



ORANGE COUNTY FIRE AUTHORITY AGENDA

Budget and Finance Committee Regular Meeting

Wednesday, April 12, 2023

12:00 Noon

Regional Fire Operations and Training Center

Classroom 1

1 Fire Authority Road

Irvine, California 92602

Committee Members

John O'Neill, Chair • Troy Bourne, Vice Chair

Shelley Hasselbrink • Gene Hernandez • Austin Lumbard

Vince Rossini • John Gabbard • Nitesh Patel • Chi Charlie Nguyen

Jennifer Cervantez, Ex Officio

NOTICE REGARDING PUBLIC ACCESS AND PARTICIPATION

This meeting is open to the public. Committee members will participate in person. There are several alternative ways to make comments including:

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

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

If you wish to speak, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority prior to item being considered. Speaker Forms are available at the entryway of meeting location.

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.

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> under Board & Committee Agendas/Minutes.



In compliance with the Americans with Disabilities Act and [Board of Directors policy](#), if you need reasonable accommodations to participate in this meeting, please complete the [ADA Reasonable Accommodation Form](#) available on the Agency's website and email to COA@ocfa.org, or you may contact the Clerk of the Authority at (714) 573-6040 during regular business hours to submit your request orally. Please notify us at least 48 hours prior to the meeting to enable the Authority to make reasonable arrangements to assure accessibility to the meeting.

CALL TO ORDER - Chair O'Neill

PLEDGE OF ALLEGIANCE - Director Hasselbrink

ROLL CALL - Clerk of the Authority

PUBLIC COMMENTS

Please refer to instructions on how to submit a public comment 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 Action:

Approve the Minutes for the March 8, 2023, Regular Meeting as submitted.

B. Monthly Investment Reports

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

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of April 27, 2023, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

C. Designation and Appointment of Interim Auditor for the Orange County Fire Authority

Submitted by: Lori Zeller, Deputy Chief/Administration & Support Bureau and Robert Cortez, Assistant Chief/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of April 27, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors adopt the submitted resolution appointing

OCFA's Assistant Chief of Business Services, Robert C. Cortez, as interim auditor for the Orange County Fire Authority until the Finance Division Manager position is filled.

3. DISCUSSION CALENDAR

A. Communication with Auditors for Fiscal Year 2022/23 Financial Audit

Submitted by: Robert C. Cortez, Assistant Chief/Business Services Department, Julie Nemes, Finance Manager/Auditor/Business Services Department, and Bryan Gruber & Ryan Domino, Partners/ Lance, Soll & Lunghard, LLP

Recommended Action:

Receive and file the report.

B. Fiscal Year 2021/22 Backfill/Overtime and Calendar Year 2022 Total Earnings/Compensation Analysis

Submitted by: Robert C. Cortez, Assistant Chief/Business Services Department and Julie Nemes, Finance Division Manager/Auditor/Business Services Department

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of April 27, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Direct staff to continue pursuing reductions in overtime by filling vacant positions as quickly as possible after the positions become vacant.
2. Authorize staff to temporarily exceed the number of authorized dispatcher positions on the Master Position Control to maximize the number of dispatchers hired into each academy, pending attrition/retirements/promotions that will occur.
3. Direct staff to continue using overtime to fill shifts which are temporarily vacant rather than hiring additional personnel, recognizing this as a cost-effective practice for temporary needs.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, May 10, 2023, at 12:00 noon.

AFFIDAVIT OF POSTING

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

Maria D. Huizar, CMC
Clerk of the Authority

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

- Monthly Investment Report
- 3rd Quarter Financial Newsletter
- 3rd Quarter Purchasing Report
- Review of FY2023/24 Proposed Budget
- ABH Reimbursement Rates
- Discussion & Draft Policy Review: Prefunding of CIP Projects

UPCOMING MEETINGS:

Executive Committee

Thursday, April 27, 2023, 5:30 p.m.

Board of Directors

Thursday, April 27, 2023, 6:00 p.m.

Human Resources Committee

Tuesday, May 2, 2023, 12 noon

Operations Committee

Tuesday, May 9, 2023, 12 noon

Budget and Finance Committee

Wednesday, May 10, 2023, 12 noon

Executive Committee

Thursday, May 25, 2023, 5:30 p.m.

Board of Directors

Thursday, May 25, 2023, 6:00 p.m.

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Regular Meeting

Wednesday, March 8, 2023

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 March 8, 2023, at 12:00 p.m. by Chair O'Neill.

PLEDGE OF ALLEGIANCE

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

ROLL CALL – Clerk of the Authority

Present: John O'Neill, Garden Grove, Chair
Troy Bourne, San Juan Capistrano, Vice Chair
Shelley Hasselbrink, Los Alamitos
Gene Hernandez, Yorba Linda
Chi Charlie Nguyen, Westminster
Nitesh Patel, La Palma

Absent: John Gabbard, Dana Point
Austin Lumbard, Tustin
Vince Rossini, Villa Park

Staff present were:

Deputy Chief Lori Zeller
Assistant Chief Lori Smith
Ex-Officio Member Jennifer Cervantez
Clerk of the Authority Maria D. Huizar

Assistant Chief Jim Ruane
Assistant Chief Rob Capobianco
Assistant Chief Stephanie Holloman
General Counsel David Kendig

PUBLIC COMMENTS

Chair O'Neill opened the Public Comments portion of the meeting, and with no comments from the general public closed the Public Comments portion of the meeting.

1. PRESENTATION

No items.

2. CONSENT CALENDAR

On motion of Director Hernandez and second by Director Patel, and following a roll call vote, approved 6-0 Agenda Item Nos. 2A-2B (Directors Gabbard, Lumbard, and Rossini absent).

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

Action: Approve the Minutes for the February 8, 2023, Regular Meeting as submitted.

B. Monthly Investment Reports (FILE 11.10D2)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of March 23, 2023, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

3. DISCUSSION CALENDAR

A. FY 2022-23 Mid-Year Budget Adjustment (FILE 15.04)

Deputy Chief Lori Zeller presented the FY 2022-23 Mid-Year Budget Adjustment.

On motion of Director Hernandez and second by Director Hasselbrink, and following a roll call vote, approved 6-0 (Directors Gabbard, Lumbard, and Rossini absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 23, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Authorize the proposed mid-year budget adjustments and transfers as detailed in this report and attachments.
2. Amend the Master Position Control list to add one Wildland Resource Technician funded with CalFire Gray Book revenue.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

None.

ADJOURNMENT – Chair O'Neill adjourned the meeting at 12:07 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, April 12, 2023, at 12:00 p.m.

Maria D. Huizar, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
April 12, 2023

Agenda Item No. 2B
Consent 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	james@slobojan@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 April 27, 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

Attached is the final monthly investment report for the month ended February 28, 2023. A preliminary investment report as of March 24, 2023, is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – February 2023/Preliminary Report – March 2023

Orange County Fire Authority Monthly Investment Report



Final Report – February 2023

Preliminary Report – March 2023



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Orange County Fire Authority

Final Investment Report

February 28, 2023



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of February 2023, the size of the portfolio decreased by approximately \$24 million to \$204.2 million. Receipts for the month totaled approximately \$9.5 million. Significant receipts included property tax apportionment payments totaling approximately \$1.6 million, cash contract payments totaling nearly \$6 million, and various grant reimbursement payments and charges for current services totaling \$1.9 million. Total February cash outflows amounted to approximately \$34.7 million. Significant disbursements for the month included two biweekly payrolls and related benefits totaling approximately \$30 million. The portfolio's balance is expected to increase in March.

In February, the portfolio's yield to maturity (365-day equivalent) decreased by 1 basis point to 2.43%. The effective rate of return decreased by 5 basis points to 2.42% for the month, while the average maturity of the portfolio remained at 29 days to maturity.

Economic News

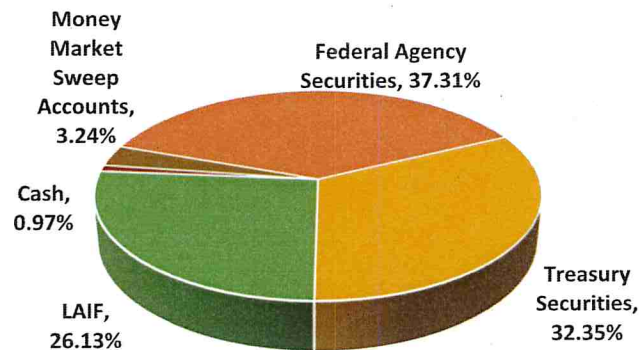
Employment conditions continued to outperform expectations; nonfarm payroll employment rose by 311,000 in February, stronger than expected. The unemployment rate rose slightly to 3.6%, showing little movement over the past 12 months. Notable job gains were led by leisure and hospitality, retail, government, and health care. Retail sales fell 0.4% in February from the previous month. February's decline was led by motor vehicle purchases, followed by furniture store sales, and then clothing outlets. U.S. Consumer confidence decreased in February for the second consecutive month, an indication that consumers may be showing early signs of pulling back on spending as prices remain high and interest rates continue to rise.

