



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Regular Meeting

Wednesday, January 11, 2023

12:00 Noon

Regional Fire Operations and Training Center

Board Room

1 Fire Authority Road
Irvine, California 92602

Committee Members

John O'Neill, Vice-Chair

Troy Bourne • Shelley Hasselbrink • Gene Hernandez
Austin Lombard • Mark Tettemer • Vince Rossini
Jennifer Cervantez, Ex Officio

NOTICE REGARDING PUBLIC PARTICIPATION DURING COVID-19 EMERGENCY

This meeting is open to the public. In addition, there are several alternative ways to view and to make comments during the meeting including:

View Meeting On-Line:

You may access the meeting live electronically at: <https://player.cloud.wowza.com/hosted/xvtncikw/player.html>.
(Note: you should use one of the other alternatives below if you want to make comments during the meeting.)

Live Public Comments by Zoom: You may also view and make real-time verbal comments during the meeting via the Zoom link below during the meeting. You will be audible during your comments, but the committee members will not be able to see you. To submit a live comment using Zoom, please be prepared to use the "Raise Your Hand" feature when public comment opportunities are invited by the Chair. (You can raise your hand on your smart phone by pressing *9.) Also, members of the public must unmute themselves when prompted upon being recognized by the Chair in order to be heard. (To unmute your smartphone in Zoom, press *6.)

Public Comments via Zoom: <https://zoom.us/j/83264128588#success>

Meeting ID: 832 6412 8588

Passcode: 298121

Raise Your Hand (press *9) and Unmute (press *6)

E-Comments: Alternatively, you may email your written comments to coa@ocfa.org. E-comments will be provided to the committee members upon receipt and will be part of the meeting record as long as they are received during or before the committee takes action on an item. Emails related to an item that are received after the item has been acted upon by the committee will not be considered.

Further instructions on how to provide comments is available at: <https://ocfa.org/PublicComments>.

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 Committee members 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.

CALL TO ORDER – Vice Chair O’Neill

PLEDGE OF ALLEGIANCE - Director Hernandez

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 Budget and Finance Committee Meetings

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 Actions:

1. Approve the Minutes for the October 27, 2022, Concurrent Joint Special Meeting as submitted.
2. Approve the Minutes for the November 9, 2022, Regular Meeting as submitted.
3. Approve the Minutes for the November 17, 2022, Concurrent Joint Special Meeting as submitted.
4. Approve the Minutes for the December 15, 2022, Concurrent Joint Special Meeting as submitted.

B. Annual Grant Priorities for 2023

Submitted by: Robert Cortez, Assistant Chief/Business Services Department and Jay Barkman, Legislative Affairs Manager

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 26, 2023, with the Budget and Finance Committee’s recommendation that the Board of Directors approve OCFA’s Annual Grant Priorities for 2023.

3. DISCUSSION CALENDAR

A. 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 January 26, 2023, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. FY 2022/2023 Mid-Year Financial Report

Submitted by: Robert Cortez, Assistant Chief/Business Services Department, Tricia Jakubiak, Treasurer/Treasury & Financial Planning and Stuart Lam, Budget Manager/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 January 26, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors direct staff to return to the Board of Directors on March 23, 2023, for approval of the budget adjustments discussed herein for the FY 2022/23 budget.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, February 8, 2023, at 12:00 p.m.

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

FUTURE B&FC AGENDA ITEMS – THREE-MONTH OUTLOOK:

- Election of Chair and Vice Chair
- Mid-Year Budget Adjustments
- Annual Auditor Communications
- Fiscal Year 2021/22 Backfill/Overtime and 2022 Total Earnings/Compensation Analysis
- Annual Long-Term Liability Report
- Monthly Investment Report
- 2nd Quarter Financial Newsletter
- 2nd Quarter Purchasing Report

UPCOMING MEETINGS:

Concurrent Joint Special Meetings of the

Board of Directors and Committees

Legislative and Public Affairs Committee

Executive Committee

Board of Directors

Thursday, January 12, 2023, 6:00 p.m.

Wednesday, January 18, 2023, 12 noon

Thursday, January 26, 2023, 5:30 p.m.

Thursday, January 26, 2023, 6:00 p.m.

Concurrent Joint Special Meetings of the

Board of Directors and Committees

Human Resources Committee

Budget and Finance Committee

Operations Committee

Thursday, January 26, 2023, 6:00 p.m.

Tuesday, February 7, 2023, 12 noon

Wednesday, February 8, 2023, 12 noon

Tuesday, February 14, 2023, 12 noon

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Budget and Finance Committee
Concurrent Joint Special Meeting
Thursday, October 27, 2022
8:00 p.m.**

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

CALL TO ORDER

A Concurrent Joint Special Meeting of the Orange County Fire Authority Board of Directors, Executive Committee, Budget and Finance Committee, and the Human Resources Committee was called to order on October 27, 2022, at 8:00 p.m. by Board of Directors Chair Steggell.

ROLL CALL

Present: Tri Ta, Westminster, Chair*
John O'Neill, Garden Grove, Vice Chair
Gene Hernandez, Yorba Linda
Austin Lumbard, Tustin*
Vince Rossini, Villa Park
Ed Sachs, Mission Viejo*
Mark Tettemer, Lake Forest

Absent: Troy Bourne, San Juan Capistrano
Shelley Hasselbrink, Los Alamitos

Staff present were:

Fire Chief Brian Fennessy	Deputy Chief Lori Zeller
Deputy Chief Kenny Dossey	Assistant Chief Robert Cortez
Assistant Chief Lori Smith	Assistant Chief Jim Ruane
Assistant Chief TJ McGovern	Assistant Chief Stephanie Holloman
Director of Communications Matt Olson	Clerk of the Authority Maria D. Huizar
General Counsel David Kendig	

PUBLIC COMMENTS

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

**Committee Members participating via teleconferencing.*

1. CONSENT CALENDAR

A. Findings Required by AB 361 for the Continued Use of Teleconferencing for Meetings (FILE 12.02B2)

General Counsel David Kendig presented the Findings Required by AB 361 for the Continued Use of Teleconferencing for Meetings.

On motion of Director O'Neill and second by Director Lumbard, and following a roll call vote, approved 5-2 (Directors Rossini and Tetterer opposed, Directors Bourne and Hasselbrink absent) to select Option # 1 to make the following findings:

- 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.

REPORTS

No Items.

COMMITTEE MEMBER COMMENTS

The Committee Members offered no comments.

ADJOURNMENT – Chair Steggell adjourned the Concurrent Joint Special Meeting at 8:13 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, November 9, 2022.

Maria D. Huizar, CMC
Clerk of the Authority

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Budget and Finance Committee Regular Meeting
Wednesday, November 9, 2022
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 November 9, 2022, at 12:00 p.m. by Chair Ta.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Tri Ta, Westminster, Chair*
John O'Neill, Garden Grove, Vice Chair
Troy Bourne, San Juan Capistrano*
Austin Lumbard, Tustin*
Shelley Hasselbrink, Los Alamitos*
Gene Hernandez, Yorba Linda
Mark Tettemer, Lake Forest*

Absent: Ed Sachs, Mission Viejo
Vince Rossini, Villa Park
Ex-Officio Jennifer Cervantez

Staff present were:

Fire Chief Brian Fennessy
Assistant Chief Robert Cortez
Assistant Chief Lori Smith
Assistant Chief Rob Capobianco
Assistant Chief TJ McGovern
General Counsel David Kendig

Deputy Chief Lori Zeller
Assistant Chief Jim Ruane
Assistant Chief Stephanie Holloman
Communications Director Matt Olson
Clerk of the Authority Maria D. Huizar

**Those members attending via Teleconferencing*

PUBLIC COMMENTS

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

1. PRESENTATION

No items.

2. CONSENT CALENDAR

On motion of Director O'Neill and second by Director Hernandez, and following a roll call vote, approved 7-0 Agenda Items 2A-2F (Directors Rossini and Sachs absent).

A. Minutes for the Budget and Finance Committee Meetings (FILE 12.02B2)

Actions:

1. Approve the Minutes for the October 12, 2022, Regular Meeting as submitted.
2. Approve the Minutes for the October 13, 2022, Concurrent Joint Special Meeting as submitted.

B. First 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 November 17, 2022, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

C. First Quarter Purchasing Report (FILE 11.10H1)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 17, 2022, with the Budget and Finance Committee's recommendation that the Board of Directors receive and file the report.

D. Approval of Annual Statement of Investment Policy and Investment Authorization (FILE 11.10D)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 17, 2022, 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, 2023.
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, 2023.

E. Organizational Service Level Assessment Update (FILE 17.16)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 17, 2022, with the Budget and Finance Committee's recommendation that the Board of Directors receive and file the Organizational Service Level Assessment (SLA) update.

F. Acceptance of CalFire Grant for Fuels Reduction Equipment (FILE 16.0212)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of November 17, 2022, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve an adjustment to the FY 2022/23 General Fund (121) budget to increase revenue by \$250,000 for the grant program award, and authorize the expenditure of up to \$400,000 from the FY 2022/23 General Fund (121) budget.
2. Adopt a resolution authorizing the Board Chair and/or Fire Chief and/or their designee to execute all documents necessary to effectuate the grant award.

3. DISCUSSION CALENDAR

A. Monthly Investment Reports (FILE 11.10D2)

Treasurer Tricia Jakubiak presented the Monthly Investment Report.

On motion of Director O'Neill and second by Director Hernandez, and following a roll call vote, approved 7-0 (Directors Rossini and Sachs absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of November 17, 2022, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Audited Financial Reports for the Fiscal Year Ended June 30, 2022 (FILE 15.06)

Finance Manager Julie Nemes presented the Audited Financial Reports for the Fiscal Year Ended June 30, 2022, and introduced Bryan Gruber, CPA and Managing Partner of Lance Soll & Lunghard who provided insight to the audit.

On motion of Director O'Neill and second by Director Hernandez, and following a roll call vote, approved 7-0 (Directors Rossini and Sachs absent) to:

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

C. Fire Integrated Real-Time Intelligence System (FIRIS) 3.0 Program Extension
(FILE 18.09D)

Fire Chief Brian Fennessy presented the Fire Integrated Real-Time Intelligence System (FIRIS) 3.0 Program Extension.

On motion of Director O'Neill and second by Director Hernandez, and following a roll call vote, approved 7-0 (Directors Rossini and Sachs absent) to:

1. Approve and authorize a budget adjustment to increase revenue and appropriations in the FY 2022/23 General Fund (121) budget by an additional \$9,733,419 for the extension of the FIRIS 3.0 Program up to an additional six months from January 1 through June 30, 2023.
2. Approve and authorize the Purchasing Manager to either amend or enter into new 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).

D. Quick Reaction Force (QRF) Program Extension (FILE 18.09D)

Fire Chief Brian Fennessy presented the Quick Reaction Force (QRF) Program Extension.

On motion of Director Hasselbrink and second by Director O'Neill, and following a roll call vote, approved 7-0 (Directors Rossini and Sachs absent) to:

1. Approve the Funding Agreement with Southern California Edison in a form approved by legal counsel (*attached*) to accept funding in the amount of \$15,994,605 to fund the fixed-cost portion of the 390-day 2023 Quick Reaction Force Program.
2. Approve and authorize the Purchasing Manager to either amend or enter into new QRF-related vendor contracts, in forms approved by legal counsel, in the individual amounts needed in support of the QRF Program extension so long as the aggregate value of the increase does not exceed the revised program budget (see table).
3. Approve and authorize a FY 2022/23 General Fund (121) budget adjustment to recognize funding from SCE for a revenue increase of \$15,994,605 and to increase appropriations by the same amount.
4. Approve the updated Cost Reimbursement Rate schedule to include updated CH-47 Very Large Helitanker, S-61 Helitanker, and S-76 Helitanker daily stand-by and hourly flight rates, and mobile fire-retardant plant daily stand-by and hourly rates, and hourly rates for Program Manager and Air Tactical Group Supervisors to be effective December 6, 2022.
5. Adopt an exemption from the California Environmental Quality Act (CEQA) pursuant to Title 14, California Code of Regulations, Section 15301 (Existing Facilities) and direct staff to file a Notice of Exemption.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS (FILE 12.02B4)

Director Hernandez offered praise in naming convention of the new helicopters.

