) payment to the Public Employees' Retirement System (PERS). Costs quoted are valid for the current fiscal year ending in June 2022.

Note 2: This table does not factor in other savings that the City should realize associated with Workers' Compensation and other departmental efficiencies.

Note 3: FY 2020/21 Fire Budget (source: City of Fullerton FY 20-21 Budget)

Note 4: Percent increase calculated using 7-year average increase in annual Fullerton Fire Department budget from FY 2015/16 to FY 2021/22.

Cost Control

A common concern of cities interested in contracting with the OCFA is the ability to control costs. The OCFA's cash contract cities have the financial protection of a cap on annual increases not-to-exceed 4.5%. The cap includes recapture provisions, wherein increases above the cap are banked for future recapture in subsequent years when cost increases are less than the cap. The percentage of increases for our contract cities over the last ten years is illustrated in the table below.

	Stanton	Tustin	Seal Beach	Buena Park	San Clemente	Santa Ana	Garden Grove	Westminster
2012/13	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	-	1.34%
2013/14	1.44%	1.44%	1.44%	1.44%	1.44%	1.44%	-	1.44%
2014/15	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	-	4.50%
2015/16	2.38%	2.38%	2.38%	2.38%	2.38%	1.41%	-	2.38%
2016/17	1.29%	1.29%	1.29%	1.29%	1.29%	1.03%	-	1.29%
2017/18	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	-	4.50%
2018/19	4.50%	4.50%	4.50%	4.50%	4.50%	4.49%	-	4.50%
2019/20	4.50%	4.50%	4.50%	4.50%	4.50%	4.47%	-	4.50%
2020/21	4.38%	4.38%	4.38%	4.38%	4.38%	4.50%	1.75%	4.38%
2021/22	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Avg. Annual Increase	3.33%	3.33%	3.33%	3.33%	3.33%	3.22%	3.13%	3.33%

Contributions to vehicle replacement and station maintenance are relatively stable cost elements of the proposal. Vehicle replacement contributions are calculated using the current replacement cost for the emergency vehicles assigned to the City, divided by the years of expected service for the vehicles (i.e., useful life).

Station maintenance contributions are handled as a revolving fund, requiring an initial deposit of \$15,000 per station, and then requiring annual replenishment only if/when funds are used for improvement projects or maintenance projects.

Service Charge Relative to Regional Costs

The proposed annual service charge would fund fire suppression, hazardous materials response, emergency medical services; also included are support functions, such as dispatching, fire investigations, training, fleet maintenance, supply and procurement, risk management, and all other services required in the support of the City of Fullerton contract for the effective operation of a modern fire department.

The contract service charge would be prorated on a monthly-basis, and payment would be due monthly in advance. Each March, the OCFA will provide notification of estimated changes in contract costs for the next fiscal year. Each June, the OCFA would provide the final annual contract service charge amount to the City.

The OCFA's Joint Powers Authority (JPA) agreement provides an option to withdraw at each ten-year interval. Article IV, Section 3.F. of the JPA agreement provides the detailed methodology for this option. The term of the new service agreement will run concurrent with the JPA agreement.

Community Risk Reduction (CRR) Cost Recovery Fee Program

By direction of the OCFA Board of Directors, the CRR Planning and Development and Prevention Field Services sections are funded through cost recovery fees. As the services provided by CRR are primarily directed to businesses, developers, architects, contractors, and sub-contractors, the fees are directed to the business community and not to individual homeowners and residents. The fees charged to the business community qualify as a business expense.

The Planning and Development Section engages in development review, plan review, and new construction inspections. Fees for these services are paid by developers, architects, contractors, and sub-contractors.

The Prevention Field Services Section engages in annual inspections, special events including fireworks, 850 (Board and Care facilities) inspections, citizen complaints, city requests, and company officer assistance. This section is partially fee funded and primarily based on the issuance of Operational Permits. These fees are paid by local businesses, building owners, and special event contractors.

OCFA fees are calculated by daily time logging of activity and volume of activity. OCFA fee development is vetted through a third-party fee consultant and approved by both the OCFA Budget and Finance Committee and the OCFA Board of Directors. Fees fluctuate from year-to-year depending on the volume and staffing levels and do not necessarily increase each year; in fact, often are reduced.

The City of Fullerton is encouraged to carefully review the attached fee schedule (Attachment C) to better understand the potential community impacts.

Associated Savings

The City of Fullerton will realize significant savings to several City departments should the OCFA assume the management, support, and service expenses relative to the Fire Department. The City will also achieve savings from the reduction of its insurance premiums and Workers' Compensation. The following are some of the services that will be provided by the OCFA's management and staff professionals:

- Human Resources Services including Recruitments, Testing, Selection, Employee Records, Labor Negotiation, Discipline, Grievances, Americans with Disabilities Act and OSHA Compliance, Benefits Management, Training, and Academies, etc.
- Information System Management including Emergency and Administrative Computer Hardware and Software Systems

- Facility and Property Management, and Routine Maintenance
- Human Resources Compliance Training for Family Medical Leave Act, Fair Labor Standards Act, Sexual Harassment and Equal Employment Opportunity Commission.
- Risk Management & Workers' Compensation Management
- Legislative Analyst & Lobbying Services
- Contract Administration
- Vehicle Purchasing and Maintenance (*Existing funds in Fullerton's vehicle replacement accounts remain with the City.*)
- Equipment and Supplies Purchase, Inventory Management, Repair, and Delivery
- Processing of Subpoenas and Information Records Requests
- Media Relations
- Community Education including School Programs
- Public Relations and Information Services
- Community Risk Identification, Prevention, and Mitigation Programs
- Dispatching
- Communications Equipment Purchase, Repair, Maintenance
- Emergency Response Mapping (GIS, AVL)
- Paramedic Continuing Education Services including an MD (Medical Director)
- Quality Assurance Programs
- Community Survey Programs
- Disaster Planning and Coordination
- Fiscal Management, Budgeting, and Payroll

Benefits of Contracting with the OCFA

The Orange County Fire Authority enhances services to the citizens of Fullerton and increases efficiencies within the City. The OCFA's full-service education, prevention, and emergency response brings with it a full support network and eliminates the workload for other city departments that currently support the Fullerton Fire Department. The support network includes Training/Safety and EMS Sections that provide in-house certifications and enhancement, skills maintenance, and Safety Officer coverage during incidents. These support functions ensure that a high level of service is provided to our residents. Other service enhancements include our depth of resources, specialized resources, a dedicated Fire Prevention program, a Hazardous Materials program, dedicated fire dispatchers, and a comprehensive Public Education program. These are standard in our regional system and are included in the contract price.

Additional benefits include:

- City Council Member on OCFA Board – participation in public policy decisions

- City Council Member on Executive Committee based on position or appointment
- City Council Member on Budget and Finance Committee by appointment
- City Council Member on Human Resources Committee by appointment
- City Manager participation on Technical Advisory Committee
- City Manager participation on City Manager Budget and Finance Committee on a rotational basis
- Cost Control – Contract increases are capped at 4.5% per year
- Active participation in Community Events
- Training and certification programs developed and presented in-house
- Paramedic nurse educators, training staff, and associated training facilities
- Dedicated Fire/EMS Emergency Dispatch including Emergency Medical Dispatch
- Risk Management Program including the “WEFIT” health and wellness program
- Behavioral Health Program
- Cancer Awareness and Prevention Program
- Central recruitment and hiring, personnel management, and benefit coordination
- Response compatibility with other Orange County Fire Departments
- Active participation and coordination with all Orange County city fire agencies
- Orange County Operational Area Coordinator under California Office of Emergency Services Area 1

Transition of Fullerton City’s Fire Department

As a fire service contractor, the OCFA has the capability and resources to meet the City of Fullerton’s needs to transition the City’s fire service resources and public safety responsibilities. Should the City choose to contract with the OCFA, it is the OCFA’s intent to complete a transition in a methodical, time efficient approach that is seamless without interruption or incident. The OCFA is confident that it will be able to begin providing service to the City of Fullerton in approximately 120 days after a contract for emergency service is completed and signed.

The Orange County Fire Authority is committed to making the transition of the Fullerton Fire Department operations and personnel to the OCFA as smooth as possible for the present Fullerton employees, as well for the employees of the OCFA. The OCFA would offer employment to current Fullerton Fire Department operations safety employees, and non-sworn Fire Department professional staff, subject to the conditions noted in this proposal, position availability, and final contract negotiations.

Governance Structure

In March 1995, members of a newly formed joint powers authority—the Orange County Fire Authority—met for the first time. The outcome was the formation of an organizational structure that shares decision-making among participants, while retaining the economies of scale and depth of service of the regional system. The member cities each selected a Council Member to sit on the OCFA governing board along with two members of the Orange County Board of Supervisors (Attachment A).

It is the collaboration of multiple City Council Members and City Managers, each providing their individual perspectives and experiences that assist in setting policy and providing oversight to the OCFA. It is these valuable perspectives and experiences that have translated into positioning the OCFA into a fiscally sound organization.

Board of Directors

Unique to the OCFA's governance system will be Fullerton's representation on the Board of Directors and its equitable share in the decision-making authority with other participants in the regional system. Members of Fullerton's City Council and the City Manager will have direct access to the Fire Chief for matters relating to service in their city, and the Fullerton City Council will select one of its Members to sit on the OCFA Board of Directors. All authority rests with the Board of Directors unless it is delegated by statute or board action. When delegated, these authorities are further defined by contracts, resolutions, policies, or other board actions. Today, the Orange County Fire Authority serves 23 of Orange County's 34 cities and all unincorporated areas of the county. Member cities now comprise approximately 93% of our service population.

In addition to the City of Fullerton's participation on the full Board of Directors, the Fullerton representative has the opportunity to contribute on various OCFA committees such as the Executive Committee, Budget and Finance Committee, and Human Resources Committee. The City of Fullerton will be provided an opportunity for representation on these committees on a positional or appointment basis. City Manager involvement is through the City Managers' Technical Advisory Committee and City Managers' Budget and Finance Committee that exists to assist in managing the proceedings of the Fire Authority.

Executive Committee

The Executive Committee conducts all business of the OCFA, except for policy issues, including labor relations, budget issues, and other matters specifically retained by the Board of Directors. The Executive Committee consists of no more than nine members of the Board of Directors. The Committee membership is comprised of the following designated positions: Chair and Vice Chair

of the Board of Directors, the immediate past Chair of the Board, and the Chair of the Budget and Finance Committee. In addition, the Chair appoints five at-large members. At least one member of the Orange County Board of Supervisors serves on this committee. The ratio of committee members representing cash contract cities to the total committee membership will be as close as reasonably possible to the ratio of the number of cash contract cities to total member agencies. The Chair of the City Managers' Technical Advisory Committee serves as an ex officio non-voting member of the Executive Committee.

Budget and Finance Committee

The Budget and Finance Committee advises staff and makes recommendations to the Board of Directors on matters related to financial and budget policies, development of budgets for the General Fund and capital expenditures, designations of reserves, budget balancing measures, evaluation, and development of plans to meet long-term financing needs, investment oversight and purchasing policies. The Chair of the City Manager Budget and Finance Committee serves as an ex officio non-voting member of this committee. Effective beginning the year ended June 30, 2006, the Budget and Finance Committee was also designated to serve as the OCFA's Audit Oversight Committee.

Human Resource Committee

The Human Resources Committee shall advise the OCFA staff and make recommendations to the Board of Directors on matters regarding human resources policies, job class specifications, compensation programs, benefit changes and renewals, labor negotiations, staff training development and recognition programs, succession planning, risk management and Workers' Compensation policies, and development of management/performance evaluation and information systems.

City Managers' Technical Advisory Committee

The City Managers' Technical Advisory Committee (TAC) advise the Fire Chief and make recommendations on major policy decisions, prior to submittal to the Board. The OCFA believes it is essential that there be harmonious and collaborative working relationships between the Fire Chief and City Managers; therefore, the TAC provides an effective means of building and facilitating that collaborative working environment. Upon joining the OCFA, the Fullerton City Manager would be invited to TAC meetings to provide additional participation in OCFA management.

City Managers' Budget and Finance Committee

The City Managers' Budget and Finance Committee (B&FC) is comprised of six City Managers who meet annually to review the proposed budget. This Committee also meets, when needed, to

review significant changes in the OCFA's financial condition and to discuss proposed policy decisions which may have financial ramifications for the OCFA and/or its member agencies. The Committee provides input to the OCFA's financial staff, the Fire Chief, and the OCFA Board of Directors regarding changes that they recommend to proposed financial policies, budget priorities, uses of available fund balance, and/or steps they believe the OCFA should take to reduce the budget.

Fiscal Considerations

OCFA's Fiscal Strength

The Orange County Fire Authority, funded much like a fire district, derives the majority of its funds from property taxes and service charges from the OCFA's cash contract cities. Currently, the OCFA has cash and investments of approximately \$155 million and received the highest credit rating by Standard & Poor's (SP1+) on its last short-term debt issue in 2015. The OCFA's strong fiscal management and solid record of fiscal discipline were two of the key contributing factors to the positive rating.

In September 2013, the OCFA Board of Directors approved an Accelerated Pension UAAL Payment Plan. The accelerated plan has the following benefits:

- Results in the OCFA's pension liability being paid off sooner
- Earlier and larger contributions into the pension system result in greater investment income earned
- Greater investment income earned results in less money paid by the employer over the long-term

As of December 31, 2020, OCFA's pension UAAL is \$275.6 million. In 2021, the actuary reported that the OCFA has saved \$46.8 million in interest by making additional payments towards its UAAL and is currently 87.7% funded. The OCFA is projected to achieve 100% funding by December 31, 2025

Further demonstrating the OCFA's fiscal strength is the fact that the OCFA's Business Services Department has received national awards for its fiscal management. In fiscal years 1998 through 2020, the OCFA has produced a Comprehensive Annual Financial Report for which they received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

The OCFA received budget awards from California Society of Municipal Finance Officers

(CSMFO) from 2001 through 2020 and GFOA's Distinguished Budget Presentation Award from 1999 through 2020. The Distinguished Budget Award is the highest form of recognition bestowed by the GFOA for governmental budgeting.

In addition to awards for financial reporting, budgeting, and treasury functions, the OCFA's Business Services Department–Purchasing Division earned the Excellence in Procurement Award by the National Purchasing Institute, Inc. (NPI) in 2007, 2008, and yearly 2011 through 2021. This award recognizes organizational excellence in procurement.

The OCFA views these award programs as important components to our continuous pursuit of professional growth, improvement, and financial sustainability. Our ongoing participation ensures that we stay abreast of new developments in these areas, and that we persistently work to establish and achieve professional standards of excellence.

Structural Fire Fund Cities

The Structural Fire Fund (SFF) is a separate allocation of property taxes for fire protection services and is mandated by Revenue and Taxation Code Section 95. Property taxes based on calculated tax factors are allocated to the SFF from the cities of Aliso Viejo, Cypress, Dana Point, Irvine, La Palma, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, Los Alamitos, Mission Viejo, Rancho Santa Margarita, San Juan Capistrano, Villa Park, Yorba Linda, and the unincorporated areas of Orange County.

Cash Contract Cities

The cities of Buena Park, Garden Grove, San Clemente, Santa Ana, Seal Beach, Stanton, Tustin, and Westminster receive services on a cash contract basis. A base charge was established for each city at time of entry. This charge is updated annually based on the percentage increase in the General Fund budget subject to a cap on the cost of annual adjustments. See chart on page 11 for historical increases. These costs represent the cost of providing service within a contract city and include:

- Direct Labor Costs – Labor, Service and Supplies
- Indirect Support Costs – Emergency Management and Support Staff
- Station Maintenance
- Vehicle and Equipment Replacement

The proposed contract with the City of Fullerton would be a cash contract.

Future Options for Withdrawal from the OCFA

A common question from cities considering joining the OCFA is regarding how they can withdraw from the OCFA in the event they wish to return to their own City Fire Department, and what will happen with their Fire Department assets upon withdrawal. The term of the OCFA's JPA is twenty years with an option to withdraw at each ten-year interval (June 30, 2030).

Upon withdrawal from the OCFA, the OCFA's lease-interest in the stations would be terminated and the fire station facilities would be returned to the City for its future use and maintenance. Regarding the City's fire department vehicles, the OCFA will monitor and track the value of the vehicles that are transitioned to the OCFA and maintain an ongoing accounting of "vehicle value" assigned to the City of Fullerton. During the duration of the contract, we will add the City's ongoing contributions to vehicle replacement and deduct the cost of new vehicles purchased for the City. Upon withdrawal, the tracked "vehicle value," if positive, would be returned to the City.

Overview of Fullerton Fire Department

The Fullerton Fire Department serves approximately 137,350 residents within its geographical boundaries of 22.3 square miles. The City's real property's assessed value is in excess of \$22.6 billion. Fullerton's Fire Department provides fire protection, emergency medical services, and public assistance services within the City of Fullerton and responded to approximately 13,900 emergency calls in the 2020 calendar year.

Current Fire Station Staffing**Fire Station 1 – 312 E. Commonwealth**

Type I Engine – Paramedic Engine (4 personnel)
Battalion Chief

Fire Station 2 – 1732 W. Valencia

Type I Engine - Paramedic Engine (4 personnel)

Fire Station 3 – 700 S. Acacia

Type I Engine - Paramedic Engine (4 personnel)

Fire Station 4 – 3251 N. Harbor

Type I Engine - Paramedic Engine (4 personnel)

Fire Station 5 – 2555 Yorba Linda

Type I Engine - Paramedic Engine (4 personnel)

Fire Station 6 – 2691 Rosecrans

Truck - Basic Life Support (4 personnel)

Fullerton's Dispatching

Emergency communications services are currently provided by Metro Cities Fire Authority (Metro Net) whose public safety dispatchers are trained in fire and medical emergencies. Dispatch operates on the county-wide 800 MHz system for communications and utilizes Criteria Based Dispatch (CBD) for pre-arrival instructions. Its current Computer Aided Dispatch (CAD) is Keystone, which is interfaced to paging, station terminals, alerting, and Records Management System.