The Producer Price Index (PPI), which measures the prices paid by wholesalers, increased 4.6% for the year while prices unexpectedly dipped 0.1% for the month of February. Much of the decline was attributed to the steep drop in the price of eggs. 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 February and 6% compared to last year, in line with expectations though remaining higher than the Federal Reserve's 2% target. Shelter costs accounted for over 70% of the monthly increase followed by food, recreation, and household furnishings. Sales of previously owned homes rose 14.5% in February compared with January, marking the first monthly gain in 12 months. Higher mortgage rates have weighed on home prices and, for the first time since 2012, a record 131 consecutive months, median home prices were lower on a year-over-year comparison. After raising the Federal Funds rate at its February 1 meeting by 0.25%, the Federal Reserve next met on March 22, 2023, and raised the Federal Funds rate by 0.25% to a target range of 4.75% - 5.00%. While expressing caution about the recent developments in the banking sector, the Federal Reserve commented that they forecast just one more rate hike in 2023; there are six meetings left in 2023. They will meet next on May 3, 2023.

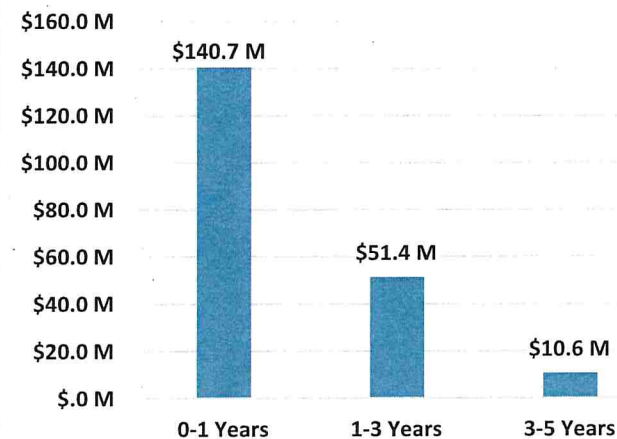


OCFA'S PORTFOLIO HAS AMPLE LIQUIDITY AS OF FEBRUARY 28, 2023

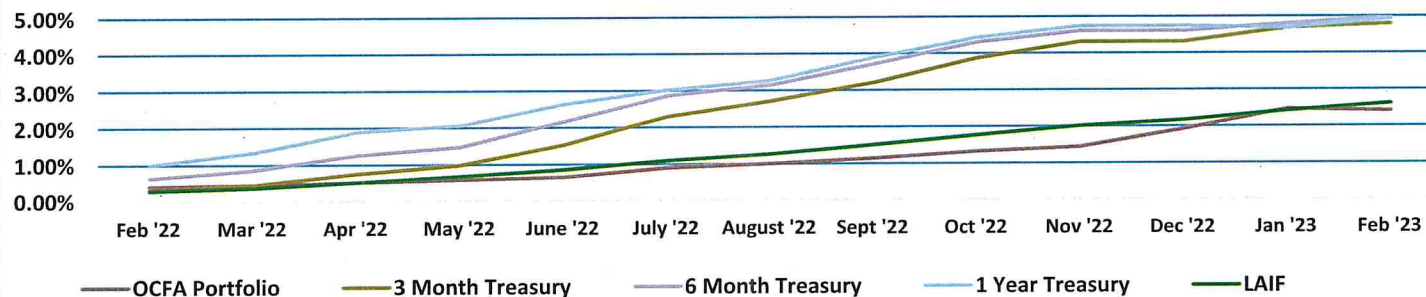
Market Value \$202,791,784



Aging Summary



12 Month Benchmarks





BENCHMARK COMPARISON AS OF FEBRUARY 28, 2023

3 Month T-Bill: 4.79%

1 Year T-Bill: 4.93%

6 Month T-Bill: 4.97%

LAIF: 2.62%

OCFA Portfolio: 2.42%

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>	\$204,250,187	\$228,239,936	\$143,937,194
<i>Yield to Maturity (365 day)</i>	2.43%	2.44%	0.42%
<i>Effective Rate of Return</i>	2.42%	2.47%	0.41%
<i>Days to Maturity</i>	29	29	21



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
February 28, 2023

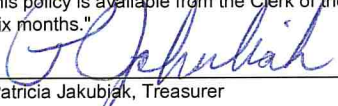
Orange County Fire Authority
 1 Fire Authority Road
 Irvine, CA 92602
 (714)573-6301

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	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	6,561,896.16	6,561,896.16	6,561,896.16	3.16	1	1	4.122	4.179
Federal Agency Coupon Securities	81,450,000.00	75,663,589.15	81,451,504.95	39.23	1,318	34	0.552	0.559
Treasury Coupon Securities	14,000,000.00	13,963,180.00	13,970,739.41	6.73	99	30	3.995	4.050
Treasury Discounts -Amortizing	52,000,000.00	51,634,180.00	51,647,780.01	24.87	99	55	4.439	4.500
Local Agency Investment Funds	54,000,000.00	52,995,019.93	54,000,000.00	26.01	1	1	2.588	2.624
	208,011,896.16	200,817,865.24	207,631,920.53	100.00%	549	29	2.393	2.426
Investments								
Cash and Accrued Interest								
Passbook/Checking	1,926,034.16	1,926,034.16	1,926,034.16		1	1	0.000	0.000
(not included in yield calculations)								
Accrued Interest at Purchase		47,884.62	47,884.62					
Subtotal		1,973,918.78	1,973,918.78					
Total Cash and Investments	209,937,930.32	202,791,784.02	209,605,839.31		549	29	2.393	2.426

Total Earnings	February 28 Month Ending	Fiscal Year To Date
Current Year	397,618.14	1,982,110.46
Average Daily Balance	214,333,926.05	178,968,953.94
Effective Rate of Return	2.42%	1.66%

"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, 2023. 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)	\$ 209,605,839.31
GASB 31 Adjustment to Books (See Note 3 on page 10)	\$ (5,355,652.25)
Total	\$ 204,250,187.06

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
February 28, 2023

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 Mat./Call	Days to Maturity	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS1042	1042	US Bank - Treasury Obligations			1,554,474.79	1,554,474.79	1,554,474.79	4.433	4.433	1	
SYS528	528	MUFG Treasury Obligations		07/01/2022	5,007,421.37	5,007,421.37	5,007,421.37	4.100	4.100	1	
Subtotal and Average			6,824,492.85		6,561,896.16	6,561,896.16	6,561,896.16		4.179	1	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank (Continuous Call)		12/23/2020	14,000,000.00	13,601,000.00	14,000,000.00	0.190	0.190	0	09/22/2023
3133EMWH1	1030	Federal Farm Credit Bank (Callable 3/21/2023)		04/22/2021	3,000,000.00	2,739,390.00	3,001,504.95	0.710	0.661	20	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	10,951,680.00	12,000,000.00	0.720	0.720	0	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank (Callable 3/30/2023)		03/30/2021	8,000,000.00	7,435,680.00	8,000,000.00	0.550	0.550	29	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank (Callable 4/08/2023)		04/22/2021	9,435,000.00	8,938,530.30	9,435,000.00	0.375	0.375	38	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank (Callable 4/23/2023)		04/23/2021	11,015,000.00	10,206,388.85	11,015,000.00	0.520	0.520	53	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank (Callable 4/29/2023)		04/29/2021	12,000,000.00	10,652,040.00	12,000,000.00	1.000	1.000	59	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank (Callable 5/11/2023)		05/11/2021	12,000,000.00	11,138,880.00	12,000,000.00	0.550	0.550	71	10/11/2024
Subtotal and Average			81,451,535.11		81,450,000.00	75,663,589.15	81,451,504.95		0.559	34	
Federal Agency Disc. -Amortizing											
Subtotal and Average			999,943.89								
Treasury Coupon Securities											
912828Q29	1065	Treasury Note		12/22/2022	14,000,000.00	13,963,180.00	13,970,739.41	1.500	4.050	30	03/31/2023
Subtotal and Average			13,957,572.14		14,000,000.00	13,963,180.00	13,970,739.41		4.050	30	
Treasury Discounts -Amortizing											
912796YU7	1063	US Treasury Bill		12/22/2022	14,000,000.00	13,925,380.00	13,932,776.67	4.020	4.185	43	04/13/2023
912796YB9	1066	US Treasury Bill		01/05/2023	12,000,000.00	11,998,560.00	11,998,603.33	4.190	4.335	1	03/02/2023
912796ZE2	1067	US Treasury Bill		01/19/2023	12,000,000.00	11,889,720.00	11,893,500.00	4.500	4.692	71	05/11/2023
912796ZP7	1068	US Treasury Bill		02/16/2023	14,000,000.00	13,820,520.00	13,822,900.01	4.600	4.797	99	06/08/2023
Subtotal and Average			51,671,810.63		52,000,000.00	51,634,180.00	51,647,780.01		4.500	55	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			54,000,000.00	52,995,019.93	54,000,000.00	2.624	2.624	1	
Subtotal and Average			59,428,571.43		54,000,000.00	52,995,019.93	54,000,000.00		2.624	1	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
February 28, 2023