Director Ta thanked the Committee, Directors Hernandez and Sachs for their advice and others on the committee as well as staff for their assistance with the meetings.

ADJOURNMENT – Chair Ta adjourned the meeting at 12:28 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, January 11, 2023, at 12:00 p.m.

Maria D. Huizar, CMC
Clerk of the Authority

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Budget and Finance Committee
Concurrent Joint Special Meeting
Thursday, November 17, 2022
7:09 p.m.**

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

CALL TO ORDER

A Concurrent Joint Special Meeting of the Orange County Fire Authority Board of Directors, Executive Committee, Budget and Finance Committee, Human Resources Committee, and Legislative and Public Affairs Committee was called to order on November 17, 2022, at 7:09 p.m. by Board of Directors Chair Michele Steggell.

ROLL CALL

Present: Tri Ta, Westminster, Chair*
John O' Neill, Garden Grove, Vice Chair
Shelley Hasselbrink, Los Alamitos*
Gene Hernandez, Yorba Linda
Austin Lumbard, Tustin
Mark Tettemer, Lake Forest

Absent: Troy Bourne, San Juan Capistrano
Vince Rossini, Villa Park

Staff present were:

Fire Chief Brian Fennessy
Assistant Chief Robert Cortez
Assistant Chief Jim Ruane
Assistant Chief Stephanie Holloman
Assistant Chief Rob Capobianco
General Counsel David Kendig

Deputy Chief Lori Zeller
Deputy Chief Kenny Dossey
Assistant Chief Lori Smith
Assistant Chief TJ McGovern
Corporate Communications Director Matt Olson
Clerk of the Authority Maria D. Huizar

**Committee Members participating via teleconferencing.*

PUBLIC COMMENTS

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

1. CONSENT CALENDAR

A. Findings Required by AB 361 for the Continued Use of Teleconferencing for Meetings (FILE 12.02B2)

General Counsel David Kendig presented the Findings Required by AB 361 for the Continued Use of Teleconferencing for Meetings.

On motion of Director O'Neill and second by Director Lumbard, and following a roll call vote, approved 5-1 (Director Tettemer opposed, and Directors Rossini and Bourne absent) to select Option # 1 to make the following findings:

- 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.

REPORTS

No Items.

COMMITTEE MEMBER COMMENTS

The Committee Members offered no comments.

ADJOURNMENT – Chair Steggell adjourned the Concurrent Joint Special Meeting at 7:20 p.m. The next meeting of the Budget and Finance Committee Meeting will be a Joint Special Meeting scheduled for Thursday, December 15, 2022.

Maria D. Huizar, CMC
Clerk of the Authority

MINUTES ORANGE COUNTY FIRE AUTHORITY

**Budget and Finance Committee
Concurrent Joint Special Meeting
Thursday, December 15, 2022
6:00 p.m.**

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

CALL TO ORDER

A Concurrent Joint Special Meeting of the Orange County Fire Authority Board of Directors, Executive, Budget and Finance, Human Resources, and Legislative Committees was called to order on December 15, 2022, at 6:04 p.m. by Immediate Past Chair of the Board of Directors Dave Shawver.

ROLL CALL

Present: John O'Neill, Garden Grove, Vice Chair*
Shelley Hasselbrink, Los Alamitos*
Gene Hernandez, Yorba Linda*
Austin Lumbard, Tustin*
Vince Rossini, Villa Park*

Absent: Troy Bourne, San Juan Capistrano
Mark Tettemer, Lake Forest

Staff present were:

Fire Chief Brian Fennessy
Assistant Chief TJ McGovern
General Counsel David Kendig

Assistant Chief Robert Cortez
Clerk of the Authority Maria Huizar

PUBLIC COMMENTS

Chair Shawver opened the Public Comments portion of the meeting and without any comments from the general public, closed the Public Comments portion of the meeting

**Committee Members participating via teleconferencing.*

1. CONSENT CALENDAR

A. Findings Required by AB 361 for the Continued Use of Teleconferencing for Meetings (FILE 12.02B2)

General Counsel David Kendig presented the Findings Required by AB 361 for the Continued Use of Teleconferencing for Meetings.

On motion of Director O'Neill and second by Director Hasselbrink, and following a roll call vote, approved 5-0 (Directors Tetteimer and Rossini absent) to select Option # 1 to make the following findings:

- 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.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

The Committee Members offered no comments.

ADJOURNMENT – Chair Shawver adjourned the Concurrent Joint Special Meeting at 6:13 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, January 11, 2023.

Maria D. Huizar, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
January 11, 2023

Agenda Item No. 2B
Consent Calendar

Annual Grant Priorities for 2023

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
--	--	--------------

Jay Barkman, Legislative Affairs Manager	jaybarkman@ocfa.org	714.573.6048
---	--	--------------

Summary

This annual agenda item is submitted to the Budget and Finance Committee for approval of OCFA's Annual Grant Priorities for 2023.

Prior Board/Committee Action

This is an annual and routine item presented to Budget and Finance Committee since 2012.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 26, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors approve OCFA's Annual Grant Priorities for 2023.

Impact to Cities/County

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

Fiscal Impact

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

Background

The Orange County Fire Authority (OCFA) applies for grant funding throughout the year based on needs identified throughout the organization. This staff report is provided to establish the 2023 Grant Priorities and update the Board on grant awards previously received. The grant priorities for 2022 were established in collaboration with Executive Management and staff to address upcoming funding needs and opportunities. These discussions assisted in identifying potential projects and corresponding grant programs to pursue in the coming calendar year.

Two grants were completed and came to an end in 2022. First, a \$1,522,584 million award from the Federal Emergency Management Agency (FEMA) under the Assistance for Firefighters Grant program to enable OCFA members, and members from neighboring fire departments, to become certified Fire Ground Survival (FGS) instructors under the International Association of Fire Fighters (IAFF). This grant was originally set to be completed by September of 2020. However, the COVID-19 pandemic forced the suspension of training activities and FEMA provided an extension until March 2022.

Second, a 2017 FEMA *Staffing for Adequate Fire and Emergency Response* (SAFER) grant award of \$3.6 million was closed in 2022. This grant funded a fourth firefighter position for Buena Park, Tustin, and San Clemente.

The attached document identifies grant programs that are tracked for potential applications by OCFA. The federal grants listed in the attached all fall under the administration of FEMA and are opened annually based on the Fiscal Year (FY) funding allocated by Congress. A main opportunity for funding is the Assistance to Firefighter Grant program, and OCFA is evaluating an application to fund equipment and supply needs. Also, staffing a fourth firefighter position in Trabuco Canyon and Coto de Caza is being evaluated for application under FEMA's grant for this activity. Finally, state grant opportunities under CAL FIRE will be evaluated further after re-assessing progress on recent awards and other projects that are under implementation.

[Attachment\(s\)](#)

OCFA's Annual Grant Priorities for 2023



Orange County Fire Authority

Annual Grant Priorities2023

Assistance to Firefighters Grant (AFG)

[AFG](#) funds the purchase of firefighting vehicles, programs, and safety equipment. Applications are accepted for tools, personal protective equipment (PPE), training, wellness and fitness, and station modifications. Departments can submit one application and an additional “regional application,” in partnership with one or more other fire departments.

FY 2022 Application

The application period is anticipated to open in early 2023, and OCFA is considering various items for submission. In conjunction with our budget development process staff is identifying items that cannot be funded by OCFA due to fiscal constraints. This may include battery operated blowers to clear smoke out of buildings, foul weather gear, and various hand tools or supplies used by our firefighters. Staff is also researching training to assist in our ongoing recruitment and promotional processes, or annual readiness efforts.

FY2021 Application

The 2021 application sought close to \$900,000 in total grant funds to purchase 300 sets of structure turnouts, 700 sets of wildland jackets/pants, and various PPE (gloves, packs, boots). OCFA recently received the official “turndown letter” from FEMA that this grant application was declined. Fortunately, OCFA was able to use excess funds from our 2018 AFG award to purchase wildland jackets/pants. All OCFA personnel are now equipped with the newest wildland PPE that protects from burns and reduces risk to heat exhaustion and stress. Structure turnouts are being funded through OCFA’s own budget to ensure all personnel have at least two sets.

FY2020 Application

OCFA applied and received award in September of 2021 for \$1,362,522 in federal funds to replace our aging Self-Contained Breathing Apparatus (SCBAs) to newer models with increased capacity and safety features. OCFA received a 2012 AFG award for close to \$1.4 million to replace SCBAs, and we have since grown to contract with the cities of Santa Ana and Garden Grove. SCBAs must be replaced at the same time to ensure interoperability and consistency in our operations. This project is a high priority, and our goal remains to complete it by September 2023.

FY 2018 Application

In September of 2019, OCFA received \$1,522,584 for 35 OCFA members and 25 members from neighboring fire departments to be certified Fire Ground Survival (FGS) instructors under the International Association of Fire Fighters (IAFF). According to the IAFF, “the purpose of the Fire Ground Survival program is to ensure that training for MAYDAY prevention and MAYDAY operations are consistent between all firefighters, company officers, and chief officers. Firefighters must be trained to perform potentially life-saving actions if they become lost, disoriented, or injured.” Due to COVID-19 this grant was extended multiple times. OCFA completed the FGS program in early 2022.

Staffing for Adequate Fire and Emergency Response (SAFER)

The Federal Emergency Management Agency (FEMA) [SAFER](#) grant funds the hiring of “front-line” firefighters. This grant prioritizes awards to fire departments seeking funding for positions that will contribute to and improve complying with “NFPA staffing, response, and operational standards that enhance community and firefighter safety.”

In 2017, OCFA requested and received funding for new firefighter positions, including the addition of a fourth firefighter on engines to enhance service delivery, improve efficiency, and enhance firefighter safety. The grant provided three years of funding with a federal and local cost share split of 75% federal and 25% local in the first two years, and 35% federal and 65% local in the third year.

The 2017 grant funded a fourth firefighter on an engine in each of the member cities of Buena Park, San Clemente, Placentia, and Tustin. Adding a fourth firefighter on those units improved service delivery and enhanced firefighter safety. The cost of each position has been phased-in and will be fully paid for by Buena Park, San Clemente, and Tustin in FY 2024/25.

FY 2022 Application

A Notice of Funding Opportunity has not been released with details on the application period. However, staff is considering future staffing needs and options to submit for engine companies that may benefit from addition of a 4th firefighter position. The only units remaining with three personnel and without a medic squad attached are Engine 18 (Trabuco Canyon) and Engine 40 (Coto De Caza). Upon release of grant guidelines staff will review for eligibility, match requirements, and seek further Board direction if required.

Fire Prevention and Safety (FP&S)

The FEMA [FP&S](#) grant supports projects that enhance the safety of the public and firefighters from fire and related hazards. The primary goal is to reduce injury and prevent death among high-risk populations such as seniors and children. Local agencies may apply for other at-risk groups they have identified through incident data, studies, or risk assessments.

OCFA submitted and received an award in September of 2021 for \$152,892 in federal funds to purchase a Fire Safety Education Trailer. OCFA staff have completed the process to solicit competitive proposals and have made an award with the expectation that it will be delivered in early 2023. The trailer will include kitchen and bedroom modules including special effects that allow for simulation to instruct the public on what to do in the event of an earthquake or kitchen fire.

FY 2022 Application

A Notice of Funding Opportunity has not been released with details of the application period. OCFA’s Corporate Communication and Community Educators have identified a need for additional smoke alarms designed for the hearing impaired, life jackets, and marketing of current education messages/programs. OCFA will apply to for all eligible items.

Crews and Heavy Fire Equipment / Air Operations

[CAL FIRE's Fire Prevention Grants Program](#) provides funding for fire prevention projects and activities in and near fire threatened communities that focus on increasing the protection of people, structures, and communities. Funded activities include hazardous fuels reduction, wildfire prevention planning, and wildfire prevention education with an emphasis on improving public health and safety while reducing greenhouse gas emissions.