Dispatch Comparative

Fullerton	OCFA
800 MHz Radio System	800 MHz Radio System
USA Mobility (Private Paging Company)	OC 900 MHz Paging
Keystone CAD	CentralSquare Enterprise CAD
MDC Terminals – Broadband	MDC Terminals – Broadband
Criteria Based Dispatch (CBD)	Criteria Based Dispatch (CBD)
Working Structure Fire Response 4 Engines 2 Trucks 2 Battalion Chiefs 1 Paramedic	Working Structure Fire Response 4 Engines 2 Trucks 2 Battalion Chiefs 1 Paramedic 1 Division/Duty Chief 2 Investigators 1 Service Support Unit (Bottles and REHAB) 1 Safety Officer 1 Public Information Officer
Structure Fire/High Rise 4 Engines 2 Trucks 2 Battalion Chiefs 1 Paramedic	Structure Fire/High Rise 6 Engines 2 Trucks 2 Battalion Chiefs 1 Paramedic 1 Division/Duty Chief 1 Safety Officer 1 Service Support Unit (Bottles and REHAB) 1 Public Information Officer
Medical Aid Response *Minimum response is Basic Life Support level unit. Additional resources dependent on nature	Medical Aid Response 1 Engine or Truck 1 Paramedic 1 Private Ambulance
Traffic Accident/Person Trapped 1 Engine 1 Truck 1 Battalion Chief 1 Paramedic 1 Private Ambulance	Traffic Accident/Person Trapped 1 Engine 1 Truck 1 Battalion Chief 1 Paramedic 1 Private Ambulance

Overview of the OCFA

The Orange County Fire Authority is one of the largest regional fire service providers in California. The Authority responded to approximately 148,721 emergency incidents throughout its fire protection area during the 2020 calendar year. The Authority's staffing¹ includes 1,152 firefighters, and 53 fire management personnel, 341 non-safety staff, and 162 reserve positions. The OCFA

¹ Authorized positions, not all are filled.

currently serves 2 million residents in an area of 587 square miles. This service area consists of 24 political jurisdictions including the unincorporated county areas and 23-member cities with real property having an assessed valuation more than \$374 billion.

Communities Proudly Served:

Aliso Viejo	Laguna Woods	Santa Ana
Buena Park	Lake Forest	Seal Beach
Cypress	Los Alamitos	Stanton
Dana Point	Laguna Niguel	Tustin
Garden Grove	Mission Viejo	Villa Park
Irvine	Rancho Santa Margarita	Westminster
La Palma	San Clemente	Yorba Linda
Laguna Hills	San Juan Capistrano	Unincorporated Orange County

The OCFA operates out of the Regional Fire Operations & Training Center (RFOTC) as its fire department headquarters in the City of Irvine and 77 fire stations in 11 battalions, providing fire suppression, emergency medical, rescue, hazardous materials response, and fire prevention services. The department's service area, which is non-contiguous and includes all parts of the county, is organized into seven major geographical divisions. The equipment used by the department has the versatility to respond to both urban and wildland emergency conditions. The OCFA's inventory includes structural engines, brush engines, trucks/quints, paramedic squads, and other specialized equipment, including hazardous materials units, urban search and rescue units, command units, water tenders, crew-carrying vehicles, air utility units, foam tenders, fuel tender, dozers, and helicopters.

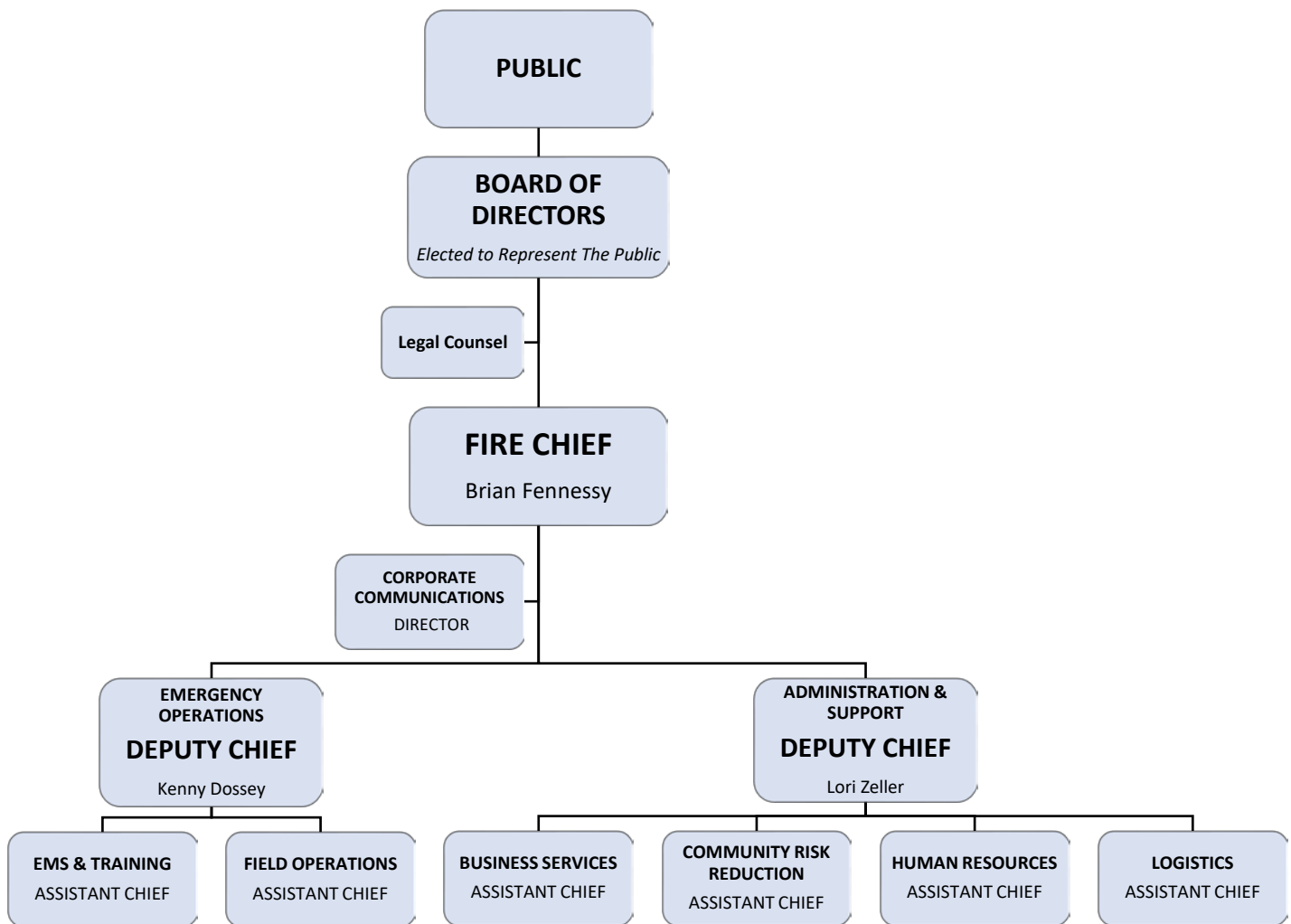
The OCFA has 30 automatic and mutual aid agreements with other fire departments for use and assignment of resources for daily operations and in the event of major emergencies. Under contract to the state, the OCFA protects approximately 175,000 acres of wildland in State and Federal Responsibility Areas located within the county. The OCFA also provides aircraft rescue firefighting services by contract to John Wayne Airport in Irvine.

Organizational Structure

Executive Management

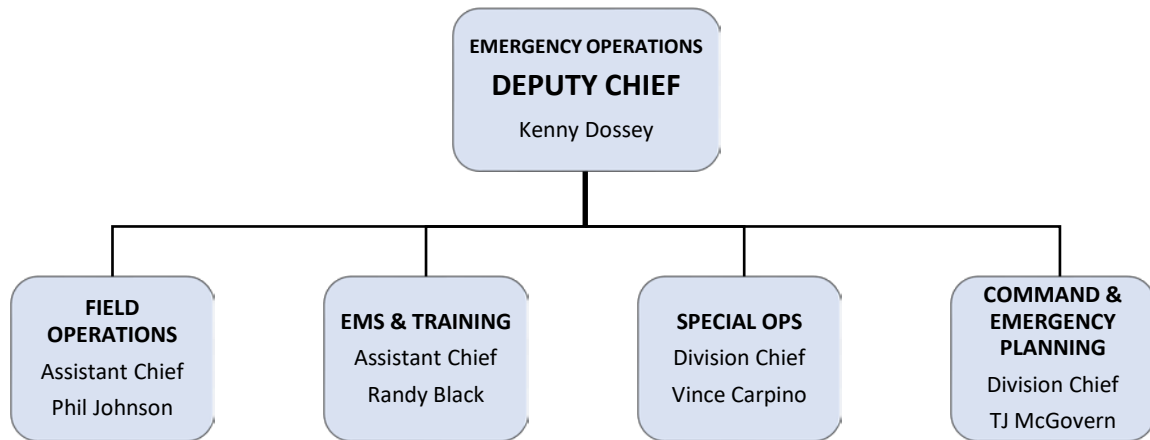
A combination of safety and non-safety managers provide leadership for the OCFA; an appointed Fire Chief, two Deputy Chiefs and six Assistant Chiefs. Service activities are organized into six

departments: Field Operations, EMS and Training, Business Services, Community Risk Reduction (Fire Prevention), Human Resources, and Logistics.



Emergency Operations Bureau

The Emergency Operations Bureau, under the command of a Deputy Chief, is responsible for the delivery of fire, hazardous materials, emergency medical, and rescue services and is most recognizable to the citizens protected by the Orange County Fire Authority.



Field Operations Department

The department is composed of seven divisions, each under the command of a Field Division Chief. The seven divisions are based on geographical areas and are divided into battalions under the command of Field Battalion Chiefs. Each battalion contains five to ten stations. Stations are staffed with Captains who are responsible for supervising the fire and emergency medical services for that station on a day-to-day basis. Similar to fire station personnel positions, Battalion Chief positions are staffed on a shift basis (A, B, and C shift) twenty-four hours per day.

The varied nature of emergency response requirements in Orange County dictates that the OCFA's regional emergency response system be an all risk/multi-function system. OCFA firefighters provide a diverse range of services to Orange County residents, including:

- Structural Firefighting
- Wildland Firefighting
- Emergency Medical Response
- Public Education
- Urban Search and Rescue
- Hazardous Materials Response
- Aircraft Firefighting at JWA
- Air Operations
- Fire Prevention Inspections
- Technical Rescue
- Swift Water Rescue

Fire Suppression

The Operations Department is responsible for controlling and suppressing all hostile fires in the Authority's jurisdiction. This service is enhanced by mutual and automatic aid agreements with surrounding jurisdictions.

Emergency Medical Response

Response to medical emergencies is historically the majority of the responses by Operations personnel. The OCFA provides EMS service with Basic Life Support (BLS) units, Advanced Life Support (ALS) Units from Paramedic Assessment Units and either ALS Paramedic Squads, Engines or Trucks. As with Fire Suppression this service is enhanced by mutual and automatic aid agreements with surrounding jurisdictions.

Fire Prevention Activities

Operations Department field personnel, located in stations throughout the county, also devote considerable time each day to fire prevention and education activities. To maximize resources, engine, truck, and paramedic companies perform most fire safety inspections of businesses and multi-tenant occupancies. Personnel are trained in fire prevention and controlled-activity permit procedures. In addition, field companies provide safety education and familiarization programs to schools, community groups, and interested citizens as part of the Authority's efforts to prevent fires and the associated injuries and losses.

Hazardous Materials (HazMat) Emergency Response Team

The HazMat Team responds to hazardous materials spills and leaks, providing expertise in the safe handling, abatement, and documentation of the emergency.

Aircraft Rescue and Firefighting

The OCFA provides aircraft rescue and firefighting (ARFF) services through a contract with John Wayne Airport. The ARFF crews also provide aircraft refueling safety classes.

Community Volunteer Services

The Community Volunteer Services, managed from Battalions 2 and 3, coordinates all volunteer programs within the OCFA. This includes the Reserve Firefighter Program, the Fire Cadet Program, and the Fire Chaplain Program. The Fire Cadet Program provides opportunities for youth between the ages of 14 and 21 to develop leadership, management, and accountability skills at an early age.

Emergency Medical Services and Training Department

Emergency Medical Services

The EMS and Training Department provides Emergency Medical Services, specialized training programs for Operations personnel, administers the Wellness and Fitness program (WEFIT), and the Cancer Awareness and Prevention Program (CAPP). There are seven dedicated Nurse Educators (RN's) for field training, review and certification in addition to the Paramedic Coordinator (RN), and Firefighter/Paramedic field support liaison who report to the EMS Battalion

Chief. The OCFA employs a medical director for oversight of quality control of pre-hospital care. Physician Claus Hecht is actively involved with OCEMSA and participates in numerous local, state, and federal EMS and Urban Search and Rescue (US&R) task forces and decision-making commissions. Our EMS Section is dedicated to quality control, training, and tracking the latest emergency medical trends and health care to best serve the citizens in our communities.

Training and Safety Division

This section delivers and facilitates all organization-wide training activities for emergency response personnel. This includes research, development, and implementation of a variety of training courses to meet local needs as well as state and federal mandates, such as basic firefighter, driver/operator, handcrew, and officer academies for career and reserve firefighters. This section also serves in a lead capacity on issues of employee and incident safety, with training officers also serving as safety officers on major incidents.

Training and Promotion Division

Training and Promotion Division coordinates the preparation of classes with Operations Training and Safety for operations personnel and coordinates all promotional examinations for Fire Apparatus Engineer, Fire Captain, and Battalion Chief with Human Resources. This section also assists the Human Resources with firefighter recruitments.

Wellness and Fitness

The WEFIT Program is responsible for administering the WEFIT exam process, fitness facilities, and maintaining the Peer Fitness Trainer program for the career firefighter work force. This program, which is a joint Labor-Management initiative, emphasizes the prevention of injuries to the employee, and historically, the WEFIT program has decreased the costs associated with lost workdays, Workers' Compensation, and reduced the potential for re-injury.

Special Operations Division 10

Air Operations Section

The Air Operations Section is responsible for coordination of the Authority's helicopter program. The Authority currently maintains firefighting helicopters at Fullerton Airport, which are used for emergency responses throughout the year for wildland and wildland-urban interface fires, swift water and still water rescues, medical rescue support, and disaster mitigation.

Urban Search and Rescue

The Orange County Fire Authority is capable of providing Urban Search and Rescue (US&R) services, utilizing four US&R truck companies strategically placed within Orange County. Two of these truck companies are within close proximity to the City of Fullerton in Buena Park and Yorba

Linda. In addition, the OCFA and the Federal Emergency Management Agency (FEMA) jointly sponsor one of the twenty-eight national Urban Search and Rescue Teams. California Task Force Five (CATF-5) based in Orange County, has an extensive array of equipment and provides advanced search and rescue services to communities in need. CATF-5 is available to respond to local, state, and national emergencies within six hours of notification.

Crews and Equipment

The Crews and Equipment Section is comprised of handcrew firefighters and heavy fire equipment operators. When not deployed on wildland incidents, the Crews and Heavy Fire Equipment Section completes prevention activities such as fire road maintenance and fuels reduction work in OCFA service areas. The personnel and equipment are also utilized to perform overhaul activities on structural fires, sandbagging, and mud and debris removal during winter rains.

Investigation Services Section

The origin and cause determination of our fires is the first step in determining our fire problem and ultimately fire prevention. The Orange County Fire Authority is constantly staffed with origin and cause investigators to gather data that drives our fire prevention and community education efforts. The section also includes fire investigators that focus on criminal follow-up. These investigators work closely with city, state and federal law enforcement agencies to reduce intentionally set fires. The section is assisted by an accelerant detection canine through an agreement with the Alcohol Tobacco and Firearms (ATF).

Command and Emergency Planning Division 11

Emergency Communications Center (ECC)

The Emergency Communications Center is responsible for receipt and dispatch of emergency calls. The dispatcher answering the initial call determines the type of call, jurisdiction, and closest unit, and dispatches units via computer-aided-dispatch (CAD). In the event of a medical emergency, a dispatcher remains on the phone and utilizes the OCFA's Emergency Medical Dispatch (EMD) procedures to render life-saving instructions while apparatus are responding.

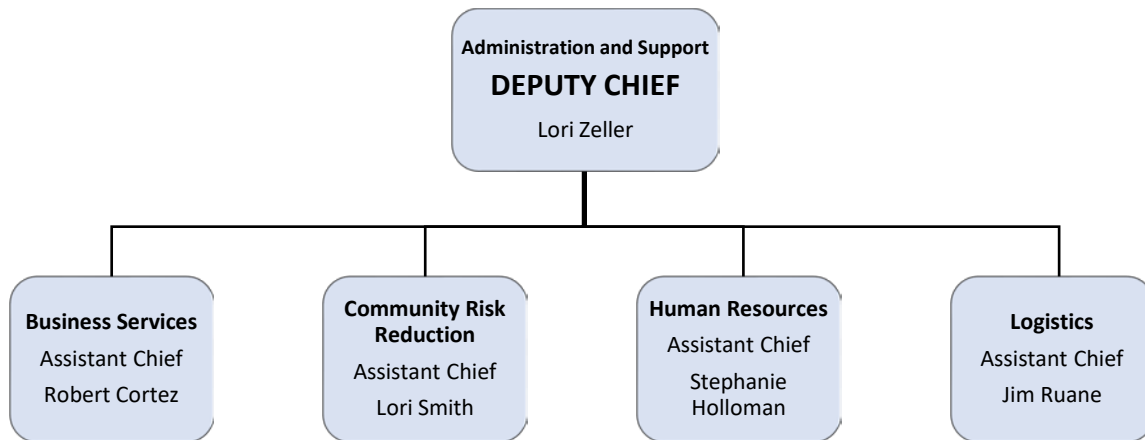
Strategic Services

Strategic Services personnel, in conjunction with city/county and Local Agency Formation Commission (LAFCO) planning staff, reviews and responds to major development proposals for public safety and fire protection impacts. Other responsibilities include analyzing and monitoring impacts of development projects, annexations, and incorporations of fire resources, and initiating agreements with developers for acquisition, design, construction, and dedication of fire facilities and equipment. This section also coordinates all California Environmental Quality Act (CEQA) related reviews and processes of the agencies. Also included are all activities associated with

analysis of demographic shifts on service delivery, Authority performance standards, management of the OCFA Strategic Plan, and proposal coordination for new partner cities.