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	1,906,034.16	1,906,034.16	1,906,034.16		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		<u>47,884.62</u>	<u>47,884.62</u>			1
				Subtotal		<u>1,973,918.78</u>	<u>1,973,918.78</u>			
Total Cash and Investments			214,333,926.05		209,937,930.32	202,791,784.02	209,605,839.31		2.426	29

Orange County Fire Authority

In Service of Others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of March 1, 2023

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	(03/01/2023 - 03/01/2023)	5 Maturities	0 Payments	62,487,930.32	30.33%	62,487,930.32	61,482,950.25
Aging Interval: 1 - 30 days	(03/02/2023 - 03/31/2023)	2 Maturities	0 Payments	26,000,000.00	12.81%	25,969,342.74	25,961,740.00
Aging Interval: 31 - 60 days	(04/01/2023 - 04/30/2023)	1 Maturities	0 Payments	14,000,000.00	6.87%	13,932,776.67	13,925,380.00
Aging Interval: 61 - 90 days	(05/01/2023 - 05/30/2023)	1 Maturities	0 Payments	12,000,000.00	5.86%	11,893,500.00	11,889,720.00
Aging Interval: 91 - 120 days	(05/31/2023 - 06/29/2023)	1 Maturities	0 Payments	14,000,000.00	6.82%	13,822,900.01	13,820,520.00
Aging Interval: 121 - 365 days	(06/30/2023 - 02/29/2024)	1 Maturities	0 Payments	14,000,000.00	6.71%	14,000,000.00	13,601,000.00
Aging Interval: 366 - 1095 days	(03/01/2024 - 02/28/2026)	6 Maturities	0 Payments	55,450,000.00	25.36%	55,451,504.95	51,410,549.15
Aging Interval: 1096 days and after	(03/01/2026 -)	1 Maturities	0 Payments	12,000,000.00	5.25%	12,000,000.00	10,652,040.00
Total for		18 Investments	0 Payments		100.00	209,557,954.69	202,743,899.40



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 February 28, 2023, OCFA has \$54,000,000 invested in LAIF. The fair value of OCFA's LAIF investment is calculated using a participant fair value factor provided by LAIF on a quarterly basis. The fair value factor as of December 31, 2022 is .981389258. When applied to OCFA's LAIF investment, the fair value is \$52,995,019.93 or \$1,004,980.07 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 February 28, 2023 is included on the following page.



Orange County Fire Authority

Preliminary Investment Report

March 24, 2023



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
March 24, 2023

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	21,230,208.48	21,230,208.48	21,230,208.48	9.51	1	1	4.071	4.127
Federal Agency Coupon Securities	81,450,000.00	76,946,100.50	81,451,458.04	36.48	1,318	21	0.558	0.566
Federal Agency Disc. -Amortizing	12,000,000.00	11,866,560.00	11,857,451.56	5.31	112	89	4.946	5.014
Treasury Coupon Securities	14,000,000.00	13,995,940.00	13,994,147.88	6.27	99	6	3.995	4.050
Treasury Discounts -Amortizing	40,000,000.00	39,785,360.00	39,765,630.01	17.81	112	47	4.488	4.550
Local Agency Investment Funds	55,000,000.00	53,976,409.19	55,000,000.00	24.63	1	1	2.588	2.624
	223,680,208.48	217,800,578.17	223,298,895.97	100.00%	513	22	2.540	2.576
Investments								
Cash and Accrued Interest								
Passbook/Checking	785,883.87	785,883.87	785,883.87		1	1	0.000	0.000
(not included in yield calculations)								
Accrued Interest at Purchase		47,884.62	47,884.62					
Subtotal		833,768.49	833,768.49					
Total Cash and Investments	224,466,092.35	218,634,346.66	224,132,664.46		513	22	2.540	2.576

Total Earnings	March 24 Month Ending	Fiscal Year To Date
Current Year	347,779.26	2,329,889.72
Average Daily Balance	212,625,786.05	181,994,287.17
Effective Rate of Return	2.49%	1.75%

"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, 2023. 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)	\$ 224,132,664.46
GASB 31 Adjustment to Books (See Note 3 on page 19)	\$ (5,355,652.25)
Total	\$ 218,777,012.21

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
March 24, 2023

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/Call 365 Mat./Call	Days to Mat./Call	Maturity Date
Money Mkt Mutual Funds/Cash											
SYS1042	1042	US Bank - Treasury Obligations			1,752,069.08	1,752,069.08	1,752,069.08	4.433	4.433	1	
SYS528	528	MUFG Treasury Obligations		07/01/2022	19,478,139.40	19,478,139.40	19,478,139.40	4.100	4.100	1	
Subtotal and Average			17,843,371.26		21,230,208.48	21,230,208.48	21,230,208.48		4.127	1	
Federal Agency Coupon Securities											
3133EMLE0	1020	Federal Farm Credit Bank		12/23/2020	14,000,000.00	13,689,060.00	14,000,000.00	0.190	0.230	7	09/22/2023
3133EMWH1	1030	Federal Farm Credit Bank		04/22/2021	3,000,000.00	2,800,290.00	3,001,458.04	0.710	0.663	27	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank		04/28/2021	12,000,000.00	11,197,080.00	12,000,000.00	0.720	0.720	7	04/28/2025
3130ALNY6	1025	Fed Home Loan Bank		03/30/2021	8,000,000.00	7,560,640.00	8,000,000.00	0.550	0.550	5	09/30/2024
3130ALTJ3	1029	Fed Home Loan Bank		04/22/2021	9,435,000.00	9,047,787.60	9,435,000.00	0.375	0.375	14	04/08/2024
3130ALVR2	1031	Fed Home Loan Bank		04/23/2021	11,015,000.00	10,385,602.90	11,015,000.00	0.520	0.520	29	10/23/2024
3130AM6P2	1034	Fed Home Loan Bank		04/29/2021	12,000,000.00	10,935,600.00	12,000,000.00	1.000	1.000	35	04/29/2026
3130AM6H0	1035	Fed Home Loan Bank		05/11/2021	12,000,000.00	11,330,040.00	12,000,000.00	0.550	0.550	47	10/11/2024
Subtotal and Average			81,451,480.52		81,450,000.00	76,946,100.50	81,451,458.04		0.566	21	
Federal Agency Disc. -Amortizing											
313384HE2	1070	Fed Home Loan Bank		03/02/2023	12,000,000.00	11,866,560.00	11,857,451.56	4.805	5.014	89	06/22/2023
Subtotal and Average			11,346,506.83		12,000,000.00	11,866,560.00	11,857,451.56		5.014	89	
Treasury Coupon Securities											
912828Q29	1065	Treasury Note		12/22/2022	14,000,000.00	13,995,940.00	13,994,147.88	1.500	4.050	6	03/31/2023
Subtotal and Average			13,982,931.32		14,000,000.00	13,995,940.00	13,994,147.88		4.050	6	
Treasury Discounts -Amortizing											
912796YU7	1063	US Treasury Bill		12/22/2022	14,000,000.00	13,977,040.00	13,970,296.67	4.020	4.185	19	04/13/2023
912796ZE2	1067	US Treasury Bill		01/19/2023	12,000,000.00	11,937,120.00	11,929,500.00	4.500	4.692	47	05/11/2023
912796ZP7	1068	US Treasury Bill		02/16/2023	14,000,000.00	13,871,200.00	13,865,833.34	4.600	4.797	75	06/08/2023
Subtotal and Average			40,209,829.46		40,000,000.00	39,785,360.00	39,765,630.01		4.550	47	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			55,000,000.00	53,976,409.19	55,000,000.00	2.624	2.624	1	
Subtotal and Average			47,791,666.67		55,000,000.00	53,976,409.19	55,000,000.00		2.624	1	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Cash
March 24, 2023