2023 Application

Staff will revisit current needs when CAL FIRE announces its next application period. Past awards listed below are in process of implementation, along with other major projects such as the planning and construction of a new hand crew wildland facility. Also, we anticipate the integration of two new helicopters and the recent expansion of our hand crew will be a focus in the upcoming year. Therefore, we are assessing capacity before additional grant applications are considered.

In 2022, OCFA's Crews and Heavy Fire Equipment Section received \$1.25 million for vegetation management activities to purchase equipment and supplies for the hand crew and \$250,000 for a new water tender.

In 2021, OCFA received \$228,429 to purchase specialized heavy equipment and tools for use by the Crews and Heavy Fire Equipment Section ([Link to OCFA Board Item](#)).

These past awards are providing OCFA crews with improved means to complete projects quickly and efficiently thereby reducing the potential for wildfire within the State Responsibility Area (SRA). These projects will reduce the fuel load countywide and ensure proper maintenance of access roads. These projects include road repair for increasing emergency responses on wildland fires and remote medical aids, the installation of culverts, tree removal, stump grinding, chipping all in one, including the removal of disease-infested trees.

Homeland Security Grants

The Department of Homeland Security and FEMA oversee two grant programs that OCFA is a recipient of through our partnership with local law enforcement. Specifically, the Urban Area Security Initiative (UASI) and State Homeland Security Program (SHSP) provide funding to enhance regional approaches to preparedness and response to acts of terrorism and other threats (<https://www.fema.gov/grants/preparedness/homeland-security>).

UASI funds are allocated by the federal government to large urban areas including Santa Ana and Anaheim. The SHSP program is administered through the state and the Orange County Sheriff's Department. In both cases, those agencies work with all local law enforcement and fire agencies to identify regional needs.

OCFA receives \$180,000 in annual funding to staff a position assigned to the Orange County Intelligence Assessment Center and is sometimes a recipient of funds to provide training or purchase equipment on behalf of all Orange County fire agencies. Future needs for 2023 are being considered in conjunction with our regional law enforcement and fire agency partners.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
January 11, 2023

Agenda Item No. 3A
Discussion Calendar

Monthly Investment Reports

Contact(s) for Further Information

Robert Cortez, Assistant Chief, Business Services Department	robertcortez@ocfa.org	714.573.6012
Tricia Jakubiak, Treasurer Treasury & Financial Planning	triciajakubiak@ocfa.org	714.573.6301
James Slobojan, Assistant Treasurer Treasury & Financial Planning	jamesjslobojan@ocfa.org	714.573.6305

Summary

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

Prior Board/Committee Action

Not Applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of January 26, 2023, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Since the Committee did not meet in December, attached are the final monthly investment reports for the months ending October 31 and November 30, 2022. A preliminary investment report as of December 16, 2022, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

1. Final Investment Report – October 2022/Preliminary Report – November 2022
2. Final Investment Report – November 2022/Preliminary Report – December 2022

Orange County Fire Authority Monthly Investment Report



Final Report – October 2022

Preliminary Report – November 2022



Monthly Investment Report Table of Contents

<i>Final Investment Report – October 31, 2022</i>	<i>1</i>
<i>Executive Summary.....</i>	<i>2</i>
<i>Portfolio Statistics.....</i>	<i>3</i>
<i>Benchmark Comparison.....</i>	<i>4</i>
<i>Portfolio Size, Yield, & Duration.....</i>	<i>4</i>
<i>Portfolio Summary.....</i>	<i>5</i>
<i>Portfolio Details.....</i>	<i>6</i>
<i>Aging Report.....</i>	<i>9</i>
<i>Notes to Portfolio Management Report</i>	<i>10</i>
<i>Local Agency Investment Fund.....</i>	<i>11</i>
 <i>Preliminary Investment Report – November 18, 2022.....</i>	<i>13</i>
<i>Portfolio Summary.....</i>	<i>14</i>
<i>Portfolio Details.....</i>	<i>15</i>
<i>Aging Report.....</i>	<i>18</i>
<i>Notes to Portfolio Management Report</i>	<i>19</i>
 <i>Glossary</i>	<i>20</i>



Orange County Fire Authority

Final Investment Report

October 31, 2022



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of October 2022, the size of the portfolio decreased by approximately \$24.2 million to \$116.4 million. Receipts for the month totaled approximately \$13.7 million. Significant receipts included property tax apportionment payments totaling \$2.5 million, cash contract payments totaling nearly \$6 million, and various grant reimbursement payments and other charges for current services totaling \$5.1 million. Disbursements for the month totaled \$38.3 million and included two biweekly payrolls and related benefits totaling approximately \$29.8 million. The portfolio's balance is expected to increase in November with the receipt of the property tax apportionment.

In October, the portfolio's yield to maturity (365-day equivalent) dipped slightly downward by less than 1 basis point to 1.28%. The effective rate of return increased by 21 basis points to 1.33% for the month, while the average maturity of the portfolio increased by thirteen days to 30 days to maturity.

Economic News

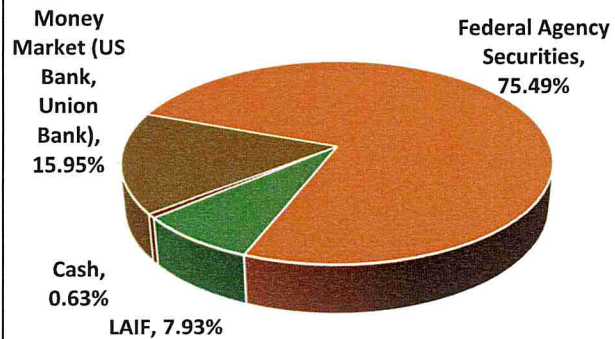
In October 2022, total nonfarm payroll employment rose by 261,000, the unemployment rate moved higher to 3.7% while the number of unemployed persons increased by 306,000. Wages were up 4.7% year-over-year. Job gains were led by health care, professional and technical services as well as manufacturing. Retail sales rose 1.3% in October largely due to an increase in motor vehicle sales and furniture store sales along with higher gasoline prices resulting in an increase of service station receipts. U.S. Consumer confidence declined in October after back-to-back monthly gains.

The Producer Price Index (PPI), which measures the prices paid by wholesalers, increased 8% from a year ago and rose 0.2% for the month of October. PPI is considered a forward-looking inflation measure as it tracks prices in the pipeline for goods and services that eventually reach consumers. The Consumer Price Index (CPI) rose 0.4% in October and 7.7% compared to last year. Costs were driven by increases in food and gasoline as well as the highest increase in shelter costs since 1990. Declines were seen in medical care services, used vehicles and clothing. The Federal Reserve has raised interest rates six times this year for a total of 3.75%. The most recent rate increase came on November 2, with a rate increase of 0.75%, marking its fourth consecutive three-quarter point interest rate increase. This takes the Federal Reserve's benchmark rate to the range of 3.75% - 4.00%, the highest level since January 2008. They meet again in December.

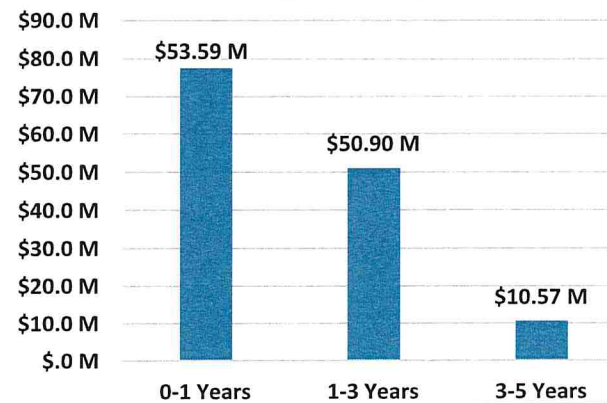


OCFA'S PORTFOLIO RETURN CONTINUES TO INCREASE AS THE FED RAISES SHORT TERM RATES

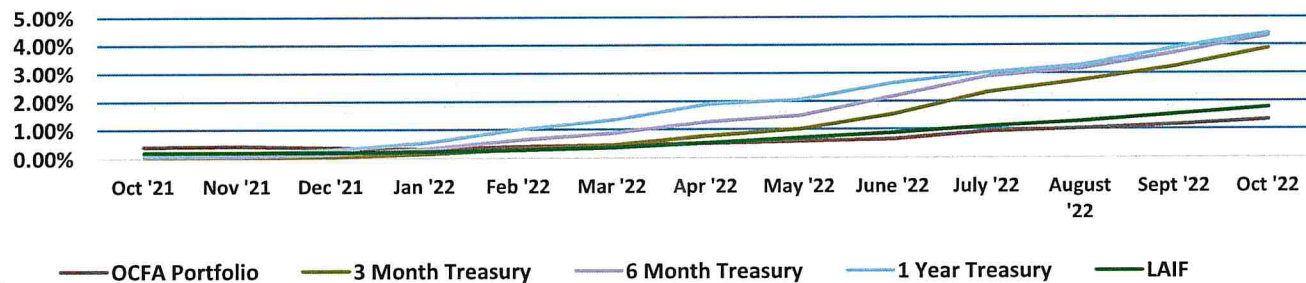
Market Value \$115,069,663



Aging Summary



12 Month Benchmarks



**BENCHMARK COMPARISON AS OF OCTOBER 31, 2022**

3 Month T-Bill: 3.87%

1 Year T-Bill: 4.43%

6 Month T-Bill: 4.31%

LAIF: 1.77%

OCFA Portfolio: 1.33%

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>	\$116,456,168	\$140,719,078	\$111,700,346
<i>Yield to Maturity (365 day)</i>	1.28%	1.29%	0.48%
<i>Effective Rate of Return</i>	1.33%	1.15%	0.41%
<i>Days to Maturity</i>	30	17	34



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
October 31, 2022

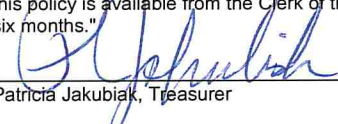
Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

Page 5

	See Note 1 on page 10	See Note 2 on page 10	See Note 5 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.
Money Mkt Mutual Funds/Cash	18,362,433.67	18,362,433.67	18,362,433.67	15.16	1	1	2.859	2.898
Federal Agency Coupon Securities	81,450,000.00	74,892,187.05	81,451,739.49	67.27	1,318	40	0.551	0.559
Federal Agency Disc. -Amortizing	12,000,000.00	11,970,360.00	11,974,000.00	9.89	43	24	3.308	3.354
Local Agency Investment Funds	9,302,118.75	9,123,154.93	9,302,118.75	7.68	1	1	1.748	1.772
	121,114,552.42	114,348,135.65	121,090,291.91	100.00%	891	30	1.266	1.283
Investments								
Cash								
Passbook/Checking (not included in yield calculations)	721,528.02	721,528.02	721,528.02		1	1	0.000	0.000
Total Cash and Investments	121,836,080.44	115,069,663.67	121,811,819.93		891	30	1.266	1.283

Total Earnings	October 31 Month Ending	Fiscal Year To Date
Current Year	154,029.56	610,326.23
Average Daily Balance	136,306,537.88	164,267,727.00
Effective Rate of Return	1.33%	1.10%

"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, 2022. 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

11/4/22

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 121,811,819.93
GASB 31 Adjustment to Books (See Note 3 on page 10)	\$ (5,355,652.25)
Total	\$ 116,456,167.68