Administration and Support Bureau

The Administration and Support Bureau, under the command of a Deputy Chief, is responsible for much of the behind the scenes work that makes it possible to run the Orange County Fire Authority. The Regional Fire Operations and Training Center (RFOTC) in Irvine operates as our headquarters and is the location where the majority of these services take place. There are remote locations around Orange County that serve as field offices.



Business Services Department

The Business Services Department, under the direction of an Assistant Chief, manages all financial, purchasing, legislative, and Board of Director activities. The department coordinates and prepares all budget, payroll, accounting, and administrative support to the Authority; monitors cash balances, makes investments, coordinates issuance and administration of long and short-term debt; purchasing; and provides oversight of the Clerk of the Authority. Legislative affairs and monitoring responsibilities are also conducted by this Department.

Clerk of the Authority

The Clerk of the Authority's Office is responsible for attending and taking minutes of all public meetings of the Board of Directors and its committees, executing orders of the Board as directed, preparing legal notices for publication, distributing copies of Board orders, processing subpoenas, customer feedback, Fair Political Practice Commission (FPPC) filings, and performing records management functions for the Authority.

Finance

The Finance Division is responsible for providing financial accounting, reporting, planning, and developing procedures and policies to protect and safeguard the financial and material assets of the

Authority. Responsibilities include accounts receivable, accounts payable, and payroll; general accounting of fixed assets, and general ledger; and support budget preparation and monitoring, and special financial studies.

Purchasing

The Purchasing Division processes all purchasing requisitions, develops requests for proposals, manages formal bid processes, and manages surplus property for the Authority. Based upon the OCFA's strong purchasing practices and policies, the Section has received an award for Achievement of Excellence in Procurement in 2007, 2008, and 2011 through 2021.

Treasury and Financial Planning

The Treasury and Financial Planning Services Division is responsible for providing a variety of Treasury and Financial Planning services for the Authority. Treasury services include monitoring cash balances, making investments, issuing and administering long and short-term debt, and oversight of the Deferred Compensation program. Financial Planning services include preparation of annual budgets, monitoring and reporting of budget variances, financial forecasting, and special financial studies.

Legislative Services Section

The Legislative Services Section monitors legislation and regulations and advocates the Authority's position before federal, state, and local governing and regulatory agencies. The OCFA takes an active role in state and federal legislation and regularly interacts with statewide groups such as the League of Cities, California State Association of Counties and California Fire Chiefs Association. In addition, the Legislative Services Section assists on fire service grant requests and works with our Orange County Congressional Delegation to seek support and funding for fire agency specific projects. As a stakeholder in Orange County, the OCFA has a strong understanding of the political issues affecting not only the OCFA, but all our partner cities. Efforts at the local, state, and federal level are often on issues that affect our cities, as well as the fire service.

Community Risk Reduction Department (Fire Prevention)

The Community Risk Reduction Department, under the leadership of an Assistant Chief, contributes to community safety and prosperity through the systematic mitigation of risk. Staff works with the development community and partner agency staff to help build safe communities; with community stakeholders and residents to maintain and enhance safety at the neighborhood level; and with several other agencies and stakeholders to evaluate losses and improve mitigation through engineering, education, and enforcement.

Planning and Development

The Planning and Development Section works with the development community and jurisdiction planning and building staff to ensure new tracts and projects meet state and local fire and life safety requirements. Staff reviews design and construction plans, working closely with architects, engineers, and consultants following the planning process to ensure that the California and International Fire Code requirements are met prior to issuance of grading and/or building permits. They also conduct inspections of all construction projects.

Prevention Field Services

The Prevention Field Services Section assists stakeholders such as businesses, partner agency staff, first responders, environmental regulatory agencies, and the general public in maintaining and enhancing safe communities. Each division office provides a high level of life safety by: (1) ensuring that minimum state and local codes are met, (2) responding in a timely manner to citizen complaints regarding fire hazards, (3) working closely with local civic groups to ensure code compliance with the special events they sponsor, and (4) providing training and assistance with fire prevention issues to Operations Department personnel.

Wildfire Pre-Fire Management

The OCFA's Wildfire Pre-Fire Management Section (PFM) provides for wildfire prevention in Orange County's State Responsibility Areas (SRA) as well as the wildland urban interface (WUI) areas of incorporated cities and unincorporated areas of the County. PFM is funded through both the State (CAL FIRE) and local funding and is overseen by a Deputy Fire Marshal. The overall goal of the PFM team is to ensure operational success through the efforts of two programs, including Wildland Resource Planning and Community Wildfire Mitigation.

- *Wildland Resource Planning* – The OCFA's Wildland Resource Planner is responsible for overseeing the OCFA's remote automated weather stations (RAWS), live fuel moisture monitoring, fuel reduction projects, fire roads and fuel break maintenance, and is the on-scene CAL FIRE agent at SRA-related incidents for Orange County. Additionally, this position works collaboratively with other key stakeholders (i.e., landowners/managers, government agencies, utilities, etc.) on prevention, suppression and restoration related issues and projects. The OCFA's Fire Behavior Decision Support Team also works with the Wildland Resource Planner.
- *Community Wildfire Mitigation (CWM)* - Under the leadership of an Assistant Fire Marshal, this section has three Fire Prevention Specialists, who are responsible for fuel modification plan reviews and compliance, annual defensible space inspections, post-event damage inspections, mapping and reporting, vegetation-related complaint follow-up, and wildfire community outreach. Additionally, this section regularly collaborates with other city, county, state, and

federal agencies, as well as with Homeowner's Associations, property owners and local Fire Safe Councils.

Human Resources Department

Human Resources is managed by the Assistant Chief of Human Resources, and administers benefits, employee/labor relations, recruitment and selection, and the risk management program.

Risk Management

The Risk Management Section administers the general liability and workers' compensation insurance programs, the safety and occupational health programs and the Behavioral Health program. The section secures insurance coverage for the Authority's insurance needs, responds to general liability losses and claims, designs and implements safety compliance programs, conducts health/safety and ergonomic assessments and is responsible for maintaining Cal/OSHA and NFPA health and Safety records.

Benefits

This section is responsible for the administration of a variety of benefit programs including CalPERS Medical Plans (for non-Firefighter Unit employees), Employee Assistance Program, Retiree Medical Program, and Dependent Care Assistance Program. The Benefits Section is also responsible for the administration of the dental, vision and life insurance programs for non-Firefighter Unit employees and serves as a liaison to the Orange County Employees Retirement system (OCERS). The Benefits Section is responsible for transmitting the Authority's contribution to the Orange County Professional Firefighters Association Medical Benefit Trust Fund, which is administered by the Association. This section also includes Classification and Compensation which maintains OCFA classification specifications, administers class studies and updates the Authority's salary tables.

Recruitment and Selection

In compliance with State and Federal laws and statutes, Recruitment and Selection is responsible for recruiting and selecting the most qualified candidates, promoting qualified employees, and upholding the OCFA's merit system selection rules and appeals procedure.

Employee Relations

Employee Relations consists of employee and labor relations and is responsible for handling investigations, grievances, and complaints, interpretation of MOU provisions, personnel evaluations and supporting employee performance management.

Logistics Department

The Logistics Department is managed by an Assistant Chief and provides support to all departments of the Authority. The Department responsibilities include the coordinating all facility maintenance, repairs, and construction; automotive and fleet maintenance, repairs, and acquisition; development, operation, maintenance, and security of the Authority's computers, networks, information systems, and communication systems.

Fleet Services

The Automotive Section manages a fleet of more than 650 vehicles and fire apparatus; performs preventive maintenance, major and minor repairs, and renovations on the Authority's apparatus and vehicles; tests and certifies specialty equipment; designs and develops specifications; and oversees acquisition and manufacturing quality assurance of all vehicles and apparatus.

Information Technology

The Information Technology (IT) Section is responsible for the development, operation, maintenance, and security of the Authority's computers, networks, information systems, and communication systems. Responsibilities include strategic planning and forecasting of technology needs; development and monitoring of technology standards and guidelines; systems analysis, design, and implementation; software and hardware evaluation; selection and deployment of all IT related purchases, upgrades, and replacements; and maintenance of a centralized enterprise Geographic Information System (GIS).

The OCFA's IT Section has been designated the lead agency by the Orange County Fire Chiefs Association to oversee and implement several grant-funded initiatives to improve Fire Service through Technology and Interoperability. Countywide technology projects lead by the OCFA have included CAD-to-CAD Interoperability, Wireless Mobile Data Network, Countywide GIS Repository & Mapping Standards, NG911 GIS coordination, and an Automatic Vehicle Location program.

Property Management

The Property Management Section manages the needs assessment, design, engineering, and construction of new facilities; structural and cosmetic remodeling of existing facilities; and other extensive upgrades through a comprehensive Capital Improvement Program.

This section coordinates all requests for repairs to facilities and oversees scheduled maintenance for over half million square feet of facilities space owned or operated by the OCFA. These activities are accomplished primarily through contracted vendors and technicians. Service areas include fuel and power sources, heating and ventilation systems, air quality such as diesel exhaust systems,

landscape and irrigation, utilities, and systems required to ensure that facilities are ready, safe, and habitable. In addition, this section also services building systems, including repair and replacement of furnishings, fixtures, and household equipment.

The Property Management Section oversees the acquisition of land and facilities for use by the OCFA through a variety of service agreements. The section also provides space planning and needs assessment studies for all space requests. Staff also coordinates relocations of safety and non-safety personnel.

Service Center

The Service Center provides shipping, receiving, and warehousing services for the Authority; performs mail processing and delivery services; certifies and maintains apparatus; provides repair and fabrication services on equipment, woodworking, safety garments, and tools; manages the acquisition and distribution of bulk supplies and equipment; and provides logistical support for major emergencies.

Corporate Communications

Overseen by the Director of Communications, this section is comprised of a Public Relations Manager, three 24-hour Public Information Officers (PIO), a Community Relations and Education Supervisor, five Community Education Specialists, and a Multimedia Supervisor and Specialist.

Public Information and Media Relations

The PIO section is staffed by three Captains on a 24-hour shift schedule. The office ensures that the public is kept informed of daily OCFA activities, and during major emergency incidents. The PIO acts as the spokesperson for the OCFA during daily requests from reporters as well as during major incidents. The PIO ensures that accurate and timely information is released to the public and media. The PIO also assists with news releases, board advisories, and community outreach.

Education and Community Outreach

The Community Relations/Education team is responsible for large-scale educational campaigns and community outreach events. This group also creates messaging material and delivery systems to promote awareness of public safety issues. The most significant campaigns that educators are involved with include drowning prevention, wildfire awareness, fire safety, disaster preparedness and neighborhood smoke alarm installations.

Multi-Media Services

This section is responsible for all the OCFA's audio, video and photographic needs. Staff produces monthly informational videos and Podcasts, training videos, newsletters, covers the firefighter academies, manages all audio and video for monthly executive committee and board of directors'

meetings, and designs a wide variety of OCFA informational material.

Resource and Strategic Decisions

Resource Decisions

Fire department resources are controlled by a fire agency for City coverage and emergency situations through three methods: direct control, automatic aid, and mutual aid. The OCFA would utilize direct control of regional resources on a day-to-day basis to ensure that emergency units will be available in the City of Fullerton. Some jurisdictions may feel that mutual aid and automatic aid are substitutes for a regional approach, this is a common misconception.

Mutual aid and automatic aid agreements cannot substitute for direct control of the request for resources. Mutual aid and automatic aid, although beneficial for major emergencies, relies on another agency's resources. If those resources are not available, response may be delayed or not forthcoming. The OCFA's regional approach will ensure that the Fire Authority's great depth of resources will be available when Fullerton needs them.

The OCFA provides a depth of resources which allows for an aggressive move-up and cover program. This allows for rapid coverage of Fullerton if resources are committed to incidents in the city. Automatic Vehicle Location (AVL) enables the OCFA to utilize the closest resources, including automatic aid for rapid response to emergencies. These new technological improvements will supplement our existing multi-agency 800Mhz radio system and inter-agency dispatch link.

Local Control and the OCFA Liaison

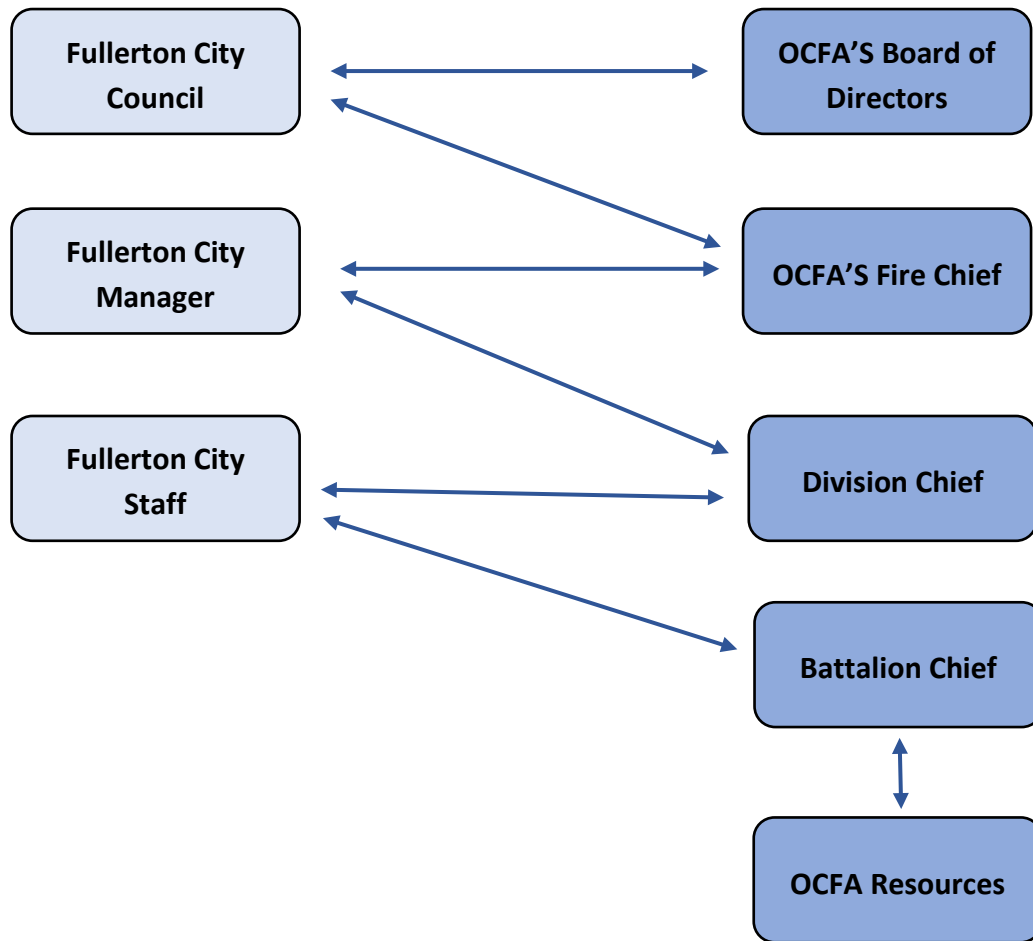
While the City will have a representative on the Board of Directors, the OCFA recognizes that an ongoing liaison between the City and its fire department is essential. The OCFA assigns a Division Chief and a Battalion Chief to maintain day-to-day working relationships with the City Manager, and through him/her, the City Council. If the City of Fullerton is to transition to the Authority, OCFA Battalion 12 will be created, and the battalion headquarters will be at the current Fullerton Station 1. The battalion will be part of OCFA Division 7, and the Division headquarters will be provided from its current location in Buena Park.

The Division Chief is responsible for representation at meetings called by the City Manager, City Council meetings, and other city staff meetings where fire department input is needed. The Division Chief or Battalion Chief represents the fire department at community events, meetings, or other functions upon request of the City Manager or designated city staff. The Director of

Corporate Communications ensures the OCFA Board Director and appropriate city staff are immediately notified of all significant incidents within the city. Notifications are customized for each city to ensure the needs of our partners are met. Local control is maintained as the OCFA, through Corporate Communications, will work collaboratively with city staff in developing strategic communications plans regarding issues and incidents affecting the OCFA and our partner cities. The Public Information Officer (PIO) will be on-scene of significant incidents to handle media relations to ensure strategic communication plans are implemented and timely and accurate information is disseminated.

Understanding that the City and the Orange County Fire Authority would be responsible to the citizens for fire protection and emergency services, both parties will discuss changes to fees, staffing, and permanent placement of equipment and companies prior to implementation; however, the final decision-making authority lies with the OCFA for staffing and equipment. As changes in the staffing and placement of equipment in adjacent communities serviced by the OCFA could affect service to the City, the OCFA will advise the City prior to implementation if such changes should occur.

Both parties will also discuss changes in fire codes and ordinances relating to the Authority's prevention operations; final fire code adoption decision-making authority is with the City of Fullerton.

City of Fullerton Access to OCFA Resources**Apparatus**

In order for the Orange County Fire Authority to provide fire and emergency medical service protection to the City of Fullerton, the following apparatus will transition to the OCFA:

- (5) Type I Engines (349A, 350A, 355C, 357C, 363B)
- (4) Reserve Type 1 Engines (351C, 352C, 353C, 354C)
- (2) Battalion Chief Vehicles (143C, 1030)
- (1) Battalion Utility (144A)
- (3) Truck Companies (360A, on order for Station 6, to be ordered for Station 3)
- (5) Fire Prevention Vehicles (132D, 133A, 139C, 145C, 205A)
- (3) Command Vehicles (119D, 134B, 276B)

The City will lease to the OCFA, at no cost, all current fire department vehicles, and apparatus necessary to maintain service within the City of Fullerton, as outlined above. The apparatus will be

incorporated into the Authority's vehicle rotation and replacement plans and preventative maintenance program. Currently, an engine is expected to obtain approximately 120,000 miles during a life span of approximately fifteen (15) years.

Throughout the engine or truck's service life, it will be rotated between busy and slow stations to allow the maximum life expectancy to be reached. The replacement cost of each vehicle is based on the anticipated price in the year of purchase divided by the years of expected service.