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	765,883.87	765,883.87	765,883.87		0.000	1
Average Balance			0.00	Accrued Interest at Purchase		<u>47,884.62</u>	<u>47,884.62</u>			1
				Subtotal		<u>833,768.49</u>	<u>833,768.49</u>			
Total Cash and Investments			212,625,786.05		224,466,092.35	218,634,346.66	224,132,664.46		2.576	22

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of March 25, 2023

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	(03/25/2023 - 03/25/2023)	5 Maturities	0 Payments	77,016,092.35	34.77%	77,016,092.35	75,992,501.54
Aging Interval:	1 - 30 days	(03/26/2023 - 04/24/2023)	2 Maturities	0 Payments	28,000,000.00	12.80%	27,964,444.55	27,972,980.00
Aging Interval:	31 - 60 days	(04/25/2023 - 05/24/2023)	1 Maturities	0 Payments	12,000,000.00	5.46%	11,929,500.00	11,937,120.00
Aging Interval:	61 - 90 days	(05/25/2023 - 06/23/2023)	2 Maturities	0 Payments	26,000,000.00	11.77%	25,723,284.90	25,737,760.00
Aging Interval:	91 - 120 days	(06/24/2023 - 07/23/2023)	0 Maturities	0 Payments	0.00	0.00%	0.00	0.00
Aging Interval:	121 - 365 days	(07/24/2023 - 03/24/2024)	1 Maturities	0 Payments	14,000,000.00	6.26%	14,000,000.00	13,689,060.00
Aging Interval:	366 - 1095 days	(03/25/2024 - 03/24/2026)	6 Maturities	0 Payments	55,450,000.00	23.94%	55,451,458.04	52,321,440.50
Aging Interval:	1096 days and after	(03/25/2026 -)	1 Maturities	0 Payments	12,000,000.00	5.00%	12,000,000.00	10,935,600.00
Total for			18 Investments	0 Payments		100.00	224,084,779.84	218,586,462.04



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 and Finance Committee Meeting
April 12, 2023

Agenda Item No. 2C
Consent Calendar

Designation and Appointment of Interim Auditor
for the Orange County Fire Authority

Contact(s) for Further Information

Lori Zeller, Deputy Chief Administration & Support Bureau	lorizeller@ocfa.org	714.573.6020
Robert C. Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012

Summary

This agenda item is submitted to request the appointment of Assistant Chief of Business Services, Robert C. Cortez as interim auditor for the Orange County Fire Authority (OCFA), pursuant to Article II, Section 13 of the Joint Powers Agreement.

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 April 27, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors adopt the submitted resolution appointing OCFA's Assistant Chief of Business Services, Robert C. Cortez, as interim auditor for the Orange County Fire Authority until the Finance Division Manager position is filled.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Not Applicable.

Background

Julie Nemes, OCFA's Finance Division Manager was appointed as auditor by the OCFA Board on September 26, 2019, as required by California Government Code Section 6505.6 and the OCFA's Joint Powers Agreement. Ms. Nemes has tendered her resignation effective April 14, 2023. Therefore, Assistant Chief Cortez will fulfill the role of Finance Division Manager during a transition period as the OCFA conducts a recruitment to fill this vacancy. Once the position is filled, staff will seek OCFA Board approval to appoint a new auditor.

As is currently the case, Chief Cortez will continue to engage an outside certified public accountant to perform the annual independent audit as required by California Government Code Section 6505.6.

Attachment(s)

Proposed Resolution

RESOLUTION NO. 2023-XX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ORANGE COUNTY FIRE AUTHORITY, ORANGE COUNTY,
CALIFORNIA, APPOINTING AN INTERIM AUDITOR FOR
THE ORANGE COUNTY FIRE AUTHORITY**

WHEREAS, The Orange County Fire Authority was established on March 1, 1995, as a joint powers authority to provide Fire and Emergency Medical Services to the member Cities and unincorporated areas of the County of Orange; and

WHEREAS, State law and the Orange County Fire Authority Joint Powers Agreement require that the Board designate or appoint an auditor to perform the functions as required by Government Code Sections 6505 and 6505.5 including any subsequent amendments thereto.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Board of Directors of the Orange County Fire Authority does hereby appoint OCFA's Assistant Chief/Business Services Department, Robert C. Cortez, as the interim auditor until the Finance Division Manager position is filled, as required by Government Code Section 6505.6.
2. This appointment is effective immediately.
3. Pursuant to the Joint Powers Agreement and Government Code section 6505.1, Mr. Cortez shall file an official bond with the Risk Management Division, the premiums for which shall be an expense of the Authority.

PASSED, APPROVED, and ADOPTED this _____ day of April , 2023.

VINCE ROSSINI, CHAIR
Board of Directors

ATTEST:

MARIA D. HUIZAR, CMC
Clerk of the Authority

APPROVED AS TO FORM:

DAVID E. KENDIG,
General Counsel



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
April 12, 2023

Agenda Item No. 3A
Discussion Calendar

Communication with Auditors for Fiscal Year 2022/23 Financial Audit

Contact(s) for Further Information

Robert C. Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
Julie Nemes, Finance Manager/Auditor Business Services Department	julienemes@ocfa.org	714.573.6304
Bryan Gruber, Partner Lance, Soll & Lunghard, LLP	bryan.gruber@lslcpas.com	714.672.0022
Ryan Domino, Partner Lance, Soll & Lunghard, LLP	ryan.domino@lslcpas.com	714.672.0022

Prior Board/Committee Action

Not Applicable.

Summary

This agenda item is submitted to provide an update to the Budget and Finance / Audit Committee on the Fiscal Year 2022/23 financial audit, including two-way communication between the Committee and the independent financial auditors in accordance with Statements on Auditing Standards (SAS) No. 114.

RECOMMENDED ACTION(S)

Receive and file the report.

Impact to Cities/County

Not Applicable

Fiscal Impact

Not Applicable

Background

The American Institute of Certified Public Accountants (AICPA) issues Statements of Auditing Standards (SAS), which address the guidelines auditors must follow while conducting audits of financial statements. In 2006, the AICPA issued SAS No. 114, The Auditor's Communication with Those Charged with Governance, which requires auditors and "those with power of governance" to engage in two-way communication regarding audit matters. Specific duties of "those with power of governance" (i.e., Board of Directors) may be delegated to a sub-group, such as an audit committee. The OCFA's Budget and Finance Committee serves as the Audit Committee. Two-way communication is needed in order to:

- Communicate the auditors' responsibilities (i.e., scope of the audit);
- Obtain information relevant to the audit;
- Provide timely observations arising from the audit that are relevant to the governing body's responsibilities in overseeing the financial reporting process; and
- Communicate any significant findings in writing.

The required two-way communication regarding audit matters is presented to this Committee via a written SAS No. 114 Auditor Communication Letter (Attachment 1) from OCFA's independent financial auditors Lance, Soll & Lunghard, LLP (LSL). In addition, a representative from the audit engagement team provides a verbal report to the Committee at the beginning of the audit process. LSL is scheduled to begin its Fiscal Year 2022/23 interim audit fieldwork on May 1, 2023. LSL plans to conduct its interim audit fieldwork remotely and will work with OCFA's Finance staff to coordinate that process. The auditors will also present the financial statements to the Committee and Board of Directors at the completion of the audit later this year.

Attachment

SAS No. 114 Auditor Communication Letter from LSL



March 8, 2023

To the Board of Directors
Orange County Fire Authority
Irvine, California

We are engaged to audit the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund, and the aggregate remaining fund information of the Orange County Fire Authority ("OCFA") for the year ended June 30, 2023. In addition, we are engaged to perform the Single Audit for the year ended June 30, 2023. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

**Our Responsibilities under U.S. Generally Accepted Auditing Standards,
Government Auditing Standards and the Uniform Guidance**

As stated in our engagement letter dated March 8, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider OCFA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether OCFA's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about OCFA's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on OCFA's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on OCFA's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis, the required pension schedules, and the required other post-employment benefits (OPEB) schedules which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

www.lslcpas.com



203 N. Brea Blvd, Suite 203
Brea, CA 92821
(714) 672-0022

24422 Avenida de la Carlota, Suite 275
Laguna Hills, CA 92653
(949) 829-8299

1611 E. Fourth Street, Suite 200
Santa Ana, CA 92701
(714) 569-1000

2151 River Plaza Dr., Suite 150
Sacramento, CA 95833
(916) 503-9691

21 Waterway Avenue, Suite 30089
The Woodlands, TX 77380
(936) 828-4587

We have been engaged to report on the combining and individual fund statements and schedules which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The expectation is we will be provided the final version of all documents comprising the annual report, including other information, prior to the date of the auditor's report so that required audit procedures can be completed prior to the issuance of the auditor's report. If obtaining the final version of these documents is not possible prior to the date of the auditor's report, that the documents will be provided as soon as practicable, and that the entity will not issue the annual report prior to providing them to the auditor. The potential implications of providing the documents after the date of the auditor's report, including any actions that may be necessary in the event the auditor concludes that there is a material misstatement.