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
October 31, 2022

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											
SYS1042	1042	First American Treasury Oblig			12,885,433.67	12,885,433.67	12,885,433.67	3.030	3.030	1	
SYS528	528	Federated Treasury Obligations		07/01/2022	5,477,000.00	5,477,000.00	5,477,000.00	2.590	2.590	1	
Subtotal and Average			15,852,732.80		18,362,433.67	18,362,433.67	18,362,433.67		2.898	1	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank (Continuous Call)		12/23/2020	14,000,000.00	13,419,420.00	14,000,000.00	0.190	0.190	0	09/22/2023
3133EMWH1	1030	Federal Farm Credit Bank (Callable 11/21/2022)		04/22/2021	3,000,000.00	2,717,910.00	3,001,739.49	0.710	0.650	20	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	10,801,920.00	12,000,000.00	0.720	0.720	0	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 12/30/2022)		03/30/2021	8,000,000.00	7,371,360.00	8,000,000.00	0.550	0.550	59	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 1/8/2023)		04/22/2021	9,435,000.00	8,840,878.05	9,435,000.00	0.375	0.375	68	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 1/23/2023)		04/23/2021	11,015,000.00	10,118,379.00	11,015,000.00	0.520	0.520	83	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 1/29/2023)		04/29/2021	12,000,000.00	10,569,000.00	12,000,000.00	1.000	1.000	89	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 11/11/2022)		05/11/2021	12,000,000.00	11,053,320.00	12,000,000.00	0.550	0.550	10	10/11/2024
Subtotal and Average			81,451,766.92		81,450,000.00	74,892,187.05	81,451,739.49		0.559	40	
Federal Agency Disc. -Amortizing											
313385Q74	1058	Fed Home Loan Bank		10/13/2022	12,000,000.00	11,970,360.00	11,974,000.00	3.250	3.354	24	11/25/2022
Subtotal and Average			22,803,609.68		12,000,000.00	11,970,360.00	11,974,000.00		3.354	24	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			9,302,118.75	9,123,154.93	9,302,118.75	1.772	1.772	1	
Subtotal and Average			16,198,428.49		9,302,118.75	9,123,154.93	9,302,118.75		1.772	1	
Total and Average			136,306,537.88		121,114,552.42	114,348,135.65	121,090,291.91		1.283	30	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
October 31, 2022

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365 Mat./Call	Days to Mat./Call
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2022	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2022	701,528.02	701,528.02	701,528.02		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			136,306,537.88		121,836,080.44	115,069,663.67	121,811,819.93		1.283	30

Orange County Fire Authority

In Service of Others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of November 1, 2022

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

See Note 5 on page 10

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(11/01/2022 - 11/01/2022)	5 Maturities	0 Payments	28,386,080.44	24.51%	28,386,080.44	28,207,116.62
Aging Interval: 1 - 30 days	(11/02/2022 - 12/01/2022)	1 Maturities	0 Payments	12,000,000.00	10.40%	11,974,000.00	11,970,360.00
Aging Interval: 31 - 60 days	(12/02/2022 - 12/31/2022)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 61 - 90 days	(01/01/2023 - 01/30/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 91 - 120 days	(01/31/2023 - 03/01/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 121 - 365 days	(03/02/2023 - 11/01/2023)	1 Maturities	0 Payments	14,000,000.00	11.66%	14,000,000.00	13,419,420.00
Aging Interval: 366 - 1095 days	(11/02/2023 - 10/31/2025)	6 Maturities	0 Payments	55,450,000.00	44.24%	55,451,739.49	50,903,767.05
Aging Interval: 1096 days and after	(11/01/2025 -)	1 Maturities	0 Payments	12,000,000.00	9.18%	12,000,000.00	10,569,000.00
Total for		14 Investments	0 Payments		100.00	121,811,819.93	115,069,663.67



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. Fluctuations in the marketplace have little effect on our long-term investment yield because it is our policy to hold investments to maturity. However, adjusting to market values as required by GAAP resulted in a decrease in recorded interest earnings of \$5,156,626.02. The adjustment for June 30, 2022, includes a decrease of \$965,593.95 to the LAIF investment and a decrease of \$4,390,058.30 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.
- Note 5: Section 15.3.1 of the Investment Policy requires at least 50% of the portfolio to be invested to a period of one year or less. Additionally, Section 15.1.3 states that Federal Agency securities shall not exceed 75% of the total investment portfolio. During the month of October, expenditures were larger than anticipated requiring the use of short-term cash. This caused the portfolio to fall below the 50% requirement and the Federal Agencies allocation to increase to 76.7%. Both diversification requirements are expected to be resolved in November with the receipt of property taxes.



Local Agency Investment Fund (LAIF)

As of October 31, 2022, OCFA has \$9,302,118.75 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of September 30, 2022 is .980760962. When applied to OCFA's LAIF investment, the fair value is \$9,123,154.93 or \$178,963.82 below cost. Although the fair value of the LAIF investment is lower than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at October 31, 2022 is included on the following page.



Fair Value Including Accrued Interest	\$	211,602,431,075.33
---------------------------------------	----	--------------------

Page 12



Orange County Fire Authority

Preliminary Investment Report

November 18, 2022



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
November 18, 2022

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

	Par Value	See Note 1 on page 19 Market Value	See Note 2 on page 19 Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/Call 360 Equiv.	YTM/Call 365 Equiv.
Investments								
Money Mkt Mutual Funds/Cash	5,769,637.06	5,769,637.06	5,769,637.06	4.11	1	1	2.631	2.667
Federal Agency Coupon Securities	81,450,000.00	75,088,855.95	81,451,704.31	57.99	1,318	45	0.551	0.559
Federal Agency Disc. -Amortizing	12,000,000.00	11,995,080.00	11,993,500.00	8.54	43	6	3.308	3.354
Treasury Discounts -Amortizing	12,000,000.00	11,943,240.00	11,943,443.33	8.50	56	47	3.681	3.732
Local Agency Investment Funds	29,302,118.75	28,738,374.17	29,302,118.75	20.86	1	1	1.748	1.772
	140,521,755.81	133,535,187.18	140,460,403.45	100.00%	773	31	1.388	1.407

Investments

Cash

Passbook/Checking (not included in yield calculations)	879,147.74	879,147.74	879,147.74		1	1	0.000	0.000
Total Cash and Investments	141,400,903.55	134,414,334.92	141,339,551.19		773	31	1.388	1.407

	November 18 Month Ending	Fiscal Year To Date
Total Earnings		
Current Year	86,999.75	697,325.98
Average Daily Balance	132,030,006.73	160,152,273.35
Effective Rate of Return	1.34%	1.13%

"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, 2022. 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)	\$ 141,339,551.19
GASB 31 Adjustment to Books (See Note 3 on page 19)	\$ (5,355,652.25)
Total	\$ 135,983,898.94

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
November 18, 2022

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 Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS1042	1042	First American Treasury Oblig			1,016,637.06	1,016,637.06	1,016,637.06	3.030	3.030	1	
SYS528	528	Federated Treasury Obligations		07/01/2022	4,753,000.00	4,753,000.00	4,753,000.00	2.590	2.590	1	
Subtotal and Average			13,322,560.40		5,769,637.06	5,769,637.06	5,769,637.06		2.667	1	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank (Continuous Call)		12/23/2020	14,000,000.00	13,441,540.00	14,000,000.00	0.190	0.190	12	09/22/2023
3133EMWH1	1030	Federal Farm Credit Bank (Callable 11/21/2022)		04/22/2021	3,000,000.00	2,726,370.00	3,001,704.31	0.710	0.650	2	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	10,837,200.00	12,000,000.00	0.720	0.720	12	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 12/30/2022)		03/30/2021	8,000,000.00	7,383,920.00	8,000,000.00	0.550	0.550	41	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 1/8/2023)		04/22/2021	9,435,000.00	8,853,143.55	9,435,000.00	0.375	0.375	50	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 1/23/2023)		04/23/2021	11,015,000.00	10,135,562.40	11,015,000.00	0.520	0.520	65	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 1/29/2023)		04/29/2021	12,000,000.00	10,639,320.00	12,000,000.00	1.000	1.000	71	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 2/11/2022)		05/11/2021	12,000,000.00	11,071,800.00	12,000,000.00	0.550	0.550	84	10/11/2024
Subtotal and Average			81,451,720.92		81,450,000.00	75,088,855.95	81,451,704.31		0.559	45	
Federal Agency Disc. -Amortizing											
313385Q74	1058	Fed Home Loan Bank		10/13/2022	12,000,000.00	11,995,080.00	11,993,500.00	3.250	3.354	6	11/25/2022
Subtotal and Average			11,984,291.67		12,000,000.00	11,995,080.00	11,993,500.00		3.354	6	
Treasury Discounts -Amortizing											
912796X95	1059	US Treasury Bill		11/10/2022	12,000,000.00	11,943,240.00	11,943,443.33	3.610	3.732	47	01/05/2023
Subtotal and Average			5,969,315.00		12,000,000.00	11,943,240.00	11,943,443.33		3.732	47	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			29,302,118.75	28,738,374.17	29,302,118.75	1.772	1.772	1	
Subtotal and Average			19,302,118.75		29,302,118.75	28,738,374.17	29,302,118.75		1.772	1	
Total and Average			132,030,006.73		140,521,755.81	133,535,187.18	140,460,403.45		1.407	31	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
November 18, 2022

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Mat./Call
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2022	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2022	859,147.74	859,147.74	859,147.74		0.000	1
		Average Balance	0.00							1
		Total Cash and Investments	132,030,006.73		141,400,903.55	134,414,334.92	141,339,551.19		1.407	31

(This Page Intentionally Left Blank)



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of November 19, 2022

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

Page 18

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(11/19/2022 - 11/19/2022)	5 Maturities	0 Payments	35,950,903.55	26.33%	35,950,903.55	35,387,158.97
Aging Interval: 1 - 30 days	(11/20/2022 - 12/19/2022)	1 Maturities	0 Payments	12,000,000.00	8.92%	11,993,500.00	11,995,080.00
Aging Interval: 31 - 60 days	(12/20/2022 - 01/18/2023)	1 Maturities	0 Payments	12,000,000.00	8.89%	11,943,443.33	11,943,240.00
Aging Interval: 61 - 90 days	(01/19/2023 - 02/17/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 91 - 120 days	(02/18/2023 - 03/19/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 121 - 365 days	(03/20/2023 - 11/19/2023)	1 Maturities	0 Payments	14,000,000.00	10.00%	14,000,000.00	13,441,540.00
Aging Interval: 366 - 1095 days	(11/20/2023 - 11/18/2025)	6 Maturities	0 Payments	55,450,000.00	37.95%	55,451,704.31	51,007,995.95
Aging Interval: 1096 days and after	(11/19/2025 -)	1 Maturities	0 Payments	12,000,000.00	7.92%	12,000,000.00	10,639,320.00
Total for		15 Investments	0 Payments		100.00	141,339,551.19	134,414,334.92



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, 2022 includes a decrease of \$965,593.95 to the LAIF investment and a decrease of \$5,355,652.25 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.

GLOSSARY

INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

Local Agency Investment Fund (LAIF). A California State Treasury fund which local agencies may use to deposit funds for investment and for reinvestment with a maximum of \$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 Monthly Investment Report



Final Report – November 2022

Preliminary Report – December 2022



Monthly Investment Report Table of Contents

<i>Final Investment Report – November 30, 2022.....</i>	<i>1</i>
<i>Executive Summary.....</i>	<i>2</i>
<i>Portfolio Statistics.....</i>	<i>3</i>
<i>Benchmark Comparison.....</i>	<i>4</i>
<i>Portfolio Size, Yield, & Duration.....</i>	<i>4</i>
<i>Portfolio Summary.....</i>	<i>5</i>
<i>Portfolio Details.....</i>	<i>6</i>
<i>Aging Report.....</i>	<i>9</i>
<i>Notes to Portfolio Management Report</i>	<i>10</i>
<i>Local Agency Investment Fund.....</i>	<i>11</i>
 <i>Preliminary Investment Report – December 16, 2022</i>	<i>13</i>
<i>Portfolio Summary.....</i>	<i>14</i>
<i>Portfolio Details.....</i>	<i>15</i>
<i>Aging Report.....</i>	<i>18</i>
<i>Notes to Portfolio Management Report</i>	<i>19</i>
 <i>Glossary</i>	<i>20</i>



Orange County Fire Authority

Final Investment Report

November 30, 2022



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of November 2022, the size of the portfolio increased by approximately \$12 million to \$128.5 million. Receipts for the month totaled approximately \$46.5 million. Significant receipts included property tax apportionment payments totaling \$37.8 million, cash contract payments totaling nearly \$7.4 million, and various grant reimbursement payments and other charges for current services totaling \$1.3 million. Disbursements for the month totaled \$34.7 million and included two biweekly payrolls and related benefits totaling approximately \$27.7 million. The portfolio's balance is expected to increase in December with the receipt of the property tax apportionment.

In November, the portfolio's yield to maturity (365-day equivalent) increased by 25 basis points to 1.528%. The effective rate of return increased by 12 basis points to 1.45% for the month, while the average maturity of the portfolio decreased by one day to 29 days to maturity.