Each of OCFA's fleet of more than 650 vehicles is scheduled for preventative maintenance, based on mileage and use to ensure safety and response capability. The Automotive Section tracks each vehicle's mileage, use, performance, and repairs. If a trend develops, due to increased vehicle failure or need for repair, maintenance schedules are adjusted as necessary to correct any problems or potential problems. If any apparatus develops ongoing issues, the vehicle's use and life span are re-evaluated and adjusted accordingly.

The routine fleet maintenance of Fire Authority vehicles is normally performed at our RFOTC facility in Irvine, and relief equipment is placed in service while the unit is out for maintenance. All Fullerton units have been reviewed and evaluated by our Fleet Services Section.

Equipment currently assigned to the Fullerton Fire Department and not requested by the OCFA will return to the City.

Facilities

The OCFA Property Management completed a cursory review of the six Fullerton Fire Stations to evaluate the overall condition. The inspection revealed all stations to be in serviceable condition, with no major deficiencies apparent. Supporting documents were provided by the City. The inspection included the following areas:

- Electrical
- Plumbing
- HVAC
- Emergency Generators
- Roof
- Apparatus Bay Doors
- Diesel Exhaust Collection
- Fuel Storage Tanks

- Dorm, Bath, and Storage Configuration

The OCFA will require the City of Fullerton to provide inspection certification of asbestos mitigation or a management plan for each facility prior to transition and its cost. All current permits and certifications for generators, elevators, fuel station, underground tanks, and any other machinery requiring permits or certification will be required to be provided to the OCFA for transfer of the facilities responsibility. The City will ensure all permits/certifications are current at time of transition. The OCFA will continue compliance and permit renewals.

OCFA Leasing of Facilities

The City of Fullerton will lease the 6 fire stations and the training tower to the Orange County Fire Authority for the nominal fee of \$1.00 per year for each station. The OCFA will use the premises for public safety purposes. The City shall be responsible for insurance protection of improvements against fire and other risks. The OCFA will provide normal, daily operations, and maintenance for the leased facilities consistent with established OCFA standards. The OCFA will be responsible for all utilities, including gas, electricity, water, and trash removal except those facilities shared by other entities.

Normal daily operations and maintenance services include janitorial supplies, cleaning, maintenance of interior and exterior surfaces, service and repair of plumbing and electrical systems, trash pickup and other minor repairs. Repairs of major items, such as air conditioning, apparatus doors, heating systems, and exterior coverings are covered by participation in the station maintenance plan. Alterations and improvements in excess of \$15,000 will be the responsibility of the City of Fullerton and would be submitted to the City by the Division Chief for consideration, as described below. It is assumed that all stations will be in operational order at time of transition.

The City shall be responsible for all maintenance, repair, and alterations considered a capital improvement (Capital improvements are any single project that exceeds a cost of \$15,000.) Capital projects may include seismic repair, major remodel, renovation/relocation of stations and new fire station construction including structural upgrade required by law.

Hazard Issues

The City will maintain all responsibility for current fuel storage tanks, associated above and underground piping, and any other previously existing hazards including asbestos, asbestos containing materials and mitigation. Associated costs will be the responsibility of the City of Fullerton and will be addressed expeditiously at the earliest convenience of both the City of Fullerton and the OCFA.

Personnel

If the City of Fullerton decides to contract with the Orange County Fire Authority for emergency services, the OCFA is committed to making the transition of the Fullerton Fire Department's operations and personnel to the OCFA as smooth as possible. The positions filled are those created by the contract between the City of Fullerton and the OCFA; therefore, the considerations rendered regarding personnel are based on any new positions added to the OCFA by this contract.

The OCFA will hire all sworn safety personnel that are current Fullerton Fire Department employees based on their rank held on April 26, 2021, subject to the conditions noted in this section and the following:

All current sworn employees will be offered positions with the Orange County Fire Authority. The Fullerton Fire Department non-sworn employees may be offered positions based on funded positions vacant within the Orange County Fire Authority.

Sworn positions by rank needed for contract:

- 3 Battalion Chiefs
- 18 Fire Captains
- 18 Fire Apparatus Engineers
- 36 Firefighter/Firefighter-Paramedics

The policy of the OCFA is that only the number of positions of rank (Battalion Chief, Captain, Engineer) created by the addition of a new contract are available to the new transitioning personnel. Historically, if the transitioning city has more positions of rank than created by the new contract, those individuals in excess may be demoted in rank. The City will determine which individuals will fill the positions of rank, prior to the transition.

Compensation

The OCFA Human Resources Section will prepare calculations to match the Fullerton employees' salary with the closest comparable base pay on OCFA's salary schedule for the rank in which the employee will transition. If the employee's base salary falls between two steps, the employee will receive the higher step. Non-safety compensation is based on the position they are offered. The safety employees will receive retirement and medical benefits as outlined in the current OCFA Firefighter MOU².

² Non-safety employee(s) will follow the OCEA General/Supervisory Unit MOU for new hires, service a probationary period.

Seniority

Within the limits of the number of safety (sworn suppression) employees required by the service option, continuous employment as a full-time firefighter with Fullerton shall be considered the same as continuous employment with the OCFA for transitioning safety employees only for the purposes of:

- Layoff seniority
- Bid assignment seniority preference
- Promotional opportunities
- Accrual of vacation and sick leave

Transitioning employee seniority list will be provided by the City of Fullerton to the OCFA at time of transition.

Probation

Current regular sworn safety Fullerton Fire Department employees hired by the OCFA will be considered to have passed their probation period with the Fire Authority, except for the following:

- Any employee who has not completed probation with the City of Fullerton;
- Any employee who has been suspended within the last year;
- Any employee who has disciplinary action pending or is under investigation for possible disciplinary action at the time of transition, and disciplinary action has been sustained.

If an employee meets any of the above exceptions, the employee may serve a new probation period of twelve months. Civilian non-sworn employees serve a probationary period as per the Orange County Employee's Association Memorandum of Understanding for general and supervisory management.

Medical/Physicals/Fingerprint/DMV

All Fullerton Fire Department employees offered employment with the OCFA would be required to pass a pre-employment medical/physical examination, Livescan, and California Department of Motor Vehicles (DMV) check. If a Fullerton Fire Department employee fails to meet the medical requirements or the OCFA determines their fingerprint records or DMV record eliminates them from consideration (after completion of an individualized assessment), the City of Fullerton will be responsible for the employee. The City may provide the DMV check or may require the employees to provide the DMV check to the OCFA.

Sick Bank

The OCFA does not provide any advanced sick leave balance for the transitioning employees. All

sick leave accrued by transitioning employees during their employment with the City of Fullerton shall be the responsibility of the City of Fullerton. The OCFA suggests a sick leave bank for the City of Fullerton employees of five shifts (120 hours). If the City wishes to transfer a sick leave bank for the transitioning City of Fullerton employees, the OCFA will coordinate with the City on details associated with use of the banks.

Vacation Accrual

The OCFA does not provide any advanced vacation leave balance for the transitioning employees. All vacation accrued by transitioning employees during their employment with the City of Fullerton shall be the responsibility of the City of Fullerton. If the City wishes to transfer a vacation leave bank for the use of transitioning City of Fullerton employees, the OCFA will coordinate with the City on the details associated with the use of the banks.

Transition

As stated earlier in this document the purpose of the transition tasks is to complete transition in a methodical, time efficient approach that is seamless without interruption or incident.

Prior to providing emergency services to the City of Fullerton the OCFA has several tasks that are required for an initial transition. Regardless of the size of the contracting city the tasks are essentially the same; however, the time to complete the tasks are based on the complexity of the department and the geographical size of the city. Some tasks are crucial prior to servicing the City's fire service needs, while other non-essential tasks can be completed weeks or months after the initial transition. Tasks necessary for a transition are separated into three categories:

- ☐ Priority Tasks
- ☐ Essential Tasks
- ☐ Non-Essential Tasks

Priority Tasks

There are three priority tasks paramount to beginning service to a contract city and although there may be the ability to condense the timeframes for some of these tasks each must be completed. It should be recognized that there may be alternatives to a priority task that could accelerate the initial transition. The first priority task is to complete and sign a contract for emergency services. Until this is completed, the OCFA cannot begin the other two.

Employee Transition

The second priority task is associated with the transfer of personnel. After a contract is signed the OCFA Human Resources will begin the necessary transition processing for Fullerton Fire personnel. The process will begin with presenting job offers to the current Fullerton employees; once accepted by the employees they will begin medical evaluations. The OCFA's Human Resource Department routinely processes new employees through the University of California, Irvine Medical Center (UCI) and completes between ten (10) to eleven (11) medical exams a day. Once the employee completes their medical evaluation it may take a week or two for the OCFA to be provided the results. As this priority task is the most time consuming of the tasks the OCFA's HR Department has been working with UCI to increase the rate of medical evaluations to reduce these timeframes.

Dispatch Transition

Another priority task for transition is the ability for the Orange County Fire Authority to dispatch Fullerton resources. Unlike many tasks necessary for a complete transition an error or mistake in dispatching could result in extended response times, which could have grave consequences. Therefore, the tasks associated with transition of information between Metro Net and the OCFA Dispatch center require deliberate and accurate transfer of information.

Essential Tasks

There are several essential tasks that are necessary prior to the OCFA providing emergency services within the City of Fullerton. Although an essential task is important it can be accomplished with minimal effort and normally within a couple of days. Failure to complete an essential task may not affect the OCFA's ability to provide service but could place an unnecessary liability on either the City of Fullerton or the OCFA; therefore, essential tasks should be completed prior to providing service.

An example of an essential task is the DMV transfer of the emergency vehicles. Without a transfer of ownership, the OCFA's insurance is unable to cover the vehicles exposing the City of Fullerton to an unnecessary liability.

Non-Essential Tasks

Non-essential tasks are those tasks that can be completed after the OCFA begins providing emergency services. Some non-essential tasks will need to be completed within the first (30) thirty days, while others may not be complete until several months later. Where it might be important to some that all Fullerton personnel be dressed in OCFA uniforms the first day of the contract, having all personnel in OCFA uniforms is not essential to providing a quality service to the City of Fullerton.

Start-Up Costs

The table is a list of one-time only basic expenses necessary for implementation of services (start-up costs) and will be the responsibility of the City of Fullerton. The OCFA is willing to discuss amortizing the start-up costs over multiple years rather than incurring a large cash outlay in a single budget year.

Based on 75 Sworn Personnel		
Comm/IT \$404,650	Station Alarms Station Phones (Office & Fax) Tablets for engines/Trucks Radios (Stations & Mobile) Pagers OCFA Computer Programs	Station Network Station Computers Printers/Copiers Radio Pacset Mobile Data Computers Vehicle Tech Upgrades
Facilities \$152,700	Station Locks	Security Gates
Personnel Costs \$167,880	Physicals Insurance (Risk Management)	Livescan Onboarding
Service Center \$394,080	Helmet Shields Station Equipment Brush Helmets Wildland Personal Protective Equipment Fire Shelters Wildland T-Shirts	Goggles Rain Gear Apparatus Complement Uniforms Dress Uniforms Apparatus Decaling
Fleet Services \$114,520	Apparatus Repairs	
EMS \$172,027	EMS Equipment	Standardize Equipment
Total Start-up Costs: \$1,405,857		

Communication Services/Information Technology

Computer charges are for adapting the stations to the OCFA's Computer Aided Dispatch (CAD), software and hardware to allow access to the OCFA Fire Incident Reporting system, and modifications to the main OCFA computer room to support the additional systems. The charges for computers can be placed in two categories, computer room equipment and station equipment. The computer room equipment is located at the Orange County Fire Authority's Emergency Communication Center and is necessary for dispatching emergency response units within the City

of Fullerton.

Adaptability to the network, standardization of radio and telephone systems are also included in the start-up costs. The cost range provided is as a result of possible compatibility and integration issues. The OCFA shall attempt to use existing equipment and integrate where practical.

Facilities

The cost to correct current station issues and standardize each of the stations is divided into two main categories:

- Start-up Costs - \$152,700
- Yearly Maintenance - \$90,000 (repair current issues)

Start-up Costs

The facility “Start-up Costs” are required to standardize each of the stations to OCFA standards. The standardization reduces maintenance costs and provides consistency among all the fire stations. Some of the start-up costs include items such as signage, window coverings, and dorm privacy dividers.

Yearly Maintenance

The OCFA will utilize the yearly facility maintenance charge of \$90,000, which is part of the contract costs, to cover any repairs that may arise.

If the yearly maintenance costs exceed the \$90,000 yearly maintenance fund, the repairs may be completed the following year when additional funds become available.

Personnel

Personnel costs reflect charges incurred during the hiring process for physicals, livescans and onboarding.

Service Center

There will be costs incurred in an effort to standardize equipment and materials.

Safety Equipment

Charges include the cost of basic safety equipment and protective clothing for wildland and structural emergency incidents. Fullerton’s safety equipment standards are similar to those of the OCFA, and the majority of the equipment meets and/or exceeds OCFA requirements; therefore, the only items that will require purchase are items that are not currently issued by the Fullerton Fire

Department or identification changes to safety equipment. Standardization for self-contained breathing apparatus bottles is necessary with the conversion to 30-minute bottles.

Apparatus Complement

Standardization of equipment is essential for large departments as every employee must know the type of equipment that is on every apparatus and its location; therefore, some equipment will need to be purchased.

Fleet Services

As the current vehicles owned and operated by the Fullerton Fire Department are mechanically sound the start-up costs are minimal and will be expended for minor repairs of the engines.

Adoption of Codes and Ordinances

Upon the City of Fullerton entering into a contract with the Orange County Fire Authority, the City would agree to:

- Consider adoption of OCFA amendments to the 2019 California Fire and Building Codes.
- Designate the Orange County Fire Authority's Fire Chief as the City of Fullerton's Fire Chief.

Documents for City Council Approval

- Joint Powers Authority Agreement
- Fire Services Agreement

2021 OCFA Board of Directors

(Attachment A)



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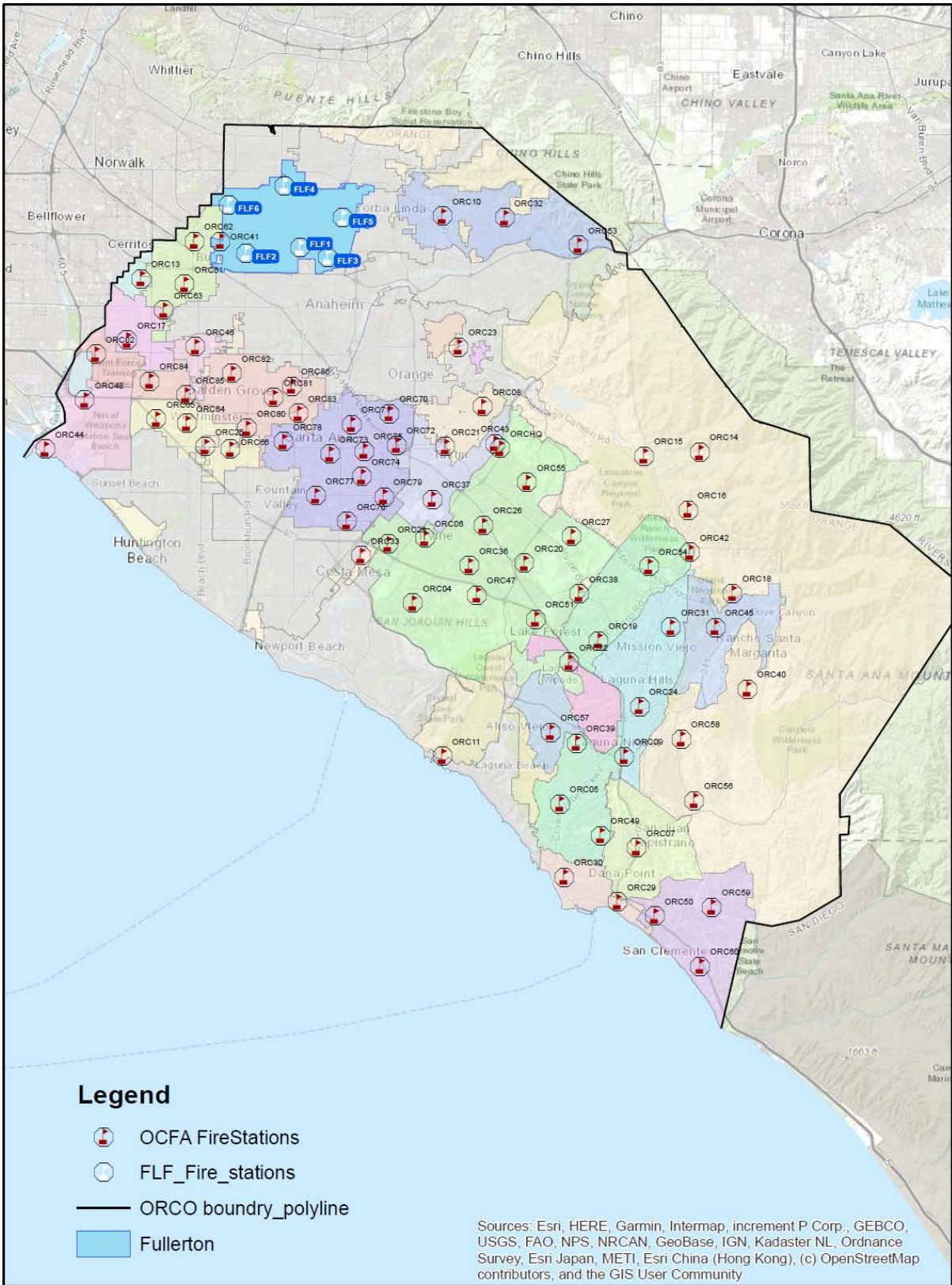


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OCFA Service Area Map (Attachment B)



2017/18 CRR Adopted Fee Schedule (Attachment C)