We have not been engaged to report on the Introductory and Statistical Sections of the Annual Comprehensive Financial Report which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited, and we will not express an opinion or provide any assurance on it.

Planned Scope, Timing of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

A risk assessment is performed as part of our audit planning to design the nature, timing, and extent of further audit procedures. We have not concluded our risk assessment for the year ended June 30, 2023, as of the date of this communication, and additional risks may be identified. The risks of improper revenue recognition due to fraud and management override of internal controls are always considered to be significant risks of material misstatement in an audit according to professional auditing standards and therefore must be considered in our audit plan and approach.

We will include the financial information for Retiree Medical Plan Trust held with the Orange County Employees Retirement System (OCERS) and audited by another CPA firm (the "component auditor"). The component auditors will perform work on the financial information of the Retiree Medical Plan Trust that will be used as audit evidence for our audit opinion.



Page 3

We expect to begin our audit on approximately May 1, 2023 and issue our report on approximately October 6, 2023. Mr. Bryan Gruber, CPA and Mr. Ryan Domino, CPA are the engagement partners and are responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Board of Directors and management of OCFA and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Solt & Lingham, LLP



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
April 12, 2023

Agenda Item No. 3B
Discussion Calendar

Fiscal Year 2021/22 Backfill/Overtime and Calendar Year 2022 Total
Earnings/Compensation Analysis

Contact(s) for Further Information

Robert C. Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
Julie Nemes, Finance Division Manager/Auditor Business Services Department	julienemes@ocfa.org	714.573.6304

Summary

This annual agenda item is submitted to provide an overview and analysis of the Fiscal Year 2021/22 backfill and overtime earnings along with employee total compensation for Calendar Year 2022, and to reaffirm current direction regarding filling vacancies and shifts which are temporarily vacant.

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 April 27, 2023, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Direct staff to continue pursuing reductions in overtime by filling vacant positions as quickly as possible after the positions become vacant.
2. Authorize staff to temporarily exceed the number of authorized dispatcher positions on the Master Position Control to maximize the number of dispatchers hired into each academy, pending attrition/retirements/promotions that will occur.
3. Direct staff to continue using overtime to fill shifts which are temporarily vacant rather than hiring additional personnel, recognizing this as a cost-effective practice for temporary needs.

Impact to Cities/County

Not Applicable.

Fiscal Impact

Backfill/overtime costs are included in the annual budget.

Background

See extended background.

Attachment(s)

1. 2022 Average Overtime Shifts Compared to 2021 (Safety/Firefighter Ranks)
2. 2022 Average Overtime Shifts Compared to 2021 (Non-Safety/Dispatchers)
3. Frequently Asked Questions & Responses
4. Fiscal Year 2021/22 Backfill/Overtime & Calendar Year 2022 Total Earnings/Compensation Analysis (PowerPoint Slides)

Background

The OCFA's General Fund budget (excluding Fund 12110 – CIP) consists primarily of labor costs, with approximately 87.9% of final Fiscal Year (FY) 2021/22 expenditures allocated to salaries and employee benefits. For FY 2021/22, final backfill/overtime expenditures were \$69,761,136 or 15.5% of total salary and employee benefit costs. This percentage has trended down slightly for the past three fiscal years, from 17.5% in FY 2018/19, 17.0% in FY 2019/20, and 16.4% in FY 2020/21. The primary factors driving OCFA's backfill/overtime costs are:

- OCFA's Constant Staffing Policy - \$54.0M
- Major Emergency Incident Response - \$6.2M
- Training Requirements - \$5.4M
- Discretionary - \$4.2M

Backfill and overtime costs can either be non-discretionary or discretionary, as explained in the following paragraphs.

Constant Staffing Backfill/Overtime (Non-Discretionary)

The OCFA maintains constant staffing levels, which means that every day, all authorized Operations post-positions are staffed. Constant staffing enables delivery of emergency services 24-hours per day, 7-days per week. A post-position is a seat on a fire or Emergency Medical Services (EMS) response unit (including engines, trucks, and paramedic vehicles) that must be filled to meet the staffing requirements of that unit.

- Backfill occurs when there is a vacancy in a position that requires constant staffing and another employee works overtime to fill the vacancy. Examples include:
 - Positions temporarily vacant, due to personnel on leave (sick, vacation, jury duty, military leave, bereavement, workers' compensation, etc.)
 - Positions temporarily vacant due to COVID-19 protocols (sick, exposure, etc.)
 - Positions vacant as a result of retirements, promotions, or the addition of new positions to staff a new station or convert Basic Life Support engines to Advance Life Support engines, pending recruitments to fill the positions
 - Positions temporarily vacant, due to personnel responding to major in/out-of-county emergency incidents
- Overtime is used for work performed above and beyond the constant staffing requirements. Examples include strike teams, overhead assignments, or emergency incidents, either in or out-of-county, and mandatory training classes that occur on a day other than the employee's regularly assigned shift.

Major Emergency Incident Response (Non-Discretionary)

Another form of non-discretionary overtime incurred by OCFA is for major emergency incident response. OCFA responds to emergency incidents at the request of surrounding fire agencies (Mutual Aid), California Department of Forestry (CAL FIRE), Cleveland National Forest Service (CNF), and the California Office of Emergency Services (Cal OES). Backfill/overtime costs for responding to major emergency incidents in FY 2021/22 totaled \$6.2 million and represented approximately 8.9% of total backfill/overtime expenditures. Historically, 75-100% of emergency related incident response costs are reimbursed.

For FY 2021/22, the total claims submitted for emergency incident costs were \$14.4M, which includes personnel time (both regular and overtime), equipment, services, and supplies. Out of 86

Assistance by Hire (ABH) claims, OCFA has received reimbursement on 82 claims at a reimbursement rate of 100%, amounting to \$13.2M. The remaining four claims are continuing through the normal review and approval process for reimbursement. For FEMA Federal Management Assistance Grant (FMAG) claims, FEMA will reimburse up to 75% of the amount claimed. In FY 2021/22, OCFA submitted one FMAG claim for the Coastal Fire in the amount of \$1.1M, which is currently progressing through the normal FEMA review process.

Backfill/Overtime costs for constant staffing and major emergency incident response are considered non-discretionary and represent 86.3% of FY 2021/22 Backfill/Overtime costs.

Training Requirements (Discretionary & Non-Discretionary)

OCFA incurs additional backfill/overtime costs related to various training requirements for suppression personnel. Examples include mandatory training requirements for federal, state, and local programs including Urban Search and Rescue (US&R), Airport Rescue Firefighting (ARFF), Weapons of Mass Destruction (WMD), and Incident Command (IC). Additionally, the OCFA historically incurs overtime and backfill costs to provide training academies for new and/or promoted dispatchers, firefighters, engineers, captains, battalion chiefs, and reserve firefighters. Backfill/overtime costs as a result of training activities in FY 2021/22 totaled \$5.4 million and represented 7.8% of the total backfill/overtime expenditures.

Backfill/Overtime/Discretionary

For FY 2021/22, total discretionary backfill/overtime was \$4.2 million or 6.0% and is attributable to the following:

- Employees staffing special events, participating on project teams, and Fire Cadet Program activities.
- Information systems including the Geographic Information System (GIS), automotive, communications services, and fire prevention personnel requested to work outside their normal work schedule.

Regular vs. Overtime Analysis

When OCFA has a need to fill firefighter shifts that are only vacant on a temporary basis, backfill/overtime continues to be more cost effective than hiring a full-time benefited employee for filling these temporary vacancies such as those that occur when employees are off on sick-leave or when employees are responding to out-of-county incidents. That said, it is **not** OCFA's intent to use overtime as a cost-savings measure when positions are vacant due to retirements/promotions. Instead, OCFA seeks to fill those vacant positions as quickly as possible through new recruitment academies and promotional academies.