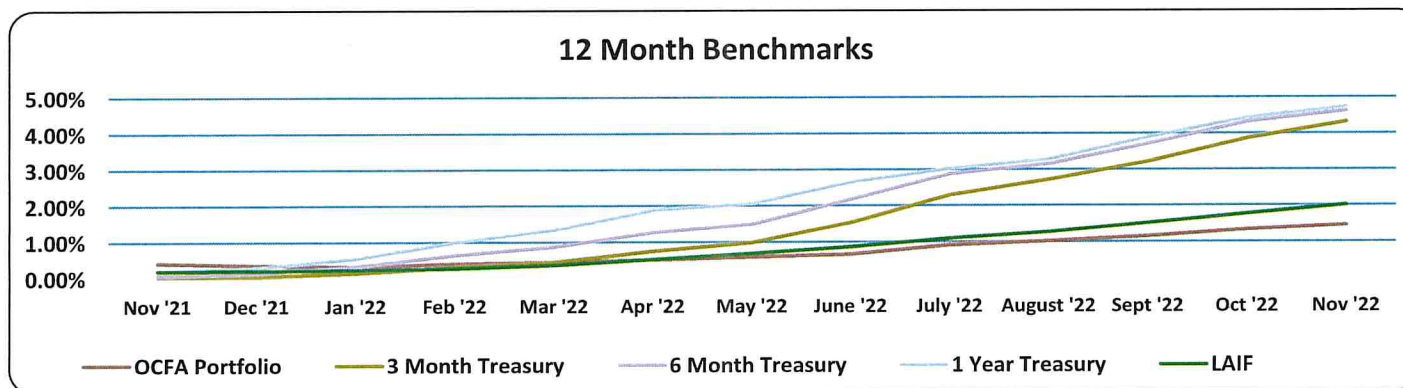
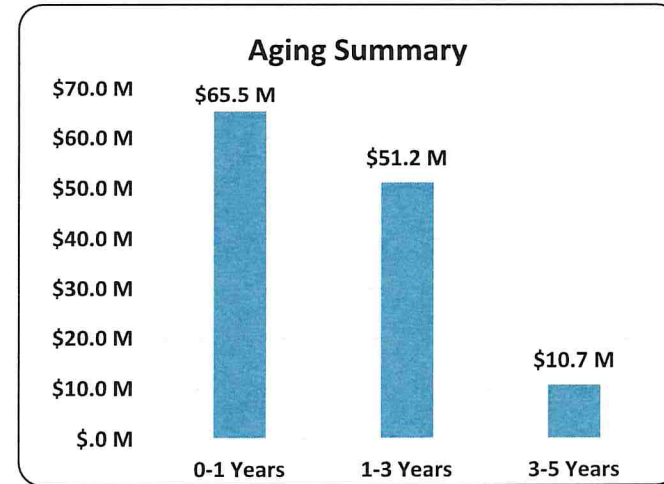
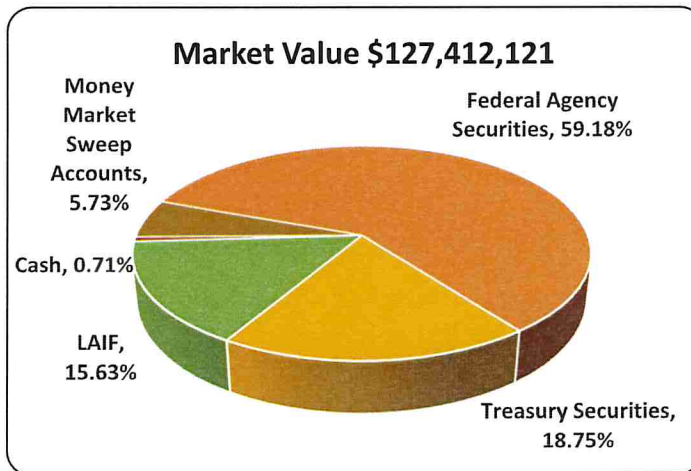
Economic News

Total nonfarm payroll employment rose by 263,000 in November 2022. The unemployment rate was unchanged at 3.7%. Wages were up 5.1% year-over-year. Job gains were led by leisure and hospitality, followed by health care and government. Job declines were led by retail trade. Rent prices dropped for a third straight month in November. The overall housing market continues to cool, with rising inventory levels, a slower pace of sales, and slowing price growth. As of October 2022, the residential housing starts decreased by 4.2% month-over-month while sales of previously owned homes fell for a record ninth consecutive month. Retail sales declined 0.6% in November largely due to spending pullback in furniture and home goods, motor vehicle parts, building materials, and garden centers. U.S. Consumer confidence declined in November after also declining in October.

The Producer Price Index (PPI), which measures the prices paid by wholesalers, increased 7.4% from a year ago and rose 0.3% for the month of November. PPI is considered a forward-looking inflation measure as it tracks prices in the pipeline for goods and services that eventually reach consumers. The Consumer Price Index (CPI) rose 0.1% in November and 7.1% compared to last year. Costs continued to be driven by food and shelter. In November, the average U.S. household spent \$396 more per month to buy the same goods and services it did a year ago. The Federal Reserve met on December 14 and agreed on a rate increase of 0.50%, marking its seventh consecutive meeting with an interest rate increase, beginning in March 2022. This takes the Federal Reserve's benchmark rate to the range of 4.25% - 4.50%, the highest level since December 2007. Fed officials believe raising rates helps take money out the economy, reducing demand and ultimately pulling prices lower after inflation spiked to its highest level in more than 40 years. They meet again February 1, 2023.



OCFA'S PORTFOLIO RETURN CONTINUES TO INCREASE AS THE FED RAISES SHORT TERM RATES





BENCHMARK COMPARISON AS OF NOVEMBER 30, 2022

3 Month T-Bill: 4.32%

1 Year T-Bill: 4.73%

6 Month T-Bill: 4.61%

LAIF: 2.01%

OCFA Portfolio: 1.45%

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>	<i>\$128,499,367</i>	<i>\$116,456,168</i>	<i>131,549,837</i>
<i>Yield to Maturity (365 day)</i>	<i>1.53%</i>	<i>1.28%</i>	<i>0.44%</i>
<i>Effective Rate of Return</i>	<i>1.45%</i>	<i>1.33%</i>	<i>0.43%</i>
<i>Days to Maturity</i>	<i>29</i>	<i>30</i>	<i>33</i>



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
November 30, 2022

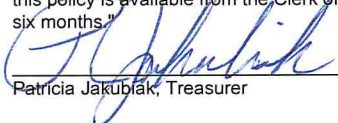
Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

Page 5

	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.	
Money Mkt Mutual Funds/Cash	7,304,318.51	7,304,318.51	7,304,318.51	5.49	1	1	3.340	3.387	
Federal Agency Coupon Securities	81,450,000.00	75,402,616.20	81,451,680.85	61.26	1,318	34	0.551	0.559	
Treasury Discounts -Amortizing	24,000,000.00	23,891,760.00	23,894,999.96	17.97	54	42	3.803	3.856	
Local Agency Investment Funds	20,302,118.75	19,911,525.52	20,302,118.75	15.27	1	1	1.980	2.007	
Investments	133,056,437.26	126,510,220.23	132,953,118.07	100.00%	818	29	1.507	1.528	
Cash									
Passbook/Checking (not included in yield calculations)	901,900.98	901,900.98	901,900.98		1	1	0.000	0.000	
Total Cash and Investments	133,958,338.24	127,412,121.21	133,855,019.05		818	29	1.507	1.528	

Total Earnings	November 30 Month Ending	Fiscal Year To Date
Current Year	158,904.58	768,480.77
Average Daily Balance	133,683,354.33	158,270,791.18
Effective Rate of Return	1.45%	1.16%

"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, 2022. 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."

 12/3/22
 Patricia Jakubak, Treasurer

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 133,855,019.05
GASB 31 Adjustment to Books (See Note 3 on page 10)	\$ (5,355,652.25)
Total	\$ 128,499,366.80

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
November 30, 2022

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											
SYS1042	1042	US Bank - Treasury Obligations			1,081,795.43	1,081,795.43	1,081,795.43	3.713	3.713	1	
SYS528	528	MUFG Treasury Obligations		07/01/2022	6,222,523.08	6,222,523.08	6,222,523.08	3.330	3.330	1	
Subtotal and Average			12,581,633.06		7,304,318.51	7,304,318.51	7,304,318.51		3.387	1	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank (Continuous Call)		12/23/2020	14,000,000.00	13,457,780.00	14,000,000.00	0.190	0.190	0	09/22/2023
3133EMWH1	1030	Federal Farm Credit Bank (Callable 12/21/2022)		04/22/2021	3,000,000.00	2,741,790.00	3,001,680.85	0.710	0.653	20	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	10,899,480.00	12,000,000.00	0.720	0.720	0	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 12/30/2022)		03/30/2021	8,000,000.00	7,412,320.00	8,000,000.00	0.550	0.550	29	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 01/08/2023)		04/22/2021	9,435,000.00	8,872,485.30	9,435,000.00	0.375	0.375	38	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 01/23/2023)		04/23/2021	11,015,000.00	10,178,520.90	11,015,000.00	0.520	0.520	53	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 01/29/2023)		04/29/2021	12,000,000.00	10,723,440.00	12,000,000.00	1.000	1.000	59	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 02/11/2023)		05/11/2021	12,000,000.00	11,116,800.00	12,000,000.00	0.550	0.550	72	10/11/2024
Subtotal and Average			81,451,709.19		81,450,000.00	75,402,616.20	81,451,680.85		0.559	34	
Federal Agency Disc. -Amortizing											
Subtotal and Average			9,590,033.33								
Treasury Discounts -Amortizing											
912796X95	1059	US Treasury Bill		11/10/2022	12,000,000.00	11,955,600.00	11,957,883.33	3.610	3.732	35	01/05/2023
912796XS3	1060	US Treasury Bill		11/29/2022	12,000,000.00	11,936,160.00	11,937,116.63	3.850	3.979	49	01/19/2023
Subtotal and Average			9,157,860.00		24,000,000.00	23,891,760.00	23,894,999.96		3.856	42	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			20,302,118.75	19,911,525.52	20,302,118.75	2.007	2.007	1	
Subtotal and Average			20,902,118.75		20,302,118.75	19,911,525.52	20,302,118.75		2.007	1	
Total and Average			133,683,354.33		133,056,437.26	126,510,220.23	132,953,118.07		1.528	29	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
November 30, 2022

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		07/01/2022	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2022	881,900.98	881,900.98	881,900.98		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			133,683,354.33		133,958,338.24	127,412,121.21	133,855,019.05		1.528	29

Orange County Fire Authority

In Service of Others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of December 1, 2022

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

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(12/01/2022 - 12/01/2022)	5 Maturities	0 Payments	28,508,338.24	22.07%	28,508,338.24	28,117,745.01
Aging Interval: 1 - 30 days	(12/02/2022 - 12/31/2022)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 31 - 60 days	(01/01/2023 - 01/30/2023)	2 Maturities	0 Payments	24,000,000.00	18.75%	23,894,999.96	23,891,760.00
Aging Interval: 61 - 90 days	(01/31/2023 - 03/01/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 91 - 120 days	(03/02/2023 - 03/31/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 121 - 365 days	(04/01/2023 - 12/01/2023)	1 Maturities	0 Payments	14,000,000.00	10.56%	14,000,000.00	13,457,780.00
Aging Interval: 366 - 1095 days	(12/02/2023 - 11/30/2025)	6 Maturities	0 Payments	55,450,000.00	40.20%	55,451,680.85	51,221,396.20
Aging Interval: 1096 days and after	(12/01/2025 -)	1 Maturities	0 Payments	12,000,000.00	8.42%	12,000,000.00	10,723,440.00
Total for		15 Investments	0 Payments		100.00	133,855,019.05	127,412,121.21



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. Fluctuations in the marketplace have little effect on our long-term investment yield because it is our policy to hold investments to maturity. However, adjusting to market values as required by GAAP resulted in a decrease in recorded interest earnings of \$5,156,626.02. The adjustment for June 30, 2022, includes a decrease of \$965,593.95 to the LAIF investment and a decrease of \$4,390,058.30 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.