Orange County Fire Authority

2017-18 Community Risk Reduction Fee Study

Adopted Fee Schedule - Effective Date September 29, 2017

Prevention Field Services

Fee Code	Service Name	2017-18 Adopted Fee (a) (b)
AA1	Aerosol – Issuance	\$217
AA1R	Aerosol - Reissuance	\$138
AA2	Aircraft Refueling – Issuance	\$430
AA2R	Aircraft Refueling – Reissuance	\$295
AA3	Aviation Facility – Issuance	Hourly Rate
AA3R	Aviation Facility – Reissuance	Hourly Rate
AA5	Waste Handling – Issuance	Hourly Rate
AA5R	Waste Handling – Reissuance	Hourly Rate
AA6	Amusement Building – Issuance	Hourly Rate
AA6R	Amusement Building – Reissuance	Hourly Rate
AC1	Candles/Open flame – Issuance	\$178
AC1R	Candles/Open flame – Reissuance	\$138
AC2	Carnival or Fair – Issuance	Hourly Rate
AC6	Combustible Material Storage – Issuance	Hourly Rate
AC6R	Combustible Material Storage – Reissuance	Hourly Rate
AC71	Compressed Gas – Corrosive Issuance	\$234
AC71R	Compressed Gas – Corrosive Reissuance	\$156
AC710	Compressed Gas-Toxic - Issuance	\$234
AC710R	Compressed Gas-Toxic - Reissuance	\$156
AC72	Compressed Gas – Flammable Gas Issuance	\$234
AC72R	Compressed Gas – Flammable Gas Reissuance	\$156
AC73	Compressed Gas-Highly Toxic - Issuance	\$234
AC73R	Compressed Gas-Highly Toxic - Reissuance	\$156

AC76	Compressed Gas-Oxidizer - Issuance	\$234
AC76R	Compressed Gas-Oxidizer - Reissuance	\$156
AC77	Compressed Gas – Pyrophoric - Issuance	\$225
AC77R	Compressed Gas – Pyrophoric - Reissuance	\$156
AC91	Cryogenics – Physical or Health Hazard - Issuance	\$152
AC91R	Cryogenics – Physical or Health Hazard - Reissuance	\$138
AC92	Cryogen – Flammable Issuance	\$217
AC92R	Cryogen – Flammable Reissuance	\$156
AC94	Cryogen – Inert Issuance	\$152
AC94R	Cryogen – Inert Reissuance	\$138
AC95	Cryogen – Oxidizer Issuance	\$168
AC95R	Cryogen – Oxidizer Reissuance	\$138
AD11	Dry Cleaning Plants - Package Issuance	\$152
AD11R	Dry Cleaning Plants – Package Reissuance	\$138
AD2	Dust Producing Operations - Issuance	\$234
AD2R	Dust Producing Operations - Reissuance	\$173
AE1	Explosives/Blasting Condition with OCSD Approval – Issuance	Hourly Rate
AE2	Explosives – Model Rockets (Retailers and Use)/ Small Arms Ammunition (Retailers) – Issuance - Delete	Delete
AE2R	Explosives – Model Rockets (Retailers and Use)/ Small Arms Ammunition (Retailers) – Reissuance - Delete	Delete
AF1	Firework Stands	\$192
AF2	Outdoor Fireworks Display, such as July 4th displays	\$1,946
AF21	Outdoor Fireworks Display, such as home coming & barge display	\$539
AF22	Pyrotechnics/Special Effects Materials	\$871
AF31	Flammable Combustible Liquids – Issuance to use or operate a pipeline	Hourly Rate
AF31R	Flammable Combustible Liquids - Reissuance	Hourly Rate
AF32	Flammable Liquids – Issuance Class I liquids (5 gallons inside/10 gallons outside)	\$234
AF32R	Flammable Combustible Liquids – Reissuance	\$156
AF33	Combustible Liquids – Issuance. To store, use or handle Class II or IIIA liquids in excess of 25 gallons inside or 60 gallons outside.	\$234
AF33R	Combustible Liquids – Reissuance	\$156
AF35	Flammable Combustible Liquids – Issuance. To operate tank vehicles, equipment, tanks, plants, terminals, wells, etc.	\$234
AF35R	Flammable Combustible Liquids – Reissuance	\$156
AF36	Flammable Combustible Liquids – Issuance. Tank removal or installation (AST/UST) - Delete	Delete
AF361	Flammable Combustible Liquids – Each additional tank (AST/UST) - Delete	Delete
AF4	Fruit Ripening – Issuance - Delete	Delete
AF4R	Fruit Ripening – Reissuance - Delete	Delete

AH11	Hazardous Materials – Oxidizing Issuance	\$234
AH110	Hazardous Materials – Water Reactive Issuance	\$152
AH110R	Hazardous Materials – Water Reactive Reissuance	\$156
AH11R	Hazardous Materials – Oxidizing Reissuance	\$156
AH12	Hazardous Materials – Corrosive Issuance	\$234
AH12R	Hazardous Materials – Corrosive Reissuance	\$156
AH13	Hazardous Materials – Flammable Solids Issuance	\$234
AH13R	Hazardous Materials – Flammable Solids Reissuance	\$156
AH14	Hazardous Materials – Highly Toxic Issuance	\$227
AH14R	Hazardous Materials – Highly Toxic Reissuance	\$149
AH15	Hazardous Materials – Organic Peroxide Issuance	\$227
AH15R	Hazardous Materials – Organic Peroxide Reissuance	\$149
AH16	Hazardous Materials – Pyrophoric Issuance	\$227
AH16R	Hazardous Materials – Pyrophoric Reissuance	\$149
AH18	Hazardous Materials – Toxic Issuance	\$234
AH18R	Hazardous Materials – Toxic Reissuance	\$145
AH19	Hazardous Materials – Unstable Reactive Issuance	\$234
AH19R	Hazardous Materials – Unstable Reactive Reissuance	\$156
AH3	High Piled Combustible - Issuance	\$397
AH3R	High Piled Combustible Reissuance	\$243
AL1	Liquefied Petroleum Gas – Issuance	\$149
AL1R	Liquefied Petroleum Gas - Reissuance	\$138
AL2	Liquid- or Gas-Fueled Vehicles or Equipment in Assembly Buildings – Issuance/Reissuance	Hourly Rate
AL3	Lumber Yards and Woodworking Plants – Issuance	\$332
AL3R	Lumber Yards and Woodworking Plants - Reissuance	\$243
AM1	Magnesium Working – Issuance/Reissuance	Hourly Rate
AM2	Open and Covered Malls - Issuance/Reissuance	\$563
AM3	Motor Vehicle Fuel Dispensing – Issuance	\$184
AM31	Motor Vehicle Fuel Dispensing – Package Issuance	\$135
AM31R	Motor Vehicle Fuel Dispensing – Package Reissuance	\$138
AM3R	Motor Vehicle Fuel Dispensing - Reissuance	\$138
AO1	Open Burning/Fire – Issuance	Hourly Rate
AO3	Industrial Ovens – Issuance	\$184
AO3R	Industrial Ovens - Reissuance	\$138
AP21 to AP22	Assembly, <300 occupants - Issuance	\$557

AP21R to AP22R	Assembly, <300 occupants - Reissuance	\$400
AP23 to AP25	Assembly, >300 occupants - Issuance	\$856
AP23R to AP25R	Assembly, >300 occupants - Reissuance	\$479
AR2	Refrigeration Equipment – Issuance	\$332
AR2R	Refrigeration Equipment – Reissuance	\$190
AR3	Repair and Service Garage – Issuance	\$283
AR31	Repair and Service Garage < 5000 sq ft – Package Issuance	\$266
AR31R	Repair and Service Garage < 5000 sq ft – Package Reissuance	\$225
AR3R	Repair and Service Garage – Reissuance	\$225
AS1	Spraying or Dipping Operation – Issuance	\$381
AS1R	Spraying or Dipping Operation - Reissuance	\$138
AT1	Tent/Membrane Structure – Issuance	Hourly Rate
AT1.1	Canopy Structure – Issuance	Hourly Rate
AT2	Storage of Scrap Tires, Tire Byproducts, & Tire Rebuilding – Issuance	Hourly Rate
AT2R	Storage of Scrap Tires, Tire Byproducts, & Tire Rebuilding – Reissuance	Hourly Rate
AW1	Hot Work - Issuance.	\$184
AW11	Welding Carts Flammable gas up to 1000 cuft and Oxidizing gas up to 1500 cuft - Package Issuance	\$190
AW11R	Welding Carts Flammable gas up to 1000 cuft and Oxidizing gas up to 1500 cuft - Package Reissuance	\$138
AW1R	Hot Work - Reissuance.	\$138
J200	Reinspection – Flat rate for any inspection after the 1st (Applies to all CRR fees)	Hourly Rate
J201	Penalty \$250 – Failure to comply with 1st orders, tags or notices (Applies to all CRR fees)	\$250
J202	Penalty \$500 – Failure to comply with 2nd orders, tags or notices (Applies to all CRR fees)	\$500
J203	Penalty \$1000 – Failure to comply with 3rd or more orders, tags or notices (Applies to all CRR fees)	\$1,000
M100	Correctional or Detentional Facility – Large (i.e. full-scale jails, prisons, and places of detention)	\$561
M101	Correctional or Detentional Facility – Small (i.e. holding cells)	\$266
M102	High Rise Facility > 75 Feet	\$1,135
M103	Mid Rise Facility 55 - 74 Feet	\$659
M121	Care Facility for more than 6 ambulatory & non-ambulatory clients	\$362
M123	Hospitals, Nursing homes, Mental hospitals, and Surgery Centers	\$904

M124	Community Care Facility (i.e. clearance letter, large family day, & etc.)	\$168
M125	Pre-Inspection Residential Care Facility (i.e. Single-Family Residences)	\$463
M130	Miscellaneous Special Events – Events that may impact emergency operations equipment or access and may only require an over the counter submittal	\$48
M131	Minor Special Events – Events that may impact emergency operations equipment or access and have attendance or participation by less than 2,500 people.	\$217
M132	Major Special Events – Events that impact emergency operations equipment or access or have attendance, participation, or mass gathering of more than 2,500 people.	\$364
M133	Special Event Expedite Fee for <10 days submittal	50%
M140	Fire Watch - Requested	Hourly Rate
M141	Standby – Engine Company – Board approved cost recovery rate	Hourly Rate
M150	Travel Time	\$70
M151	Alternate Means & Methods	Hourly Rate
M152	All other time to be charged as Time and Materials	Hourly Rate
False Alarm		
	False Alarm - 2nd within 6 months (<i>Penalty fees are not included with the annual S&EB increase</i>)	\$100
	Failure to comply with orders, tags or notices - 3rd false alarm within 6 months (<i>Penalty fees are not included with the annual S&EB increase</i>)	\$250
	Failure to comply with orders, tags or notices - 4th false alarm within 6 months (<i>Penalty fees are not included with the annual S&EB increase</i>)	\$500
	Failure to comply with orders, tags or notices - 5th and subsequent false alarm within 6 months (<i>Penalty fees are not included with the annual S&EB increase</i>)	\$1,000
800 MHz Radio Loaner/Rental Program		
	Loaning of the preprogrammed 800 MHz radio including radio, batteries, and desk charger to OCFA approved and FCC licensed technicians to facilitate the annual testing required for emergency responder radio system installation.	\$75 per month

**Orange County Fire Authority
Fullerton Fire Services Proposal
Questions & Answers**

1. *What happens if Fullerton station personnel are held-over for 4 hours while working a structure fire, who pays for that overtime?*

In this scenario, the overtime is already being paid by Fullerton via their cash contract charge, as briefly described below and per the attached “Pricing a New City Proposal” overview.

The proposed contract charge that the City of Fullerton will be required to pay to OCFA for services is based on a well-established methodology referred to as OCFA Company Costs (see attached). Company Costs include the costs for salaries and employee benefits (S&EB) for all station personnel assigned to staff a new city’s fire stations, services and supplies (S&S), overhead support services, depreciation/replacement of emergency apparatus, and station maintenance.

Included in the S&EB portion of Company Costs are salaries, bonus pays, benefits, and overtime. In reality, some employees will work less overtime than assumed, and some will work more overtime. Causes for the overtime can be any combination of backfill to cover for someone who is sick or on vacation, emergency overtime, or hold-over overtime such as the scenario above. Regardless of the cause for assumed OT, it is built into the proposed contract charges, which the City must pay.

2. *What happens if Fullerton stops paying their monthly contract charges to OCFA?*

The following language in OCFA’s Joint Powers Authority Agreement (JPA), Article IV, Section 3.J provides protections to OCFA:

Termination. Failure by any member to make payments when due constitutes grounds for expulsion from the Authority. Prior to expulsion, the Authority shall provide written notice of its intention to expel such member if payment is not received within thirty days of the date of such notice. Repeated failure to make payments when due shall constitute grounds for expulsion and/or imposition of an Authority-determined late fee. Alternatively, or in addition to the remedies set forth herein, the Authority may bring legal action to collect unpaid amounts.

In addition, OCFA’s Fire Services and Emergency Medical Services Agreement with Santa Ana and Garden Grove (and will presumably be the same with Fullerton) requires each city to pay OCFA for services in advance, avoiding any situation of arrears.

3. *What happens if Fullerton files for bankruptcy?*

If the City failed to pay OCFA, then per the JPA, OCFA’s options for non-payment would include expulsion, imposition of a late fee, or legal action to collect unpaid amounts prior to the City proceeding with a bankruptcy filing. If OCFA opted to continue providing services in spite of non-payment, and the City then filed bankruptcy, then the matter would become the jurisdiction of the bankruptcy court, and the OCFA would have a creditor’s claim for any unpaid charges that had accrued prior to the bankruptcy filing date.

**Orange County Fire Authority
Fullerton Fire Services Proposal
Questions & Answers**

4. *What happens if Fullerton dissolves as a city and returns to county unincorporated area?*

OCFA is the service provider for all Orange County unincorporated areas, whether the City was a member of OCFA prior to dissolving or not. In this scenario, OCFA would have to work with the County and LAFCO as to payment terms for provision of services through the process of disincorporation. (The LAFCO Act does not permit discharge of liabilities or impairment of creditors through disincorporation, so the obligation to pay OCFA for services rendered prior to disincorporation would remain enforceable.)

5. *Why can't Fullerton join OCFA as a Structural Fire Fund city instead of a Cash Contract city?*

Prior to Prop-13, properties in those jurisdictions that did not have their own city fire departments were assessed a structural fire fund (SFF) tax to cover the cost for fire protection. This SFF tax was in addition to all other taxes included in the property tax roll. When Proposition 13 was passed, the SFF tax was frozen as a portion of the 1% property tax, in the same proportion as it represented to the total taxes before Prop-13.

Cash Contract Cities (i.e., Fullerton if they join OCFA), did not have a SFF tax assessment prior to Prop-13; therefore, they have no contributions flowing to the Structural Fire Fund. As a result, the only way that Fullerton could join OCFA as a SFF city would be to negotiate with the County of Orange for a property tax exchange agreement. The property tax exchange agreement would require a transfer of property taxes from the City's General Fund into the SFF, at the value required by the County of Orange.

The OCFA's Ad Hoc Committee that has been studying cash contract charges reviewed the topic of cash contract cities converting to SFF. Financial data indicated that such a conversion may not be financially feasible for most of the OCFA's cash contract cities. The Committee requested the information be shared with the cash contract cities to determine if they had interest, and if so, were they interested in independently pursuing the option further. As a result of the information provided to our cash contract cities on this topic, none of the cities affirmatively indicated interest.

6. *How would Fullerton contribute to OCFA's Capital Improvement Plan?*

Per the JPA, and as described in OCFA's draft proposal for Fire Services, Fullerton will be required to contribute for vehicle depreciation/replacements and station maintenance.

Vehicle depreciation/ replacement costs are charged based on the emergency apparatus assigned in the City's fire stations. The annual charge is based on the current replacement cost for each individual vehicle type, divided by the useful life for each individual vehicle type. This amount rises with actual costs for vehicle replacements, and is not capped by the 4.5% increase that applies to the City's base service charge.

**Orange County Fire Authority
Fullerton Fire Services Proposal
Questions & Answers**

Station maintenance is charged at \$15,000 per year, per station, and handled as a revolving fund to facilitate repairs or minor improvements. Funds expended from the station maintenance account must be replenished by the City each year. Any capital needs for the City's fire stations that exceed \$15,000 are coordinated with the City for inclusion in the City's capital improvement budget.

7. *Will OCFA funds be spent to modify Fullerton fire stations for gender equity?*

No, in alignment with the process described above, City funds will be used for station modifications, including modifications for gender equity.

8. *Will Fullerton contribute to OCFA's Helicopter replacement costs?*

The City's contributions to OCFA's capital plans are as defined by the JPA and described in question #6 above for the emergency vehicles assigned in Fullerton's fire stations (not including helicopters) and for maintenance of the City's fire stations. This is consistent with the JPA, and with most recent cash contract city additions (Santa Ana and Garden Grove).

9. *Why would OCFA want to enter a business agreement with Fullerton when they are projecting a deficit?*

New cities seeking to join OCFA are often making the "ask" in their effort to lower costs. The proposal shows that OCFA can save the City \$5.8M in year one, representing a substantial cost reduction. Savings to the City are also projected to grow over the next three years in comparison to what the City forecasted for their current Fire Department budget.

Most importantly, OCFA builds financial protections into the contract structure with cash contract cities, such as requiring the City to pay for services in advance, requiring the City to remain liable for previously accrued debts, and requiring the City to remain obligated to pay for any future accrued pension liability in the event they later withdraw from OCFA.

10. *Are there any lessons learned from our proposal and merger processes with Santa Ana and Garden Grove that caused us to prepare our Fullerton proposal differently?*

We have been building Fire Services Proposals for many years, and have learned things from each process that resulted in improvements to subsequent processes, as detailed below.

- Prior to OCFA formation, initial cash contract city charges for a new city were based on a blend of factors (geographical size, population, assessed valuation, etc.). We understand that those measurement factors changed at different times in the Fire Department's history, resulting in differing base charges from one city to another, and less than full cost recovery for those cities.