Filling Vacant Positions

To help reduce the number of vacancies that are open pending hiring and promotions, OCFA has conducted, and plans to conduct, the following academies:

Academies in FY 2022/23

1 Firefighter Academy
1 Firefighter/Paramedic Blended Academy
2 Fire Apparatus Engineer Academies
2 Fire Captain Academies
1 Battalion Chief Academy

Academies planned for FY 2023/24

2 Firefighter Academies
2 Fire Apparatus Engineer Academies
2 Fire Captain Academies
1 Battalion Chief Academy

OCFA reached full staffing at the firefighter rank¹ immediately following Firefighter Academy 55 and 56's graduations. However, these staffing gains at the firefighter rank were short term due to Fire Apparatus Engineer and Fire Captain Academies that followed soon after. OCFA recently completed Firefighter Academy 56 in December 2022 and is currently running Firefighter/Paramedic Blended Academy 57 which began in February 2023. Firefighter vacancies have continued to accumulate as firefighters are promoted into the engineer and captain ranks, and as retirement activity occurs among all ranks. As a result, the Board approved at its April 28th, 2022, Board meeting, continued and ongoing authorization for the hiring of approximately 50 firefighters per academy for all academies, due to attrition/promotions that will occur during and following academy graduations. This may result in total firefighter positions temporarily exceeding total permanent authorized firefighter positions pending promotions and retirements/other separations. This practice was first authorized by the Board of Directors in FY 2017/18, and it is the key factor which enabled OCFA to match the pace at which we hire new firefighters, to the ongoing pace of promotions and retirements. Currently, we are seeing a slight uptick in the Fire Captain ranks and therefore strategically promoting Fire Captains from the eligibility list so as to minimize impacts to the Fire Apparatus Engineer rank. This strategic approach is aiding in the relief of the Fire Apparatus Engineer rank, who have been getting forced over the last few years.

Also, we currently have four dispatcher vacancies plus two dispatchers on extended leave. The vacancies in this position have continued to accumulate quickly. The workload and demands on the OCFA Emergency Command Center (ECC) have continued to increase over time, resulting from an increase in incident volume, incident complexity, and the loss of trained personnel. The ECC is currently experiencing a 9-year record high forced hiring situation. The staffing situation sometimes necessitates employees working 9 shifts beyond their regularly assigned 15 or 16 twelve-hour shifts per month. This level of forced hiring has a direct impact on morale, family/work balance, and the ability to retain trained and qualified employees.

As with most fire service dispatch centers, the staffing situation is complex. Vacancies from personnel attrition and retirements, accrued leave utilization, and workers' compensation add to the force hiring situation at the ECC. As a result, staff is seeking Board authorization to temporarily exceed the number of authorized dispatcher positions by five (5) dispatchers.

Backfill/Overtime Monitoring & Analysis

OCFA finance staff prepares monthly reports to track and monitor backfill/overtime activity. Reports are provided internally to management to show expenditures by section and by cause (reason) so that Operations and support departments can monitor and, if required, adjust activities as needed in their respective areas.

The OCFA also has policies, procedures, and systems in place that monitor and report overtime usage. Due to the long fire season across California and the COVID-19 pandemic, combined with open positions, vacancies, promotions, retirements, and increased workers' compensation cases tied to COVID-19 during CY 2022, the OCFA was required to utilize backfill and overtime to fulfill these needs. The need to *force-hire* employees to work extended hours beyond what they voluntarily desired to work decreased at the firefighter rank, and increased at the captain and engineer rank compared to CY 2021 (Attachments 1 and 2). These numbers are trending down at

¹ Although full staffing was reached at the firefighter rank, continued promotional processes were added to make progress in filling vacancies in the ranks of fire apparatus engineer and fire captain.

the end of 2022. As stated earlier, the OCFA has aggressively been conducting various academies to help reduce the distribution of overtime and impact on employees. OCFA staff has also been working with the Orange County Professional Firefighters Association, Local 3631, to enhance existing policies and make modifications to the Staffing System to reduce the amount of forced overtime.

As discussed in this report, the majority of backfill/overtime incurred by OCFA is non-discretionary and emergency response activity is generally 75-100% reimbursable. The small portion of overtime considered discretionary (6.0% of total backfill/overtime expenditures) is carefully managed and closely monitored.

Total Employee Compensation Reporting

OCFA is directed by the California State Controller's Office (SCO) to comply with Government Code 53891 that requires cities, counties, and independent special districts to submit completed financial and compensation reports to the SCO once per year. The SCO provides jurisdictions with a report template that identifies specific compensation pay elements which must be included in the report along with a required report format. Effective in CY 2018, employers were required to only report the normal employer paid retirement costs and not report the Unfunded Actuarial Accrued Liability (UAAL) as part of an individual employee's compensation. Currently, the UAAL comprises 37-54% of the OCERS employer retirement costs. This year's report will be provided to the SCO on or before April 30, 2023, in compliance with the due date.

Compensation Cost Transparency

The Orange County Grand Jury developed their own Compensation Cost Transparency (CCT) model, which has different reporting requirements from the SCO. Annual employee compensation costs are posted and readily available on the OCFA website dating back to CY 2009. Starting with CY 2011, the format of the report follows the CCT model and includes all earnings segregated by base salary, overtime, unused leave payouts, and other/special pay. Employer paid retirement and benefits are also included in the employee compensation report. This year's report will be posted to the OCFA website on or before April 30, 2023, in compliance with the due date.

SAFETY POST POSITIONS

OVERTIME MONTHLY UPDATE

Dec 2022

AVERAGE OVERTIME SHIFTS

Forced Overtime

Voluntary Overtime

Total Overtime



PM/FC

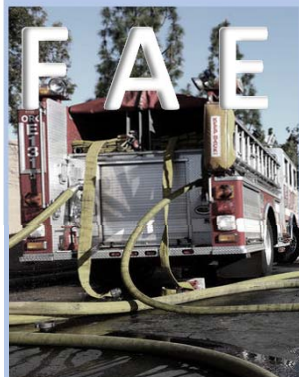
FC

2022 Jan-Jun

Jan '22	3.3	1.7	5.0
Feb '22	2.9	1.7	4.6
Mar '22	2.4	1.9	4.3
Apr '22	1.9	2.2	4.1
May '22	3.4	2.2	5.6
Jun '22	2.8	1.7	4.5

2022 Jul-Dec

Jul '22	2.6	1.8	4.4
Aug '22	1.5	2.1	3.6
Sep '22	1.2	2.6	3.8
Oct '22	1.0	2.6	3.6
Nov '22	0.4	2.6	3.0
Dec '22	0.7	2.8	3.5



PM/FAE

FAE

Jan '22	3.1	2.1	5.2
Feb '22	2.7	2.2	4.9
Mar '22	2.3	2.0	4.3
Apr '22	1.6	2.6	4.2
May '22	2.8	2.5	5.3
Jun '22	2.8	2.1	4.9

Jul '22	2.5	2.4	4.9
Aug '22	1.2	2.7	3.9
Sep '22	1.4	3.0	4.4
Oct '22	0.9	2.4	3.3
Nov '22	0.4	2.8	3.2
Dec '22	0.7	3.2	3.9

Jan '22	2.3	1.8	4.1
Feb '22	2.8	2.5	5.3
Mar '22	1.2	2.0	3.2
Apr '22	1.2	2.1	3.3
May '22	2.9	2.0	4.9
Jun '22	1.9	1.3	3.2

Jul '22	2.4	2.1	4.5
Aug '22	1.9	2.1	4.0
Sep '22	1.4	2.3	3.7
Oct '22	1.5	2.7	4.2
Nov '22	1.4	2.8	4.2
Dec '22	2.1	2.3	4.4

Jan '22	2.4	1.9	4.3
Feb '22	2.2	1.8	4.0
Mar '22	1.3	2.2	3.5
Apr '22	0.9	2.1	3.0
May '22	2.5	2.4	4.9
Jun '22	2.6	1.8	4.4

Jul '22	3.2	1.7	4.9
Aug '22	1.7	2.1	3.8
Sep '22	1.5	2.7	4.2
Oct '22	1.4	2.5	3.9
Nov '22	1.2	2.6	3.8
Dec '22	2.1	2.3	4.4



PM/FF

FF

Jan '22	1.2	2.1	3.3
Feb '22	0.5	2.2	2.7
Mar '22	0.5	2.4	2.9
Apr '22	0.5	2.4	2.9
May '22	1.3	2.6	3.9
Jun '22	0.4	1.9	2.3

Jul '22	0.4	2.2	2.6
Aug '22	0.1	1.8	1.9
Sep '22	0.3	2.2	2.5
Oct '22	0.3	2.1	2.4
Nov '22	0.3	2.1	2.4
Dec '22	0.3	2.2	2.5

Jan '22	0.6	1.9	2.5
Feb '22	0.2	1.5	1.7
Mar '22	0.2	1.5	1.7
Apr '22	0.2	1.6	1.8
May '22	0.7	1.5	2.2
Jun '22	0.1	1.9	2.0

Jul '22	0.1	2.0	2.1
Aug '22	0.1	1.7	1.8
Sep '22	0.5	2.4	2.9
Oct '22	0.3	2.3	2.6
Nov '22	0.2	2.3	2.5
Dec '22	0.1	1.8	1.9

Forced and Voluntary Overtime include shifts of 14+ hours worked only.