Local Agency Investment Fund (LAIF)

As of November 30, 2022, OCFA has \$20,302,118.75 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of September 30, 2022 is .980760962. When applied to OCFA's LAIF investment, the fair value is \$19,911,525.52 or \$390,593.23 below cost. Although the fair value of the LAIF investment is lower than cost, OCFA can withdraw the actual amount invested at any time.

LAIF is included in the State Treasurer's Pooled Money Investment Account (PMIA) for investment purposes. The PMIA market valuation at November 30, 2022 is included on the following page.



Fair Value Including Accrued Interest	\$	200,575,747,521.69
---------------------------------------	----	--------------------

Page 12



Orange County Fire Authority

Preliminary Investment Report

December 16, 2022



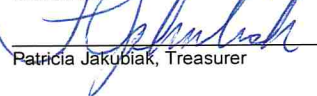
ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
December 16, 2022

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	6,809,567.07	6,809,567.07	6,809,567.07	4.59	1	1	3.345	3.392
Federal Agency Coupon Securities	81,450,000.00	75,776,220.25	81,451,649.58	54.96	1,318	153	0.551	0.559
Treasury Discounts -Amortizing	24,000,000.00	23,940,240.00	23,934,786.64	16.15	54	26	3.803	3.856
Local Agency Investment Funds	36,000,000.00	35,307,394.63	36,000,000.00	24.29	1	1	1.980	2.007
	148,259,567.07	141,833,421.95	148,196,003.29	100.00%	734	89	1.552	1.573
Investments								
Cash								
Passbook/Checking (not included in yield calculations)	1,253,804.21	1,253,804.21	1,253,804.21		1	1	0.000	0.000
Total Cash and Investments	149,513,371.28	143,087,226.16	149,449,807.50		734	89	1.552	1.573

Total Earnings	December 16 Month Ending	Fiscal Year To Date
Current Year	106,002.86	875,165.49
Average Daily Balance	153,463,228.60	157,815,637.33
Effective Rate of Return	1.58%	1.20%

"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, 2022. A copy of this policy is available from the Clerk of the Authority. Sufficient investment liquidity and anticipated revenues are available to meet budgeted expenditure requirements for the next thirty days and the next six months."


 Patricia Jakubiak, Treasurer
 12/23/22

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 149,449,807.50
GASB 31 Adjustment to Books (See Note 3 on page 19)	\$ (5,355,652.25)
Total	\$ 144,094,155.25

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
December 16, 2022

					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	Days to Mat./Call	Maturity Date	
Money Mkt Mutual Funds/Cash												
SYS1042	1042	US Bank - Treasury Obligations			1,099,972.91	1,099,972.91	1,099,972.91	3.713	3.713	1		
SYS528	528	MUFG Treasury Obligations		07/01/2022	5,709,594.16	5,709,594.16	5,709,594.16	3.330	3.330	1		
Subtotal and Average			9,944,368.35		6,809,567.07	6,809,567.07	6,809,567.07		3.392	1		
Federal Agency Coupon Securities												
3133EMLE0	1020	Federal Farm Credit Bank	(Continuous Call)	12/23/2020	14,000,000.00	13,511,960.00	14,000,000.00	0.190	0.190	15	09/22/2023	
3133EMWH1	1030	Federal Farm Credit Bank	(Callable 12/21/2022)	04/22/2021	3,000,000.00	2,756,280.00	3,001,649.58	0.710	0.653	4	04/21/2025	
3133EMXS6	1032	Federal Farm Credit Bank	(Continuous Call)	04/28/2021	12,000,000.00	10,959,360.00	12,000,000.00	0.720	0.720	863	04/28/2025	
3130ALNY6	1025	Fed Home Loan Bank	(Callable 12/30/2022)	03/30/2021	8,000,000.00	7,446,000.00	8,000,000.00	0.550	0.550	13	09/30/2024	
3130ALTJ3	1029	Fed Home Loan Bank	(Callable 01/08/2023)	04/22/2021	9,435,000.00	8,910,225.30	9,435,000.00	0.375	0.375	22	04/08/2024	
3130ALVR2	1031	Fed Home Loan Bank	(Callable 01/23/2023)	04/23/2021	11,015,000.00	10,225,554.95	11,015,000.00	0.520	0.520	37	10/23/2024	
3130AM6P2	1034	Fed Home Loan Bank	(Callable 01/29/2023)	04/29/2021	12,000,000.00	10,800,000.00	12,000,000.00	1.000	1.000	43	04/29/2026	
3130AM6H0	1035	Fed Home Loan Bank	(Callable 02/11/2023)	05/11/2021	12,000,000.00	11,166,840.00	12,000,000.00	0.550	0.550	56	10/11/2024	
Subtotal and Average			81,451,664.24		81,450,000.00	75,776,220.25	81,451,649.58		0.559	153		
Treasury Discounts -Amortizing												
912796X95	1059	US Treasury Bill		11/10/2022	12,000,000.00	11,979,120.00	11,977,136.67	3.610	3.732	19	01/05/2023	
912796XS3	1060	US Treasury Bill		11/29/2022	12,000,000.00	11,961,120.00	11,957,649.97	3.850	3.979	33	01/19/2023	
Subtotal and Average			23,916,136.63		24,000,000.00	23,940,240.00	23,934,786.64		3.856	26		
Local Agency Investment Funds												
SYS336	336	Local Agency Invstmt Fund			36,000,000.00	35,307,394.63	36,000,000.00	2.007	2.007	1		
Subtotal and Average			38,151,059.38		36,000,000.00	35,307,394.63	36,000,000.00		2.007	1		
Total and Average			153,463,228.60		148,259,567.07	141,833,421.95	148,196,003.29		1.573	89		

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
December 16, 2022

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Mat./Call
Money Mkt Mutual Funds/Cash										
SYS10033	10033	Revolving Fund		07/01/2022	20,000.00	20,000.00	20,000.00		0.000	1
SYS4	4	Union Bank		07/01/2022	1,233,804.21	1,233,804.21	1,233,804.21		0.000	1
		Average Balance	0.00							1
Total Cash and Investments			153,463,228.60		149,513,371.28	143,087,226.16	149,449,807.50		1.573	89

(This Page Intentionally Left Blank)



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of December 17, 2022

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

Page 18

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(12/17/2022 - 12/17/2022)	5 Maturities	0 Payments	44,063,371.28	30.31%	44,063,371.28	43,370,765.91
Aging Interval: 1 - 30 days	(12/18/2022 - 01/16/2023)	1 Maturities	0 Payments	12,000,000.00	8.37%	11,977,136.67	11,979,120.00
Aging Interval: 31 - 60 days	(01/17/2023 - 02/15/2023)	1 Maturities	0 Payments	12,000,000.00	8.36%	11,957,649.97	11,961,120.00
Aging Interval: 61 - 90 days	(02/16/2023 - 03/17/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 91 - 120 days	(03/18/2023 - 04/16/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval: 121 - 365 days	(04/17/2023 - 12/17/2023)	1 Maturities	0 Payments	14,000,000.00	9.44%	14,000,000.00	13,511,960.00
Aging Interval: 366 - 1095 days	(12/18/2023 - 12/16/2025)	6 Maturities	0 Payments	55,450,000.00	35.97%	55,451,649.58	51,464,260.25
Aging Interval: 1096 days and after	(12/17/2025 -)	1 Maturities	0 Payments	12,000,000.00	7.55%	12,000,000.00	10,800,000.00
Total for		15 Investments	0 Payments		100.00	149,449,807.50	143,087,226.16



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, 2022 includes a decrease of \$965,593.95 to the LAIF investment and a decrease of \$5,355,652.25 to the remaining investments.
- Note 4: The Federated Treasury Obligations money market mutual fund functions as the Authority's sweep account. Funds are transferred to and from the sweep account to/from OCFA's checking account in order to maintain a target balance of \$1,000,000 in checking. Since this transfer occurs at the beginning of each banking day, the checking account sometimes reflects a negative balance at the close of the banking day. The negative closing balance is not considered an overdraft since funds are available in the money market mutual fund. The purpose of the sweep arrangement is to provide sufficient liquidity to cover outstanding checks yet allow that liquidity to be invested while payment of the outstanding checks is pending.

GLOSSARY

INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

Local Agency Investment Fund (LAIF). A California State Treasury fund which local agencies may use to deposit funds for investment and for reinvestment with a maximum of \$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 & Finance Committee Meeting
January 11, 2023

Agenda Item No. 3B
Discussion Calendar

FY 2022/2023 Mid-Year Financial Report

Contact(s) for Further Information

Robert Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
Tricia Jakubiak, Treasurer	triciajakubiak@ocfa.org	714.573.6301
Stuart Lam, Budget Manager	stuartlam@ocfa.org	714.573.6302

Summary

This item is submitted to provide a mid-year financial update on the FY 2022/23 budget in accordance with the OCFA's Fiscal Health Plan and to preview expected budget adjustments for approval in March.

Prior Board/Committee Action

Not applicable.

RECOMMENDED ACTION(S)

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of January 26, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors direct staff to return to the Board of Directors on March 23, 2023, for approval of the budget adjustments discussed herein for the FY 2022/23 budget.

Impact to Cities/County

The Five-Year Financial Forecast assumes cash contract city charges will increase 2% annually from FY 2023/24 to FY 2026/27.

Fiscal Impact

Increased Cost Funded by Structural Fire Fund: \$0

Increased Cost Funded by Cash Contract Cities: \$0

Financial impact is detailed in the report, with an overall increase in revenues (all funds combined) of \$20,713,834 and an overall increase in expenditures (all funds combined) of \$9,648,392 providing a positive financial impact overall to OCFA with a net revenue increase of \$11,065,442.

Background

The OCFA's Fiscal Health Plan calls for a comprehensive system to monitor OCFA's fiscal performance. This includes a review and comparison of forecasted revenues and expenditures against actual revenues and expenditures, as well as a mid-year budget review. The attached report reviews the current year budget, highlights any potential financial challenges to the OCFA, and previews anticipated FY 2023/24 budget issues, to the extent they are known at this time.

FY 2022/23 Budget Review

Significant changes have occurred since the budget was adopted in May 2022, including increases to budgeted beginning fund balance, increase in property tax revenue, increases in both revenue and expenditures related to assistance-by-hire emergency responses, as well as all approved adjustments to-date such as Carryover and new grant funds. These changes are summarized in the table below and detailed in the attached Mid-Year Financial Report.

Fund	Revenues	Expenditures
General Fund (121)		
Property Taxes	\$6,800,078	-
Assistance by Hire/Emergency Incident	\$3,873,224	\$3,941,093
Grant/CalFire/Reimbursements	\$573,286	\$558,887
OCPFA Retiree Medical Trust Payment	\$6,999,438	\$6,999,438
Miscellaneous	\$740,211	-
Supplies/Equipment/Professional Services	-	\$2,018,177
Interfund Borrowing	-	\$1,202,500
Total General Fund (121)	\$18,986,237	\$14,720,095
GF Capital Improvement Program (12110)	-	(\$700,000)
Fire Stations & Facilities (123)	\$231,156	(\$125,000)
Comm. & Info Systems (124)	\$71,272	(\$4,000,000)
Vehicle Replacement (133)	\$137,892	(\$276,703)
Settlement Agreement (139)	\$178,035	\$30,000
SFF Entitlement Fund (171)	\$25,440	-
Workers' Compensation (190)	\$1,083,802	-
Total All Funds	\$20,713,834	\$9,648,392

Attachment(s)

Mid-year Financial Report

Exhibit 1 – 2022 Trend Analysis -- Forecast to Actual Comparison

Exhibit 2 – Updated Five-Year Financial Forecast

Exhibit 3 – Five-Year Financial Forecast Assumptions



In May 2020, the Board of Directors approved the updated Financial Stability Budget Policy. Together with the Fiscal Health Plan, these documents describe the Authority's strong fiscal policies, a comprehensive system for monitoring OCFA's fiscal performance, and a framework to assure timely and appropriate response to adverse fiscal circumstances. Included in the Fiscal Health Plan is the requirement for a mid-year financial report, which is presented below.