**Orange County Fire Authority
Fullerton Fire Services Proposal
Questions & Answers**

- After OCFA formation, an Equity Study was completed by the Davis Company which established a comprehensive costing method to be used thereafter by OCFA when pricing a new city proposal, providing cost neutrality to OCFA with an incoming city (see attachment).
- When the OCFA's JPA was renewed in 2010, the annual increases allowed to be passed on to cash contract cities was increased and a recapture bank provision was adopted to prevent annual charges from falling below cost recovery (after a city joined) for use moving forward thereafter.
- When a Fire Services contract was negotiated with Santa Ana, using what had been learned in recent years about pension liabilities, staff added a new contract provision to obligate the City to pay for any newly accrued pension liability with OCFA, should they later exercise their option to withdraw. In addition, Santa Ana was also obligated to remain liable for its existing workers' compensation claims in order to limit potential liability and cost exposure for OCFA.
- Following the merger with Santa Ana, staff learned that the pace in which OCFA agreed to transition the Santa Ana Fire Department to OCFA was too rapid. While the rapid transition was beneficial to the City, the impacts on our employees who were tasked with responsibility to complete the transition was significant. Therefore, when a contract was negotiated with Garden Grove, we required a more manageable and timely approach to the transition, as compared to Santa Ana.
- Our lessons learned from completion of the Garden Grove process was that much more detail related to the proposal process, financial terms, and associated benefits to OCFA should be shared with our Board of Directors compared to what had been provided with past proposals. As a result, staff initiated the following changes to date with the Fullerton proposal process:
 - When staff requested Board authorization to proceed with the proposal, additional costing details were provided to the Board regarding the necessary staff time and associated costs for preparing the proposal.
 - When the Board discussed staff's request for authorization to prepare the proposal, the Board of Directors raised several questions about the future Fullerton proposal, which staff indicated they would be prepared to answer after completing the proposal research. Staff followed up thoroughly by reviewing the Board of Directors meeting recording, logging each question raised, and ensuring that answers were researched for inclusion in the presentation when staff returned to the Board for review of the proposal.
 - In preparation for presenting the proposal to the Board, staff performed outreach with several Board of Directors to gain more insight into potential questions that needed to be addressed. That outreach resulted in the development of this "Questions & Answers" document, aimed at being responsive to Board of Director questions.
 - Staff prepared the draft proposal and presentation for initial review through the Budget and Finance Committee, prior to requesting Board approval to deliver the proposal to Fullerton, which is an added vetting element compared to prior processes.

OCFA – Pricing a New City Proposal

The Orange County Fire Authority has a well-developed process for quantifying the cost of services to be proposed within a new cash contract city's Fire Service proposal. The costing methodology was documented in the Equity Study prepared by the Davis Company in 1999, referred to as "Company Costs", and it is used to quantify the costs for resources proposed to a new cash contract city. This methodology has been consistently used since formation of the OCFA, and it complies with Article IV (Funding of Fire Operations), Section 3 (Contributions for Budgeted Amounts), sub-paragraph H (New Resources to Cash Contract Cities) of the OCFA's Joint Powers Authority Agreement.

[Note that the costing formulas used for cash contract cities that joined the Orange County Fire *Department* prior to formation of the Orange County Fire *Authority* was different than the methodology described herein, resulting in large variables between the price of services for OCFA's older, more tenured, cash contract cities, compared to the newer cash contract cities.]

OCFA Company Costs

Company Costs are those expenses that can be directly or indirectly attributed to the fire companies assigned to a fire station. The use of Company Cost methodology assumes that all, or substantially all, of the costs to serve an area can be measured based on jurisdictional boundaries and the physical location of assigned equipment and personnel.

Each year, OCFA's budget staff updates the OCFA Company Costs, using the adopted budget for the current fiscal year. The core concepts of the Company Cost calculations are as follows:

1. OCFA's entire general fund budget is broken down into the following categories:
 - **Operations** – frontline fire suppression personnel costs
 - **Fire Prevention** – frontline fire prevention personnel costs (fee funded)
 - **Overhead** – administrative support and services & supplies for both frontline services
 - **Exclusions** – expenses funded with contractual revenue sources (grants, USAR, JWA ARFF)
2. The frontline costs for Operations are then allocated to each position type (listed below) and divided by the number of fire suppression positions for each type to identify the cost per employee:
 - **Fire Captain**
 - **Fire Apparatus Engineer**
 - **Firefighter**
3. Overhead costs are allocated and segregated to the following categories:
 - **Services and Supplies (S&S)**
 - **Administrative Support**

OCFA – Pricing a New City Proposal

4. The cost per suppression employee identified in Step 2 is combined with the S&S cost and Administrative Support overhead cost identified in Step 3, to identify the total cost per Truck, Engine, or Medic Van.
5. The cost per Truck, Engine, or Medic Van is multiplied by the number of units planned for service within the new cash contract city, to identify the full proposed cost of services (OCFA General Fund operating costs).
6. Additional cost allocations are quantified for inclusion in the proposed cost of service to cover annual Capital Improvement Program costs, including vehicle depreciation/replacement for emergency apparatus planned for assignment in the new cash contract city, and for station maintenance costs.

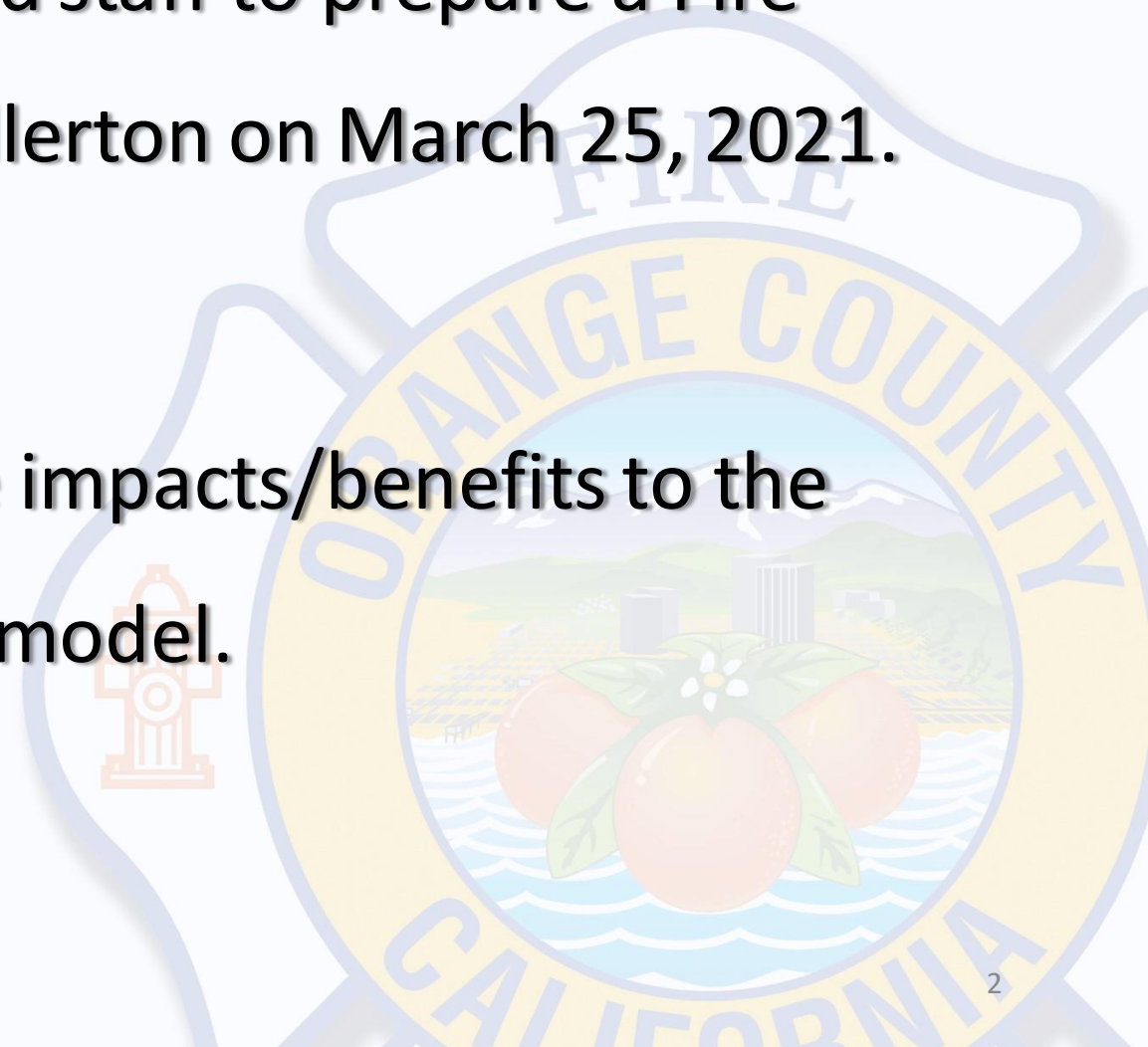
Fullerton Fire Service Proposal

October 13, 2021

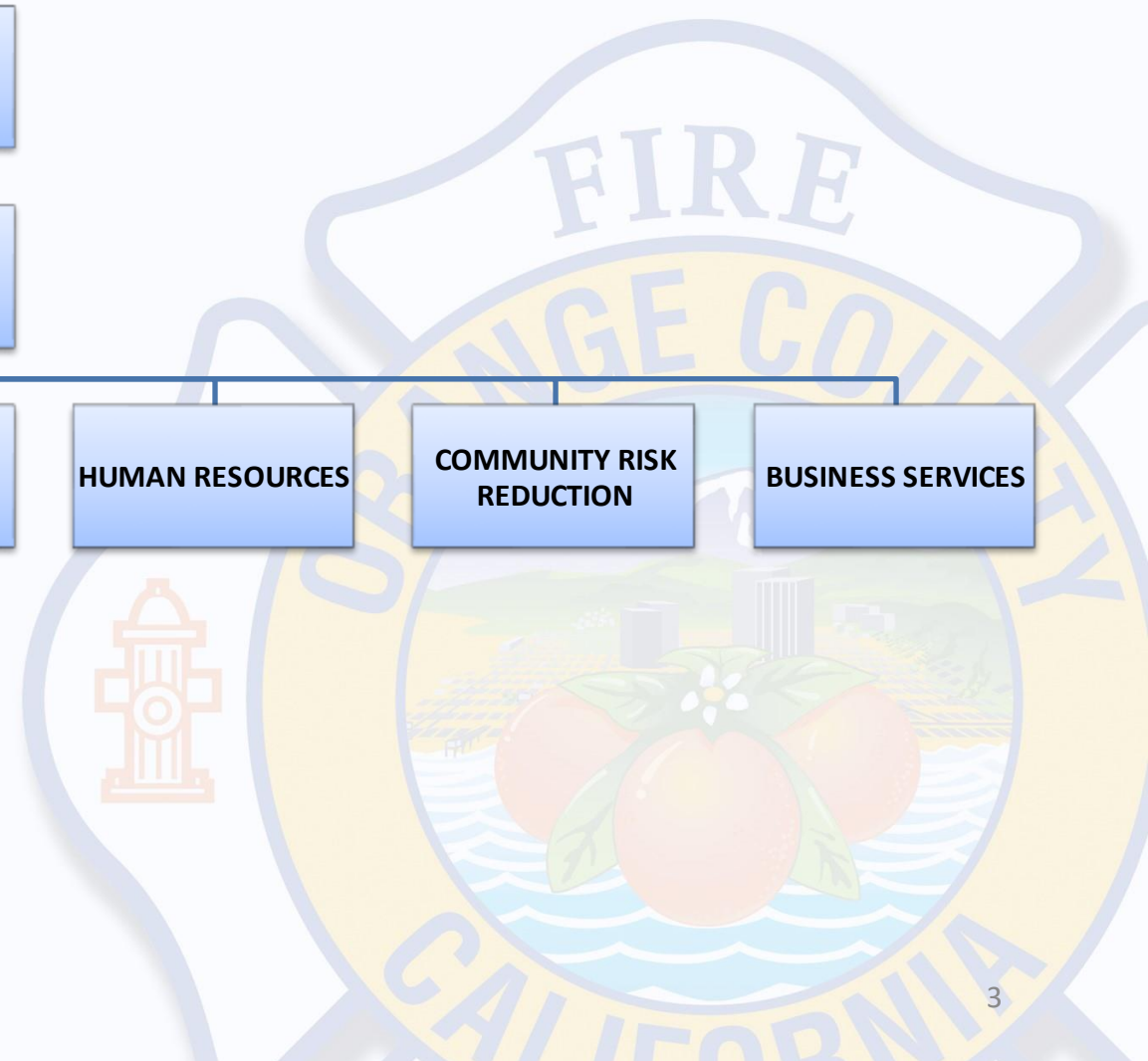
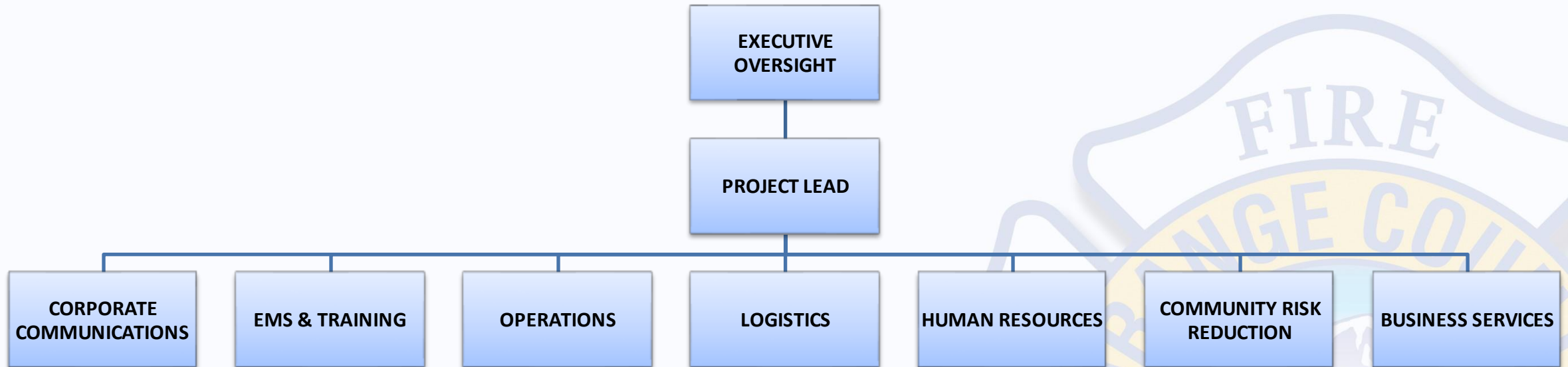


Fullerton Fire Service Proposal

- OCFA Board of Directors authorized staff to prepare a Fire Service Proposal for the City of Fullerton on March 25, 2021.
- A team was built to determine the impacts/benefits to the OCFA and establish a deployment model.



Fullerton Fire Service Proposal



Fullerton Fire Department

- Fullerton Fire Department was established in 1908
- Command Staff of 9 shared with Brea Fire Department
- Fire Stations – 6
- Annual incidents – 14,000
- Personnel
 - 72 sworn firefighters
 - 4 fire prevention staff
 - 4 professional staff



City Jurisdiction Fullerton

- OCFA Division and Battalion Stations
- OCFA Division Stations
- OCFA Battalion Stations
- OCFA Fire Stations
- Fullerton Fire Stations

- Highways
- Major Roads
- County Boundary
- OCFA Service Area
- Non OCFA Service Area
- City of Fullerton



Information Technology Division - Geographic Information Systems

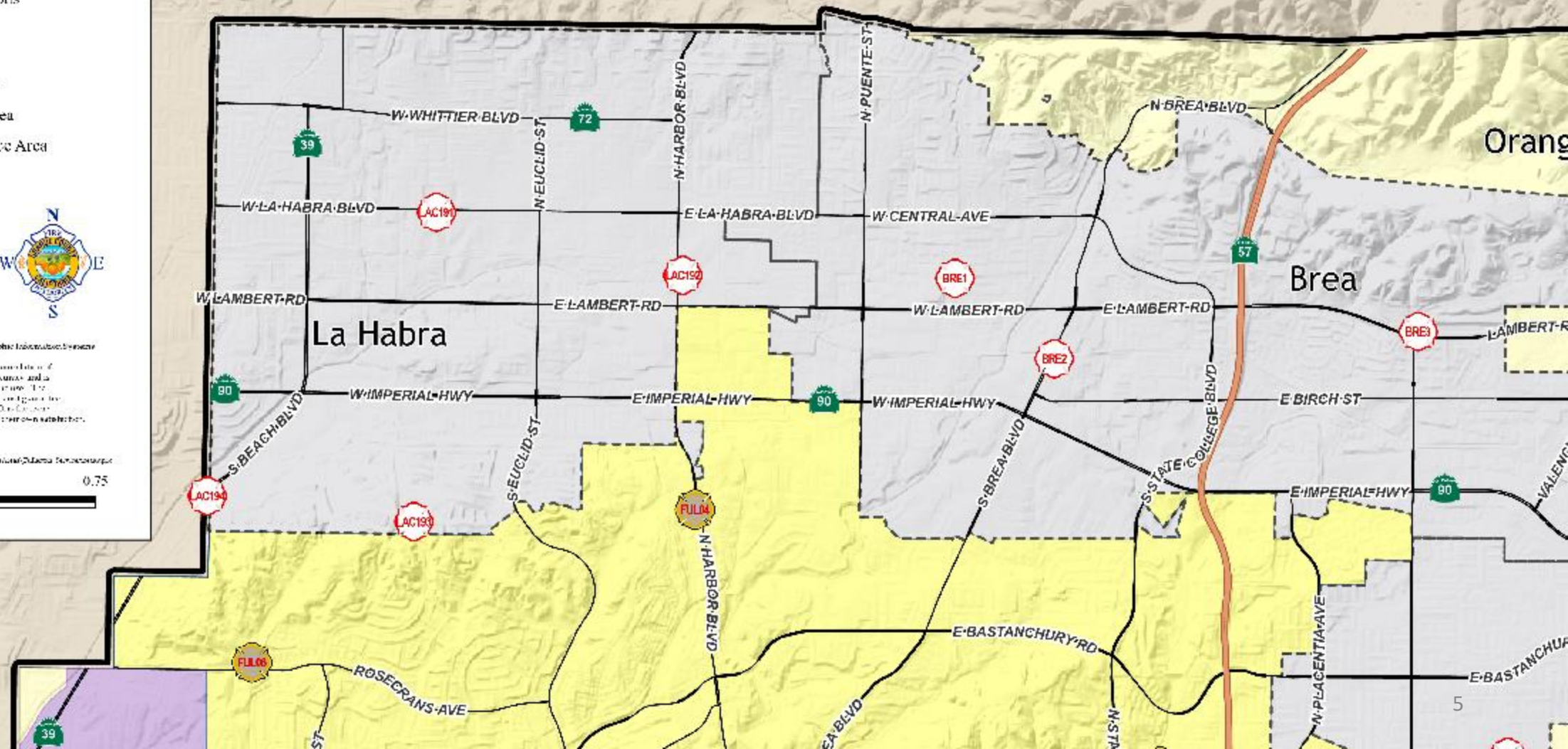
Information in this map was compiled from a variety of data from various sources and is provided as a reference only. The Orange County Fire Authority is not responsible for any errors or omissions in this map. The user assumes all responsibility for any use of information in this map.