Averages are calculated using number of Overtime shifts (14+ hours) divided by the number of employees working 3+ shifts in a month.

Rank indicates the individual working the overtime; does not indicate the position worked.

In work-down situations, the OT is counted to the individual in rank.

Beginning April 2020, the reporting period is realigned to cover actual days of the month (previously based on rolling 29 day periods).

OVERTIME QUARTERLY UPDATE

Dec 2022

AVERAGE OVERTIME SHIFTS

Forced Overtime

Voluntary Overtime

Total Overtime

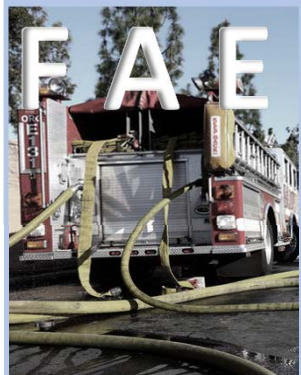
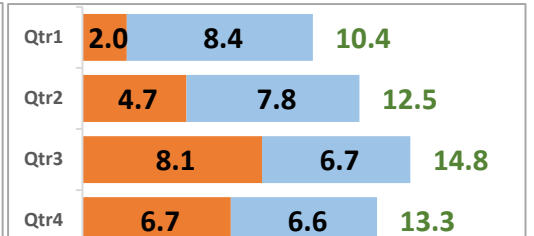
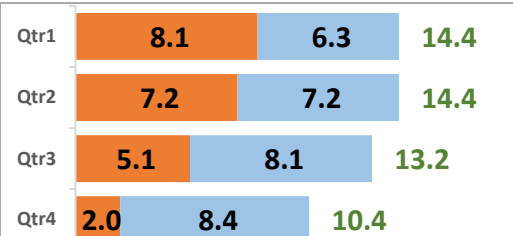
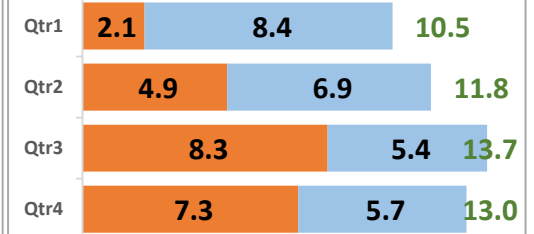


PM/FC

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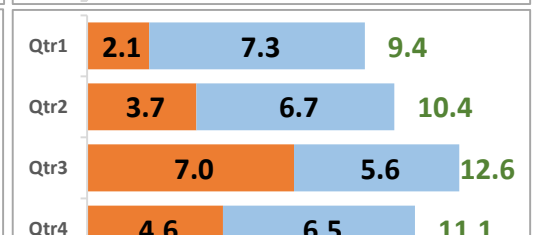
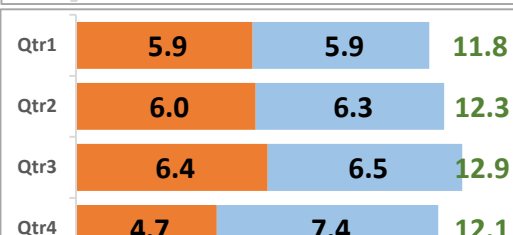
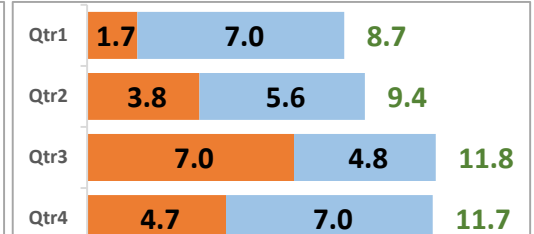
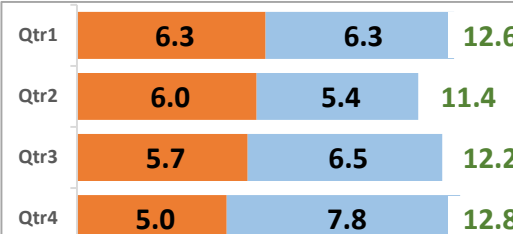
2022

2021



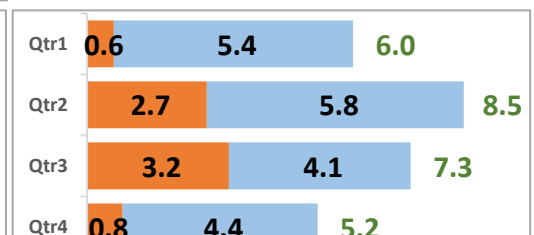
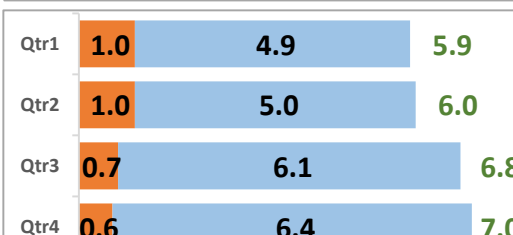
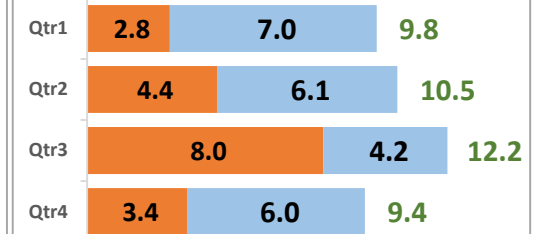
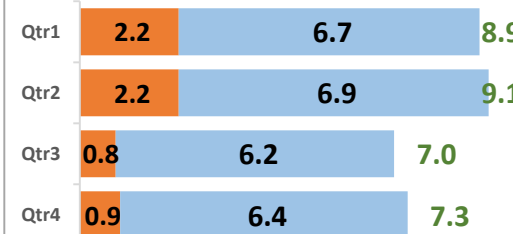
PM/FAE

FAE



PM/FF

FF



Forced and Voluntary Overtime include shifts of 14+ hours worked only.

Averages are calculated using number of Overtime shifts (14+ hours) divided by the number of employees working 9+ shifts for the quarter.

Rank indicates the individual working the overtime; does not indicate the position worked.

In work-down situations, the OT is counted to the individual in rank.

Beginning April 2020, the reporting period is realigned to cover actual days of the month (previously based on rolling 29 day periods).