ECONOMIC OUTLOOK

Property tax is OCFA's largest source of revenue; therefore, this section focuses on economic factors impacting property values. Residential real estate assessed values have marched higher in recent years due to a tight housing market and low interest rates. The December 2022 Chapman Economic and Business Review forecast now foresees a softening in the housing market in 2023 due to rising interest rates that drive up monthly mortgage payments for prospective buyers. The average interest rate on a 30-year fixed rate mortgage has increased from approximately 3% in Nov. 2021 to approximately 7% in Nov. 2022. The Chapman forecast estimates the median price of single family homes in Orange County to decline by 7.3% in 2023, down from a 13.5% increase in 2022. Chapman is also projecting a 20.8% decline in residential permit activity from 7,120 residential permits in 2022 to 5,641 in 2023.

CURRENT FISCAL YEAR FINANCES

The following are estimated changes to the budget that are needed since the adoption of the FY 2022/23 budget in May 2022. Overall, the proposed changes in the General Fund result in an estimated total revenue adjustment of approximately \$19.0 million and an estimated total expenditure adjustment of \$14.7 million. ***Approximately \$11.5 million of the expenditure adjustments are related to emergency incidents that are offset by corresponding revenue or are items that are cost neutral.*** Expenditures not offset by revenue increases are primarily due to higher services and supplies expenditures that were not known at the time of budget adoption including increased contract costs and repair and maintenance expenditures.

FY 2022/23 General Fund Estimated Revenue Adjustments - \$19.0 million

Property Taxes: Based on property tax billing data provided by the Auditor/Controller and property tax received to date, preliminary projections indicate an approximate \$6.8 million increase over budget. **\$6,800,078**

Assistance by Hire (ABH)/Emergency Incident: ABH is the term used when OCFA responds to requests for assistance to incidents outside our area of responsibility, on a reimbursement basis. Current year activity is \$3.9 million greater than budget due to various in-county and out-of-county responses and continued expenses related to the COVID-19 pandemic. Staff will be monitoring this source of revenue for additional reimbursements. An expenditure adjustment is also proposed to the overtime/backfill category to cover the costs associated with providing the ABH services. **\$3,873,224**



Grant/CalFire/Reimbursements: This category represents reimbursements for Grants or other programs where expenditures are reimbursed once incurred. The \$573K adjustment is for Quick Reaction Force Pilot Program expenditures rebudgeted from FY 2021/22 (\$190K), supplemental funding for the 2021 US&R Grant (\$181K), donations from Maruchan (\$100K), CalFire Gray Book funding in excess of Adopted Budget (\$57K), OCSD SONGS reimbursement for radiation equipment (\$30K), and insurance reimbursement (\$14K) . **\$573,286**

OCPFA Retiree Medical Trust Payment: OCFA's audit firm Lance, Soll & Lunghard issued a final report on the OCPFA Medical Benefit Trust for the period January 1, 2021 through December 31, 2021 showing a \$6,999,438 excess fund balance credit due to the OCFA. Per the terms of the OCFA/OCPFA Health Plan Agreement, OCFA will remit these funds to the OCFA Retiree Medical Trust held at OCERS. **\$6,999,438**

Miscellaneous: This category of revenue adjustments includes increased interest earnings, updates to cash contract city maintenance charges, reduced false alarm fees due to lower activity, and reduced charges for crews & equipment services due to lower activity. **\$740,211**

FY 2022/23 General Fund Estimated Expenditure Adjustments - \$14.7 million

Assistance by Hire/Emergency Incident Costs: As mentioned under Revenue for ABH, an adjustment is needed for in-county and out-of-county responses, primarily in the overtime/backfill category, but also for response-related supplies. This category also comprises the expenditures for US&R activation and COVID-19 expenditures. Staff will be monitoring these categories closely as the fiscal year progresses. **\$3,941,093⁽¹⁾**

Grant/CalFire/Reimbursable Programs: These expenditure items include Quick Reaction Force Pilot Program expenditures rebudgeted from FY 2021/22 (\$190K), supplemental funding for the 2021 US&R Grant (\$181K), Maruchan donation expenditures (\$100K), new Wildland Resource Technician position funded with CalFire Gray Book revenue (\$57K), and OCSD SONGS reimbursement for radiation equipment (\$30K). **\$558,887⁽¹⁾**

OCPFA Retiree Medical Trust Payment: OCFA's audit firm Lance, Soll & Lunghard issued a final report on the OCPFA Medical Benefit Trust for the period January 1, 2021 through December 31, 2021 showing a \$6,999,438 excess fund balance credit due to the OCFA. Per the terms of the OCFA/OCPFA Health Plan Agreement, OCFA will remit these funds to the OCFA Retiree Medical Trust held at OCERS. **\$6,999,438⁽¹⁾**

¹ Expenditure increase is wholly or partially cost neutral, offset by a corresponding revenue source or dedicated fund balance.



Supplies/Equipment/Professional Services: This category includes one-time adjustments for services and supplies which were unknown or for which costs have increased since budget development. Adjustments include increased outfitting for a new heavy rescue vehicle (\$600K); increased 800 MHz radio partnership and fire station alerting maintenance contract costs (\$466K); replacement of electric box fans carried on truck companies (\$200K); outfitting for new Engine 67 (\$154K); firefighter candidate test administration (\$150K); staffing system consulting contract increase (\$114K); Irvine Arson Abatement Officer contract increase (\$72K); medical supplies and equipment (\$61K); badge expenditures (\$55K); information technology systems maintenance cost increase (\$37K); community education expenditures (\$35K); State lobbyist contract (\$33K); EMS suction unit battery replacement (\$24K); Honor Guard travel costs (\$10K); and extraction tool for Engine 15 (\$9K). **\$2,018,177**

Interfund Borrowing: At the time of budget development, staff was in the process of analyzing if OCFA's cash flow needs could be met with interfund borrowing. When the budget was adopted in May, the Board approved interfund borrowing as our cash flow management mechanism in FY 2022/23. The money is borrowed from the Workers' Compensation Self-Insurance Fund 190 and repaid with interest which is reflected as a cost to the General Fund. **\$1,202,500**

FY 2022/23 CIP and Other Fund Adjustments

- **Fund 12110 – General Fund CIP:** A decrease in expenditures in the amount of \$925,000 is needed for deferral of expenditures for the station bathroom inclusive facilities (\$800,000) and station concrete and asphalt repair (\$125,000) projects to future years. In addition, a budget increase of \$225,000 is required for Fire Station 67 apparatus bay door (\$150,000) and emergency generator (\$75,000) projects, both of which are new projects not included in the Adopted Budget. Detailed CIP project descriptions for both of these projects will be included with the final mid-year adjustment recommendations to be presented to the Board in March.
- **Fund 123 – Fire Stations and Facilities:** A decrease in expenditures in the amount of \$125,000 is needed for deferral of the solar power facilities for RFOTC and fire stations to future years.
- **Fund 124 – Communications & Information Systems:** A decrease in expenditures in the amount of \$4,000,000 is needed for deferral of the OCFA enterprise disaster recovery co-location facility (\$3,00,000) and EMS enterprise system (\$1,000,000) projects to future years.
- **Fund 133 – Fire Apparatus:** A net decrease in expenditures of \$276,703 is needed for the following: net decrease in emergency vehicle expenditures (\$1,874,620), net increase in support vehicle expenditures (\$1,600,917), and a decrease in grant funded vehicle expenditures (\$30,000).
- **Fund 139 – Settlement Agreement:** An increase in expenditures in the amount of \$30,000 is needed to accommodate Trustee and PARS fees for administering the 115 Trust.
- **Interest Earnings:** Interest earning revenue for each of the CIP and Other Funds have been increased based on the latest projections. The net interest earnings adjustment is a \$1,727,597 increase.



FY 2022/23 Fund Balance Transfer Adjustments

- **Unencumbered Fund Balance:** The FY 2021/22 year-end audit identified unencumbered fund balance in the amount of \$909,816. This fund balance increase resulted primarily from additional revenue received in the fiscal year, as well as salary savings and S&S savings in the General Fund. Staff recommends allocating the unencumbered fund balance as follows:
 - Allocate 100% to remain in the General Fund to maintain the contingency reserve at 10% of expenditures, pursuant to the OCFA's Financial Stability Budget Policy.
- **CIP to Fund 121 Transfers:** The Financial Stability Policy requires a reconciliation of the 10% contingency reserve at mid-year. In order to maintain the 10% General Fund contingency reserve of \$44,776,013, a fund balance transfer of \$1,282,847 is required from the CIP to the General Fund (\$1,282,847 from Fund 124).

FUTURE FISCAL YEAR FINANCES

Significant factors that are anticipated to influence the FY 2023/24 budget development include:

- **Prepayment of OCERS Contributions** – Staff will conduct an analysis of OCFA's cash flow position; we expect to prepay half of the employer contributions to take advantage of an approximately 5.8% discount. This discount fluctuates over time but has remained at 5.8% for the last three years. The prepayment discount amounts to significant savings. In the current FY 2022/23, OCFA saved an estimated \$1.9M by prepaying a portion of its OCERS contributions.
- **Property Taxes** - Since property tax is the largest source of income for the General Fund at about 64%, we have contracted with Harris and Associates to update our property tax projections. Updated preliminary information for our FY 2023/24 budget will be available in February 2023; therefore, in the interim we are continuing to use Harris & Associates' prior projection for FYs 2023/24 through 2026/27 of the Five-Year Financial Forecast.
- **Retirement Rates** - The Orange County Employees Retirement System (OCERS) Board has adopted retirement rates for FY 2023/24. Compared to rates used in the prior Five-Year Cashflow Forecast, employer rates for general employees have increased by 0.49% and rates for the safety employees decreased by 0.52% after removing the impact of the additional pension liability contributions OCFA has made to OCERS. Consistent with Board direction, we continue to pay the original rates, capturing those savings and increasing payments directly to our unfunded liability.
- **Workers' Compensation** – The current forecast is based on the workers' compensation actuarial study dated July 2022. We have contracted with Rivelle Consulting to update the actuarial study to be completed in January 2023 which may impact the workers' compensation cost projections in the five-year forecast.

PENDING ISSUES

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



MONITORING FINANCIAL HEALTH

Financial Forecast

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

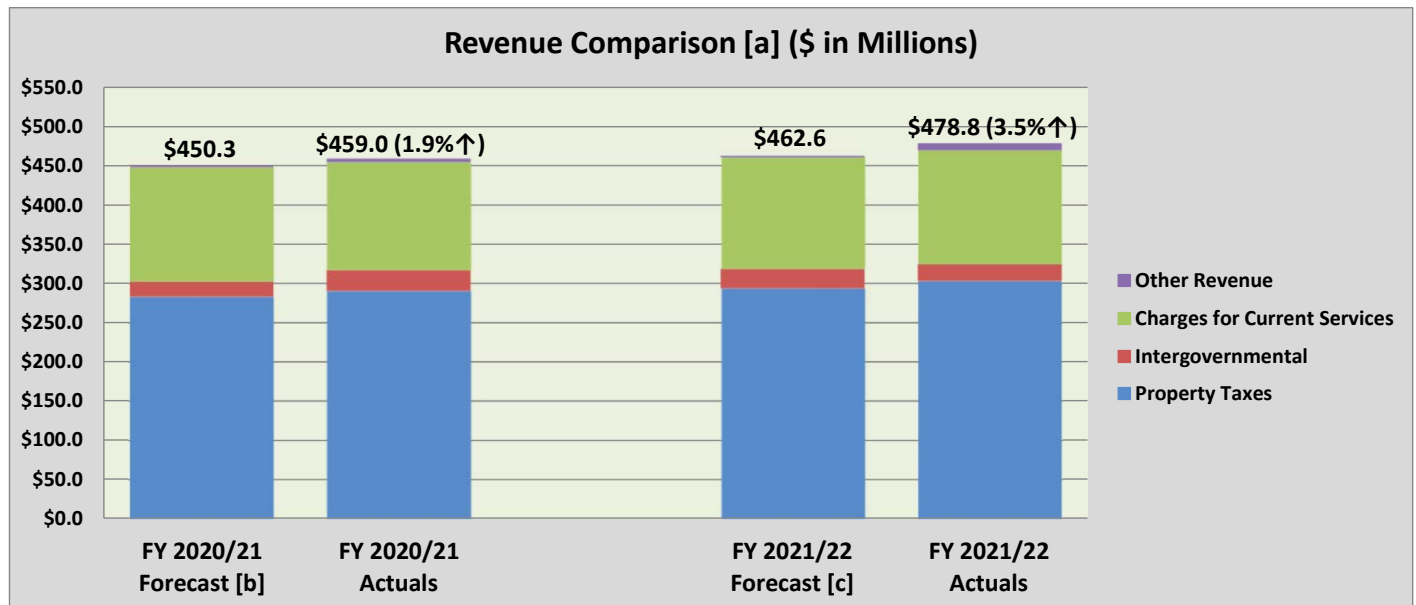
A trend report has been developed comparing the differences between the forecasted data and actual financial results and is attached to this review as Exhibit 1.