6/21/2021

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Los Angeles
County



Benefits to OCFA

- Cost neutral to the existing partner cities
- Greatly improves regional delivery system for:
 - Yorba Linda
 - Buena Park
 - La Palma



OCFA Service Area
Without Fullerton

-  OCFA Division and Battalion Stations
 OCFA Division Stations
 OCFA Battalion Stations
 OCFA Fire Stations
 Fullerton Fire Stations
 Highways
 Major Roads
 County Boundary
 OCFA Service Area
 Non OCFA Service Area
 City Jurisdictions



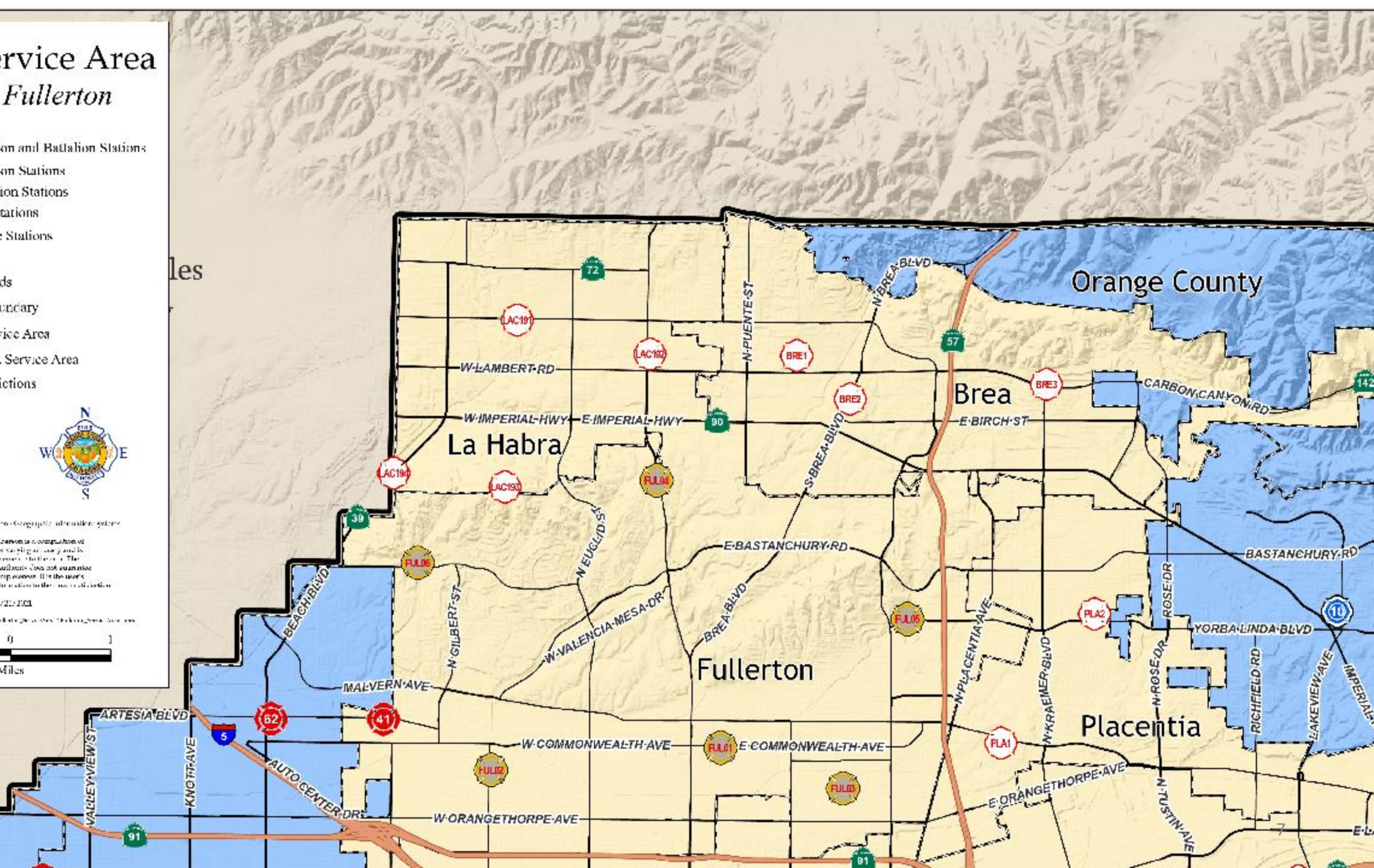
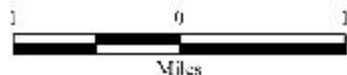
Source:
The authors published a paper in a well-known journal of digital education model taken from a national newspaper that had a national circulation.

also called: Tech 2 and D-Video; 5.25-inch; also called: syzygy

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OCFA Service Area With Fullerton

-  OCFA Division and Battalion Stations
-  OCFA Division Stations
-  OCFA Battalion Stations
-  OCFA Fire Stations
-  Fullerton Fire Stations
-  Highways
-  Major Roads
-  County Boundary
-  OCFA Service Area
-  Non OCFA Service Area
-  City Jurisdictions

Source:
Map data: Google Maps
OCFA Service Area: OCFA
Non OCFA Service Area: Non OCFA
City Jurisdictions: City Jurisdictions

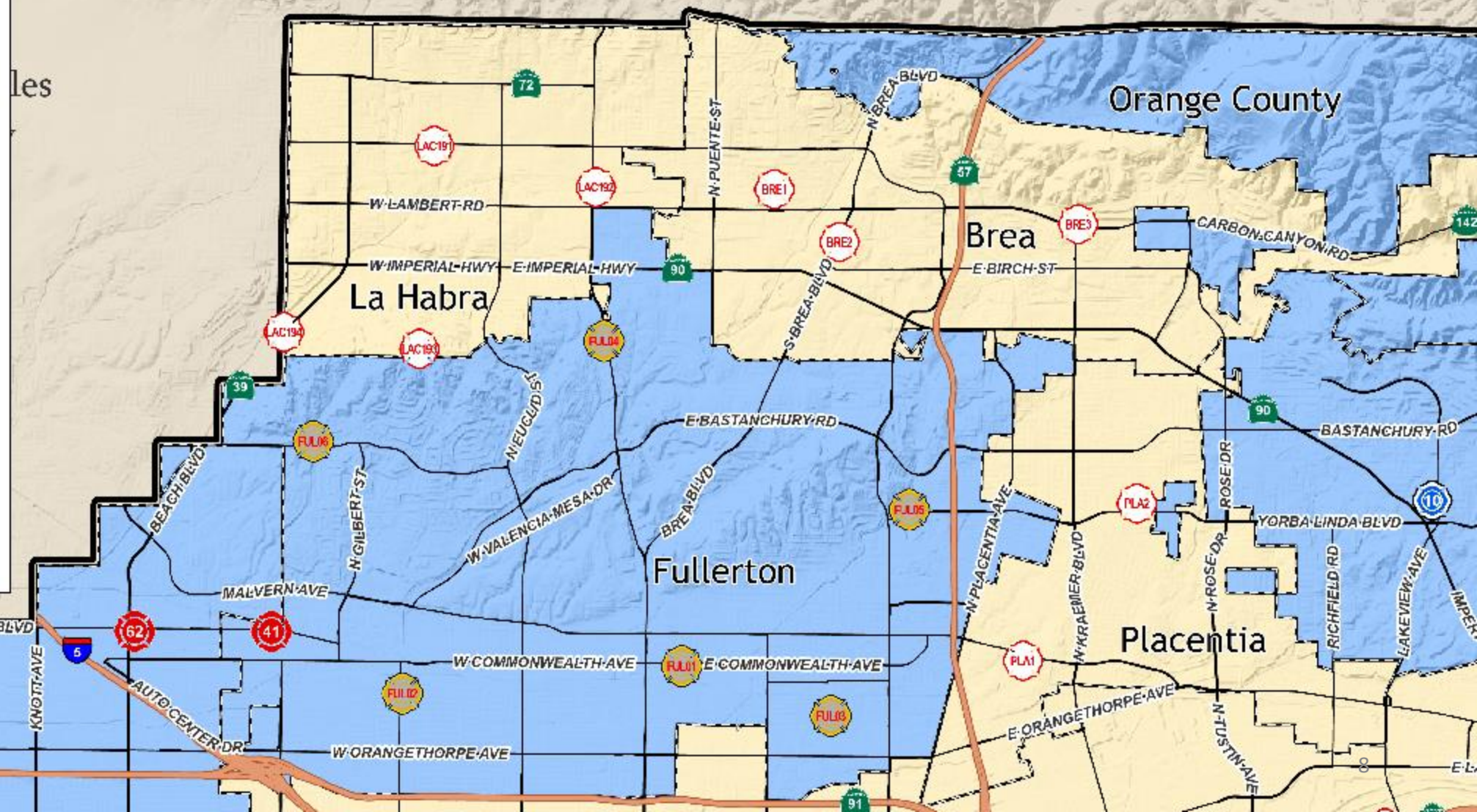
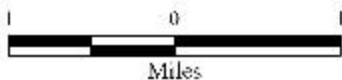


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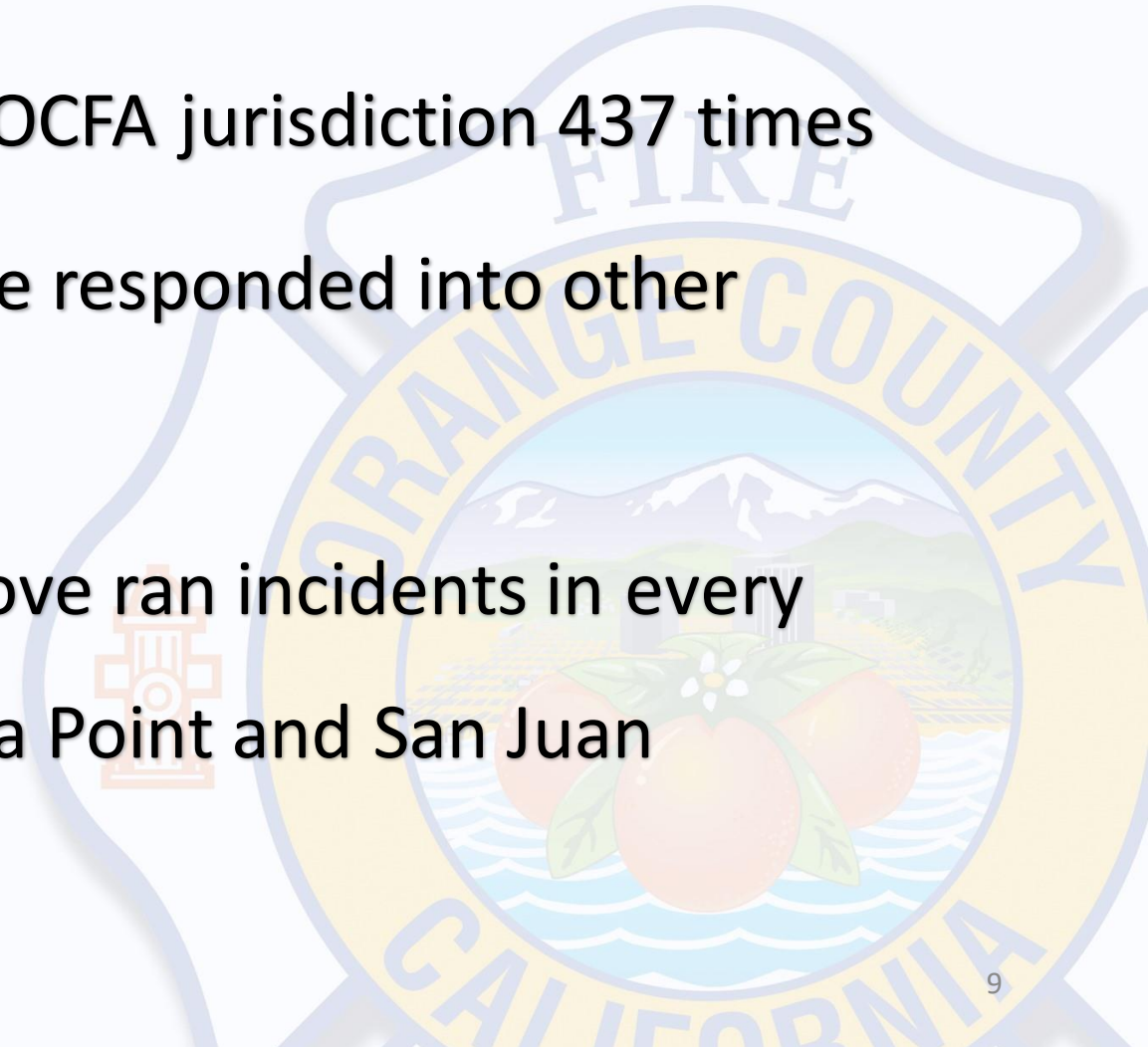
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Benefits to OCFA

Benefit of direct control of resources

- 2018 – Garden Grove sent units into OCFA jurisdiction 437 times
- 2020 – OCFA units from Garden Grove responded into other member cities 1,458 times
- In 2020, units assigned to Garden Grove ran incidents in every member city except Lake Forest, Dana Point and San Juan

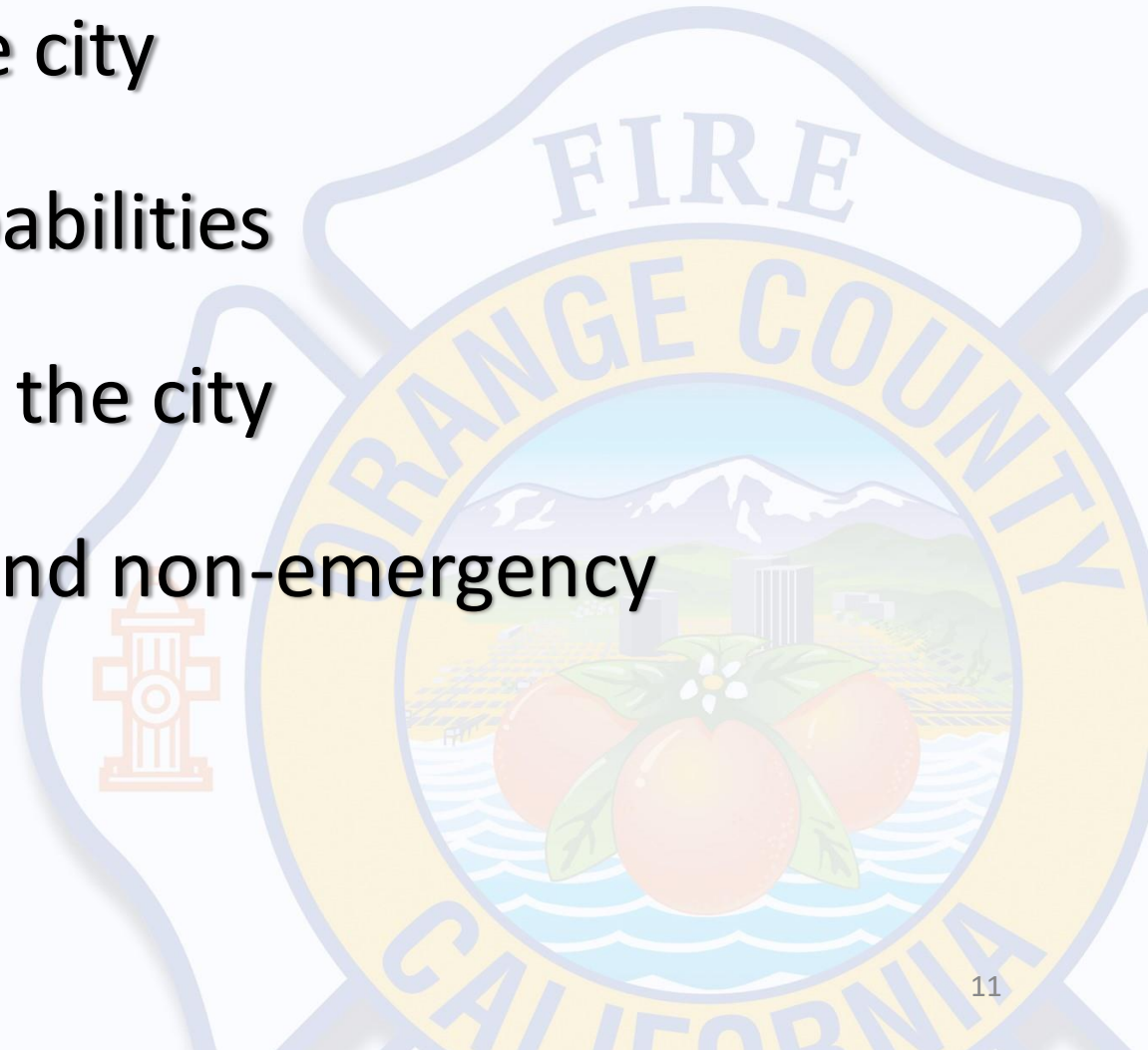


Benefits to OCFA

- Economies of scale:
 - Financial contribution enables OCFA to enhance support staff in areas that we may have been unable to augment prior.
 - No increase to existing cash contract city charges, nor require funding by the SFF cities.
- Access to a live fire training tower for regional use.
- Increased command and control response to state contract area off the 57 Fwy.

Benefits to Fullerton

- Reduced cost for fire service to the city
- Increased in ALS response and capabilities
- Improved ladder truck coverage in the city
- Use of OCFA regional emergency and non-emergency resources



Deployment Comparison

OCFA Proposal comparison with current Fullerton deployment

	Station 1	Station 2	Station 3	Station 4	Station 5	Station 6	Daily Staffing	Daily Medics
Fullerton Current Deployment	PME/ BC	PME	PME	PME	PME	BLS Truck	25	10
OCFA Deployment	PME/ BC	PME	PMT	PME	PME	PMT	25	12

1. PME = Paramedic Engine, PMT = Paramedic Truck
2. Indicates conversion to **ALS** capability
3. Indicates the conversion to **Paramedic Truck**

Contract Cost to Fullerton

	OCFA Costs (A)	Fullerton Fire Department Budgeted Costs (B)
Service Charge	\$21,137,238	\$27,307,520
Facilities Maintenance	\$90,000	
Vehicle Replacement/Depreciation	\$282,752	
Total	\$21,509,990	\$27,307,520
Total Savings (B-A)	\$5,797,530	

Excludes one-time startup costs and City's Annual UAAL Payment to PERS.

Service charges include employee salaries, pension, sick, vacation and overtime. Services and supplies from printing to vehicle parts. Administrations and support services from community education to board member costs.

Contract Cost to Fullerton

OCFA

	2021/22	2022/23	2023/24	2024/25
OCFA Service Charge	\$21,509,990	\$22,477,939	\$23,489,447	\$24,546,472
OCFA % Inc. (Maximum)		4.50%	4.50%	4.50%
Fullerton FD Budget	\$27,307,520	\$29,183,547	\$31,188,456	\$33,331,103
% Increase	8.26%	6.87%	6.87%	6.87%
Annual Savings	\$5,797,530	\$6,705,607	\$7,699,010	\$8,784,632
Cumulative Savings	\$28,986,779			

Note: Ex

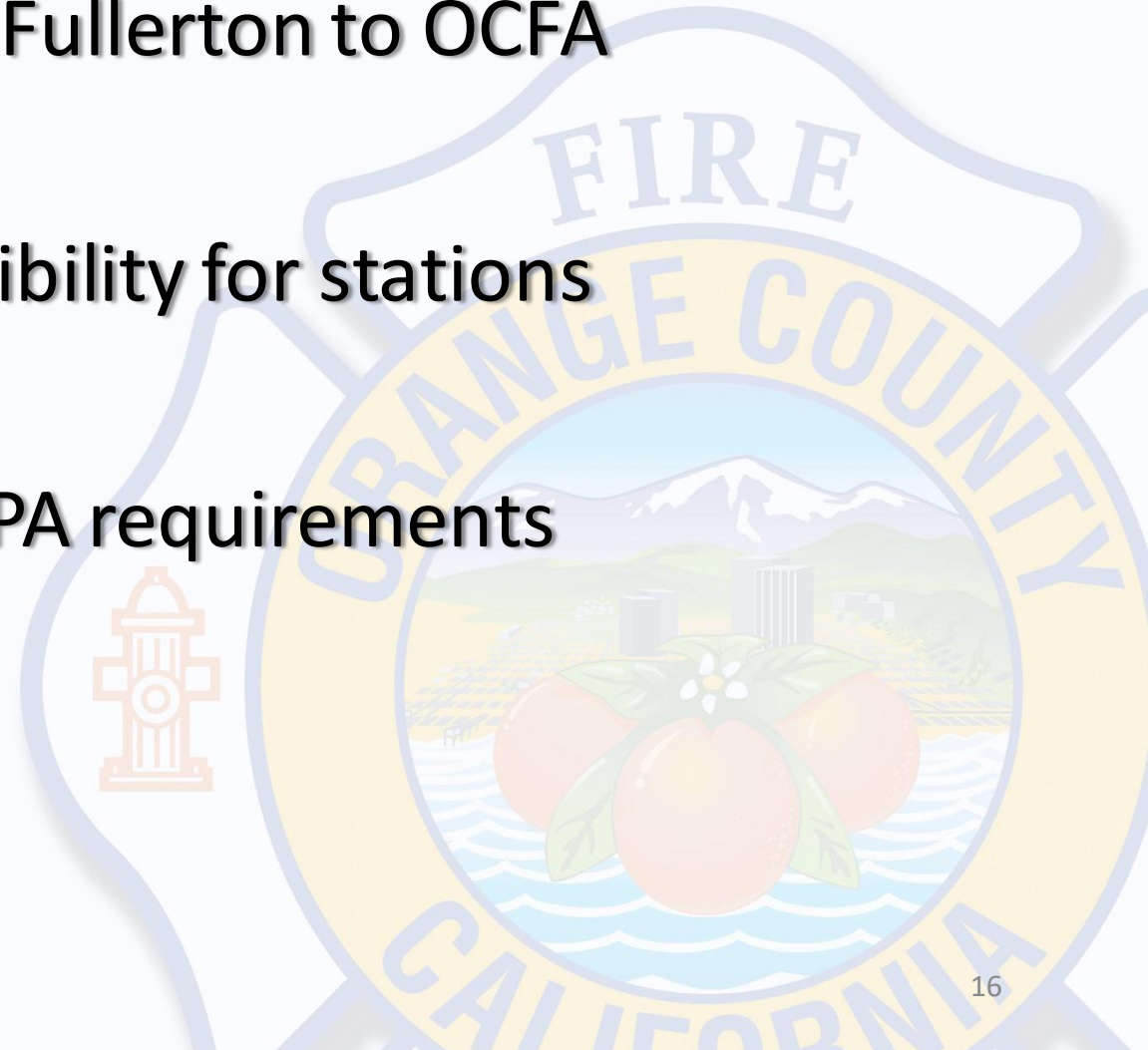
Fullerton Start Up Cost

Based on 75 Sworn Personnel		
Comm/IT \$404,650	Station Alarms Station Phones (Office & Fax) Tablets for engines/Trucks Radios (Stations & Mobile) Pagers OCFA Computer Programs	Station Network Station Computers Printers/Copiers Radio Pacset Mobile Data Computers Vehicle Tech Upgrades
Facilities \$152,700	Station Locks	Safety on Gates
Personnel Costs \$167,880	Physicals Insurance (Risk Management)	Livescan Onboarding
Service Center \$394,080	Helmet Shields Station Equipment Brush Helmets Wildland Personal Protective Equipment Fire Shelters Wildland T-Shirts	Goggles Rain Gear Apparatus Complement Uniforms Dress Uniforms Apparatus Decaling
Fleet Services \$114,520	Apparatus Repairs	
EMS \$172,027	EMS Equipment	Standardize Equipment
Total Start-up Costs:		\$1,405,857



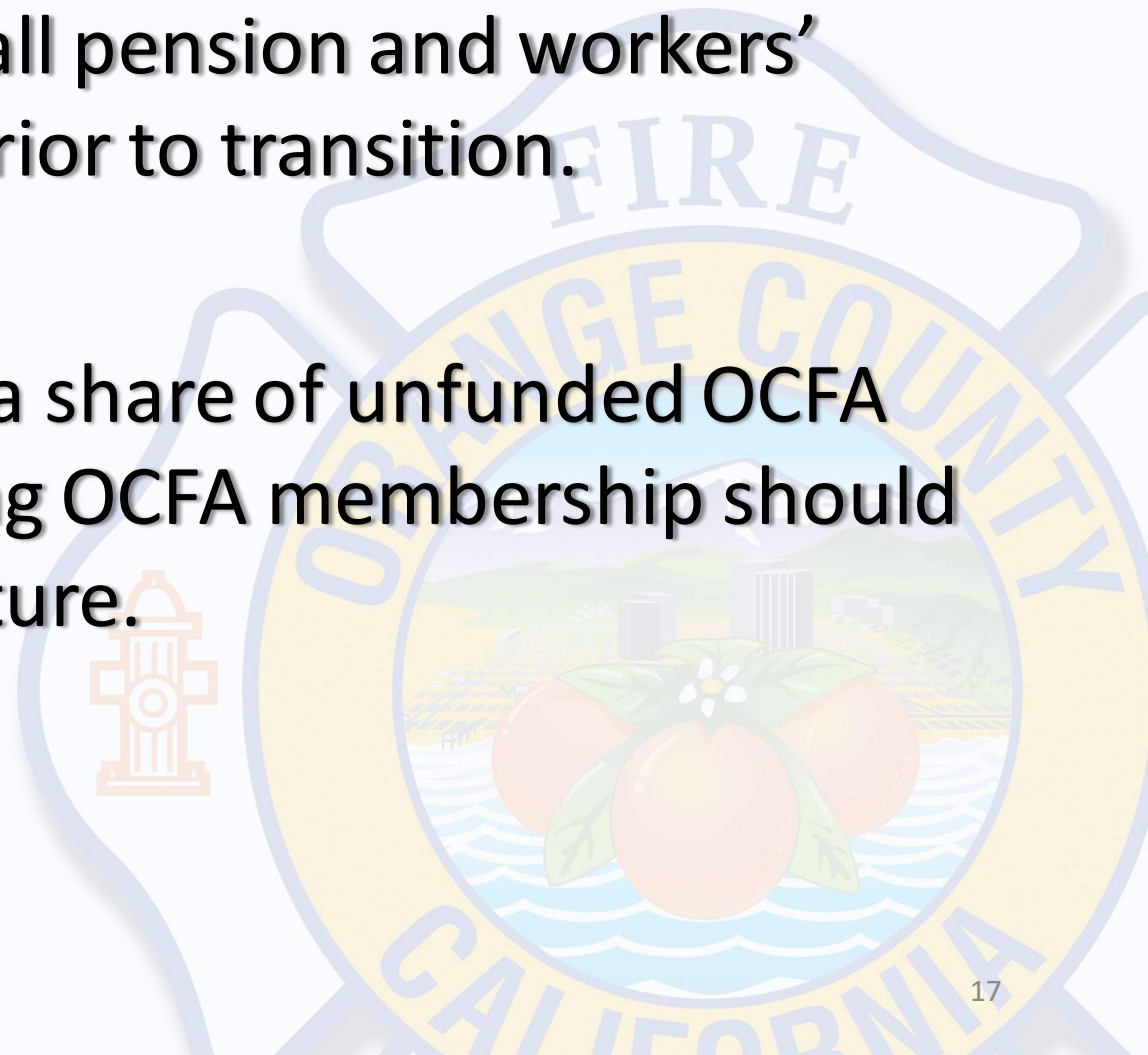
Apparatus, Stations & Equipment

- Proposal transitions vehicles from Fullerton to OCFA
- City maintains ownership/responsibility for stations
- Proposed terms are aligned with JPA requirements



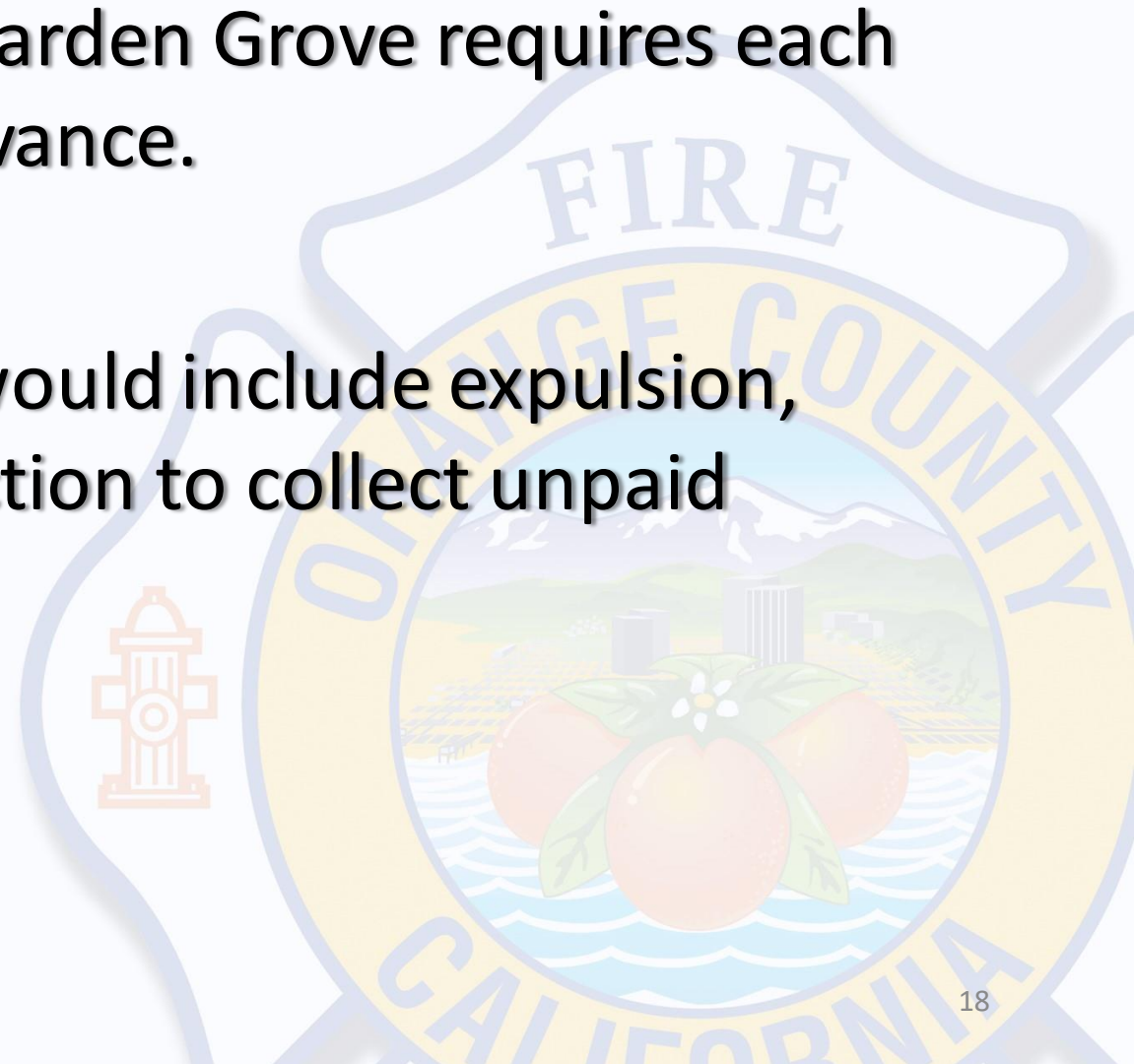
OCFA JPA Safeguards

- Fullerton remains responsible for all pension and workers' compensation liabilities accrued prior to transition.
- City will be responsible for pro-rata share of unfunded OCFA pension liability that accrues during OCFA membership should they choose to withdraw in the future.



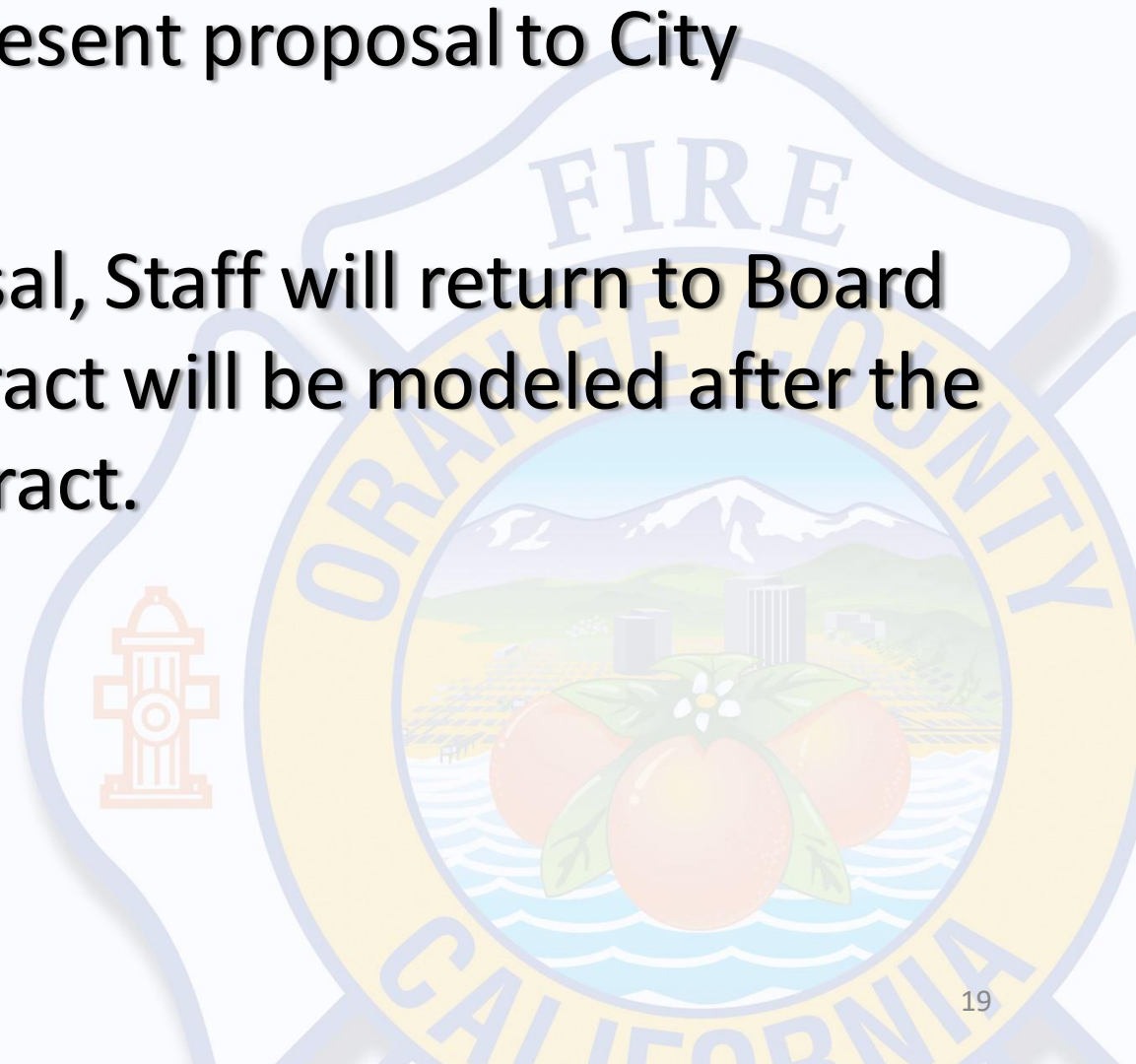
OCFA JPA Safeguards

- Agreements with Santa Ana and Garden Grove requires each city to pay OCFA for services in advance.
- OCFA's options for non-payment would include expulsion, imposition of a late fee, or legal action to collect unpaid amounts.



Recommendation

- Staff is seeking authorization to present proposal to City
- Pending City acceptance of Proposal, Staff will return to Board for approval of contract. The contract will be modeled after the Santa Ana and Garden Grove contract.



Questions?