2022 Trend Analysis: Summary of 2-Year Forecast vs. Adjusted Actuals

Comparison of 2020/21 Forecast to 2020/21 Actuals

and

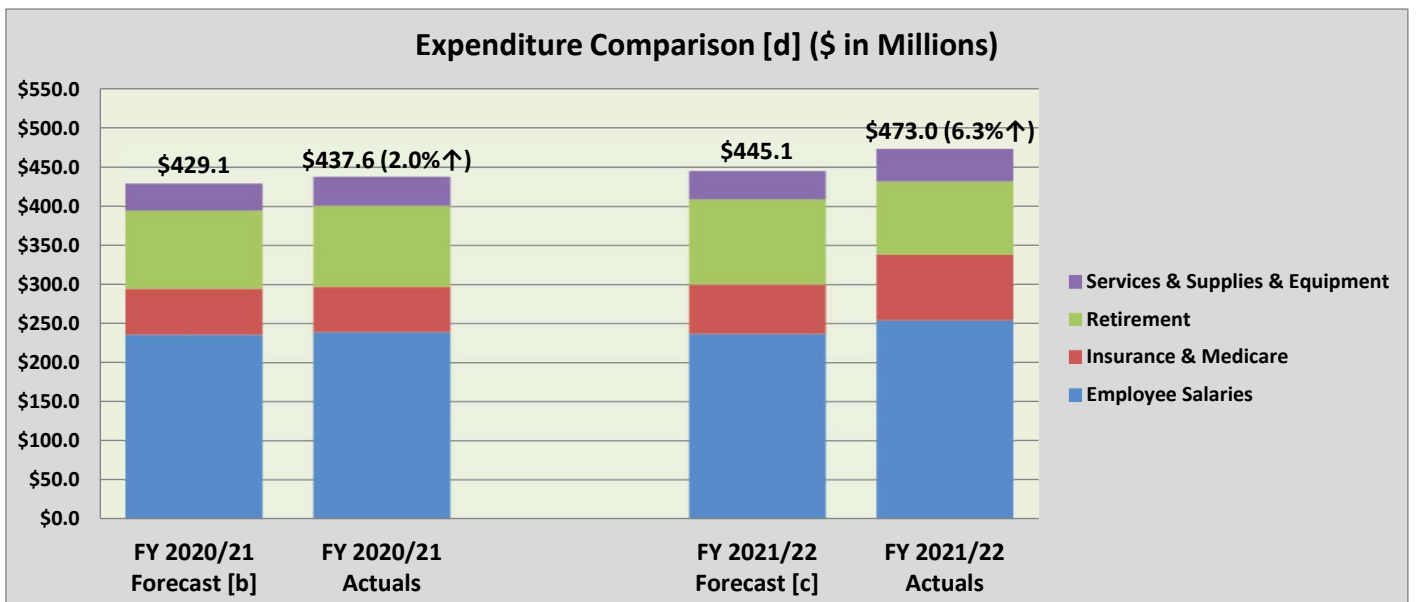
Comparison of 2021/22 Forecast to 2021/22 Actuals



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

[b] As presented in the FY2019/20 Adopted Budget - Scenario 1.

[c] As presented in the FY2020/21 Adopted Budget - Scenario 1.



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

[a] FY 2022/23 amount includes \$57.9 million for acquisition of two Sikorsky Firehawk helicopters.

Forecast Assumptions – Mid-Year Revised

Basic Assumptions

The Adopted FY 2022/23 Budget, and the Five-Year Capital Improvement Plan approved by the Board of Directors on May 26, 2022 form the basis for this financial forecast with the following adjustments:

- Updated total beginning fund balance from the FY 2021/22 audited financial statements.
- All approved budget adjustments that have occurred since the adoption of the budget including adjustments for acquisition and financing of two new Sikorsky Firehawk helicopters.
- Proposed FY 2022/23 mid-year adjustments.

General Fund Revenues

- ***Secured Property Taxes*** – The Harris & Associates Final 2022 Report Typical Scenario provides the growth factors assumed for the forecast. The following are projections of current secured property tax growth:

FY 2022/23	6.01%
FY 2023/24	3.79%
FY 2024/25	2.73%
FY 2025/26	2.92%
FY 2026/27	2.92%

- ***Public Utility, Unsecured, Homeowners Property Tax Relief, and Supplemental Delinquent Taxes*** – All of these categories of property taxes are projected to remain constant during the forecast period.
- ***State Reimbursements*** – State reimbursements are expected to remain constant, pending more details from CAL FIRE.
- ***Federal Reimbursements*** – This revenue is projected to remain constant.
- ***Community Redevelopment Agency Pass-thru Revenue*** – Harris & Associates completed a Redevelopment Area Excess Revenue Analysis of pass-thru and residual revenues from the dissolution of the redevelopment agencies dated April 4, 2022. The forecast figures come from this report.
- ***Cash Contracts*** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments with year-over-year changes estimated at 2.00% per year. In addition, this revenue category includes John Wayne Airport contract proceeds with an annual 4% increase cap, which is projected to continue through the forecast period.
- ***Community Risk Reduction Fees*** – Community Risk Reduction Fees are projected to remain constant through the forecast period from FY 2023/24 through FY 2026/27, pending any changes approved by the Board.

- **ALS Supplies & Transport Reimbursements** – This revenue is estimated to remain flat, pending any changes approved by the Board. Staff is currently in the process of reviewing medical supplies reimbursement rates.
- **Interest Earnings** – Assumes an average annual return of 1.375% for FY 2022/23, 2.50% for FY 2023/24, 4.00% for FY 2024/25, 3.50% for FY 2025/26, and 2.50% thereafter.
- **Other Revenue** – This revenue source includes various items such as reimbursements for training and cost recovery for the firefighter handcrew and is projected to remain flat over the forecast period.

General Fund Expenditures

- **Salaries & Employee Benefits** – S&EB is composed of the following factors:
 - ✓ **New Positions for New Stations** – The forecast assumes that vehicles will be in service 7/1/2025 for Station 12 and 7/1/2026 for Station 52.
 - ✓ **Employee Salaries** – Projected salaries reflect increases consistent with the approved labor group MOUs.
 - ✓ **Retirement** – Retirement costs reflect projected employer retirement rates, which are based on the OCERS provided rates for FY 2022/23. The projected employer rates in the outer years of the forecast are based on a Segal Consulting study dated July 18, 2022 provided by OCERS. FY 2023/24 rates are approximately 4.12% lower for safety and 1.81% lower for non-safety compared to FY 2022/23 rates.

FY	Safety	General	Source
2022/23	46.21%	35.93%	FY 2022/23 based on OCERS provided rates. Outer years based on Segal Consulting Study dated July 18, 2022. Effective rates adjusted to remove impact of additional OCFA UAAL contributions.
2023/24	42.09%	34.12%	
2024/25	39.99%	32.72%	
2025/26	37.09%	30.92%	
2026/27	22.30%	12.30%	

In accordance with the Updated Snowball Strategy presented to the board in November 2015, the forecast includes the following unfunded liability paydowns:

- Contributing additional funds each year using projected savings that will be realized under new Public Employees' Pension Reform Act (PEPRA) of \$4.8M in FY 2022/23 and continuing in different amounts until payment is complete.
- Contributing an additional \$1M each year starting in FY 2016/17 and increasing by \$2M each year until it reaches \$15M and continuing at \$15M thereafter.
- In prior years, contributed \$1 million per year from surplus fund balance available in the Workers' Compensation Self-Insurance Fund from FY 2016/17 through FY 2020/21.
- Beginning in FY 2017/18 at mid-year, if CIP is sufficiently funded, allocate 50% of the General Fund surplus, if any, to UAAL with the remaining 50% used to fund CIP.

- ✓ **Workers' Compensation** – FY 2022/23 assumes a 50% confidence level for ongoing Workers' Compensation costs. The 50% confidence level is assumed throughout the forecast period. Workers' Compensation costs in the forecast period are based on projected payments in the Rivelle Consulting Services July 2022 Study.
- ✓ **Other Insurance** – Medical insurance rates for firefighters are assumed to increase by 5% in outer years of the forecast. For staff members, it is projected to grow by 10% annually. This category also includes \$60,000 for unemployment insurance in FY 2022/23.
- ✓ **Medicare** – Annual amounts are calculated at 1.45% of projected salaries.
- **Services and Supplies (S&S)** – S&S is held flat unless a new fire station is built, specific increases have been identified by section managers, or one-time grant proceeds have been received.

Net General Fund Revenue

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

Incremental Increase in General Fund 10% Contingency

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

Transfer to Fund 139 from General Fund Surplus

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

General Fund Surplus/(Deficit)

This figure is equal to the Net General Fund Revenue less the incremental increase in the General Fund 10% Contingency and the transfer out to Fund 139. In years when there is a surplus, unless an exception is triggered, 50% is transferred to the CIP funds and 50% is used to paydown unfunded liabilities as outlined in the Financial Stability Budget Policy. In years when there is a deficit, the deficit amount must be drawn from the 10% Contingency, and once those are exhausted, from fund balance for CIP.

Capital Improvement Program/Other Funds Revenue

- **Interest Earnings** – Assumes an average annual return of 1.375% for FY 2022/23, 2.50% for FY 2023/24, 4.00% for FY 2024/25, 3.50% for FY 2025/26, and 2.50% thereafter.
- **State/Federal Reimbursement** – The forecast assumes no State/Federal reimbursement revenue in the forecast period.
- **Cash Contracts** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments.
- **Developer Contributions** – The forecast assumes we will receive developer contributions to fund fire stations and vehicles in all years through FY 2026/27.

- ***Workers' Compensation Transfer*** – These amounts equal the General Fund Workers' Compensation budget.
- ***Fund 139 Transfer*** – These amounts are transferred from the General Fund to pay for various expenditures required under the City of Irvine Settlement Agreement.
- ***Operating Transfer In*** – This figure equals the Operating Transfer Out from the General Fund.

Capital Improvement Program/Other Funds Expenditures

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

- ***Irvine Settlement (Fund 139)*** – Budgeted expenditures in Fund 139 are based on the City of Irvine Settlement Agreement.
- ***Structural Fire Fund Entitlement (Fund 171)*** – The forecast period assumes no Structural Fire Fund Entitlement expenditures beyond FY 2022/23.
- ***Self-Insurance Fund (Fund 190)*** – Self-Insurance Fund expenditures are based on projected payments in the Rivelle Consulting Services July 2022 Workers' Compensation Actuarial Study.

Fund Balances

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

Assigned Fund Balances

- ***Irvine Settlement (Fund 139)*** – Funding is set aside for City of Irvine Settlement Agreement costs, including the 115 Trust.
- ***Self-Insurance Fund (Fund 190)*** – Funding is set aside for Workers' Compensation outstanding claims at the 50% confidence level per Board policy. The required amount is based on the actuarial report for Estimated Outstanding Losses as of the last full fiscal year prior to report issuance. The required funding levels are maintained by retaining funds in fund balance that reflect the difference between the workers' compensation transfer and Fund 190 expenditures.
- ***Capital Improvement Program*** – This fund balance includes funding for future capital replacements and is reduced annually by the cost of capital assets and increased in years when there are Operating Transfers into the CIP.