EMERGENCY COMMAND CENTER

OVERTIME UPDATE

Dec 2022

AVERAGE
OVERTIME SHIFTS

Fire Communications Dispatcher

MONTHLY

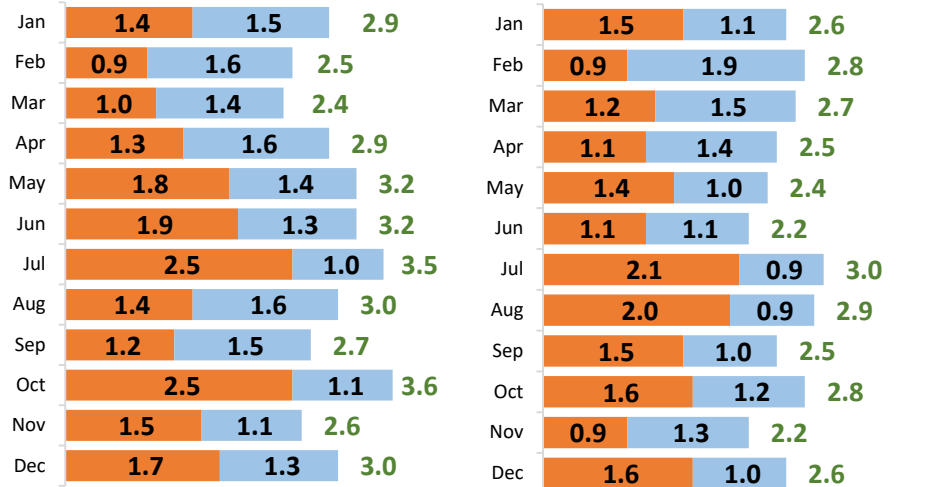
Forced Overtime

Voluntary Overtime

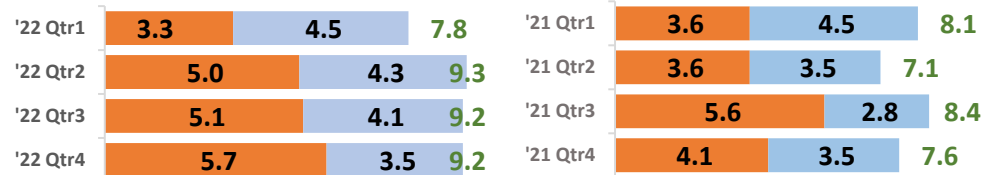
Total Overtime

2022

2021

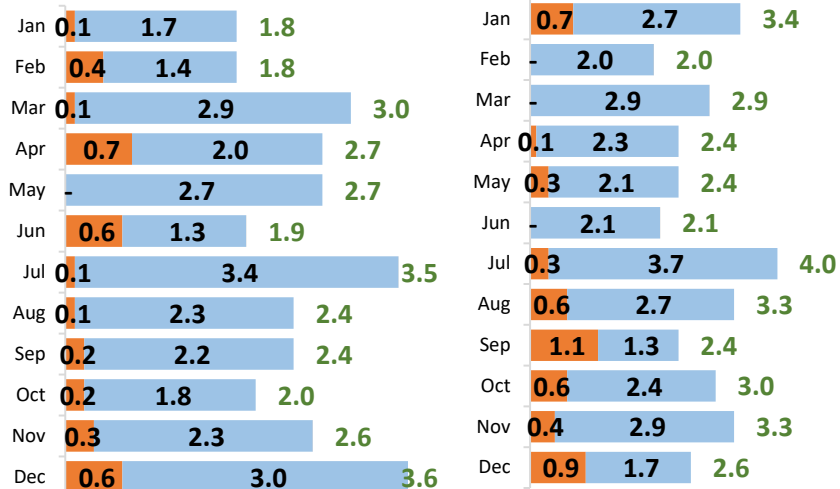


QUARTERLY

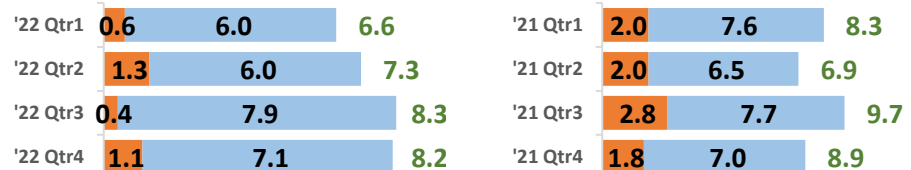


Fire Communications Supervisor

MONTHLY



QUARTERLY



Beginning April 2020, the reporting period is realigned to cover actual days of the month (prev. based on rolling 29 day periods).

FY 2021/22 BACKFILL/OVERTIME ANALYSIS FREQUENTLY ASKED QUESTIONS

1. What is a firefighter's standard work schedule?

Firefighters assigned to suppression positions work 24-hour shifts, which equates to a 56-hour average work week or 2,912 hours per year. When firefighters are assigned to staff positions on a 40-hour work week, they average 2,080 regular hours per year.

2. What does "maintaining constant staffing levels" mean? What is the difference between backfill and overtime?

This means that every day, all authorized Operations post-positions are staffed. A post-position is a seat on a fire or Emergency Medical System (EMS) response unit (including engines, trucks and paramedic vans) that must be filled to meet the staffing requirement of that unit. Backfill occurs when there is a vacancy in a position that requires constant staffing, and an employee either volunteers or is forced to work to fill the vacancy. Overtime is also used for hours worked above and beyond the constant staffing requirements. Examples of overtime include strike teams, overhead assignments to emergency incidents, either in- or out-of-county, and mandatory training classes that occur on days other than the employee's regularly assigned shift.

3. Because OCFA's backfill/overtime budget is significant, does that mean we are understaffed?

In addition to what is outlined in No. 2 above, there are various other reasons for OCFA's backfill/overtime budget. First, due to retirements and promotions, there are positions that remain temporarily unfilled pending both graduation of new recruits from Firefighter Academies and completion of promotional academies. For FY 2021/22, vacant positions across all ranks reached a high of 156 which required constant staffing on an overtime/backfill basis. Second, this past year, another contributing factor to backfill/overtime was personnel on leave due to COVID-19 and Workers' Compensation. Each of these issues is being proactively addressed with current and upcoming academies along with promotional exams that will reduce the number of vacancies and open positions.

4. How many continuous hours may a firefighter work?

Currently, the maximum number of continuous hours (regular and backfill/overtime) an employee may work is 120. The Assistant Chief of Operations (North and South) may suspend the 120-hour rule to ensure sufficient incident response capability and adequate station coverage. Employees enter their availability to work into the OCFA's Staffing System. The system hires employees based upon the premise of an equal distribution of overtime and agreed upon hiring list procedures. Personnel assigned to out-of-county strike teams or to overhead positions are often deployed for periods of 14-21 days. When assigned to these extended incidents, employees work within established work/rest cycles.

5. Is the OCFA concerned about employee fatigue as the result of the continuous work hour rules?

The OCFA recognizes employee fatigue is a factor that impacts employee performance. Severe fatigue may increase the dangers inherent in the performance of emergency operations. The OCFA takes steps to protect employees from these dangers and ensures that firefighters are trained, equipped, and supervised to work as safely as possible. There is an additional emphasis on employee health and wellness provided through the WEFIT (Wellness) Program. Supervisors have the means by which to ensure employees are either adequately rested or relieved of duty where appropriate. Firefighters on extended incidents adhere to specified work/rest cycles.

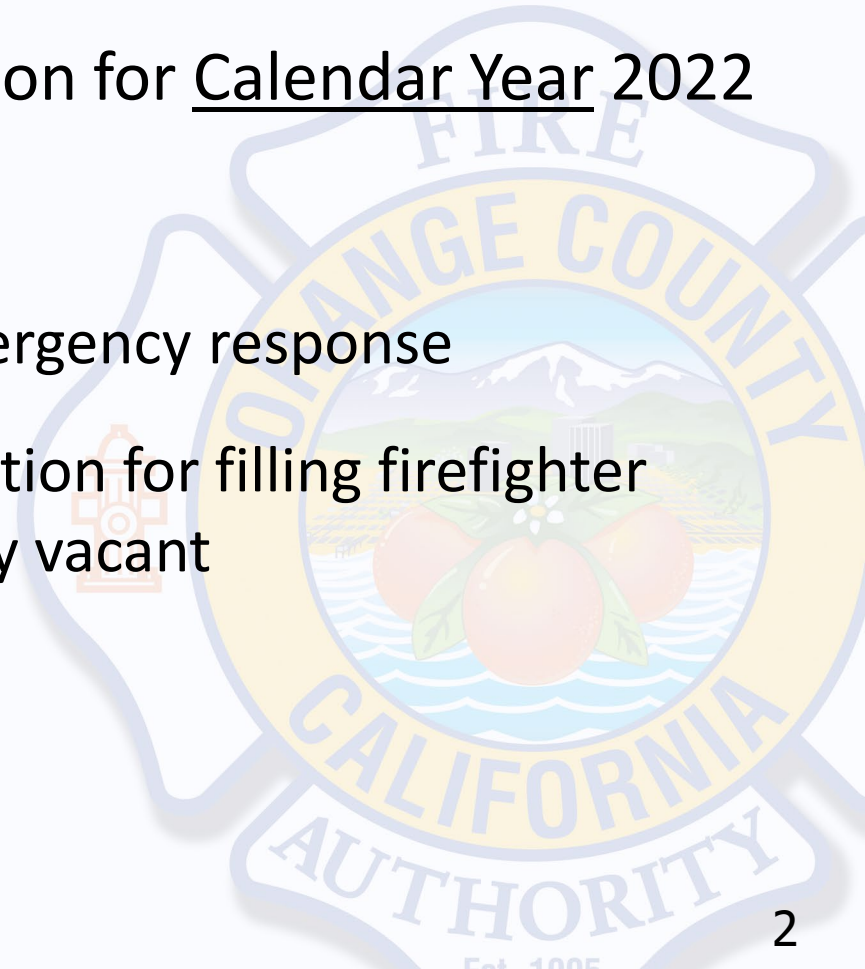
Fiscal Year 2021/22 Backfill/Overtime & Calendar Year 2022 Total Earnings/Compensation Analysis

Budget and Finance Committee Meeting
April 12, 2023



Agenda

- Backfill and overtime earnings for Fiscal Year 2021/22
- Total employee compensation for Calendar Year 2022
- Backfill/overtime:
 - Provides for consistent emergency response
 - Provides a cost effective option for filling firefighter shifts which are temporarily vacant
- Recommendations



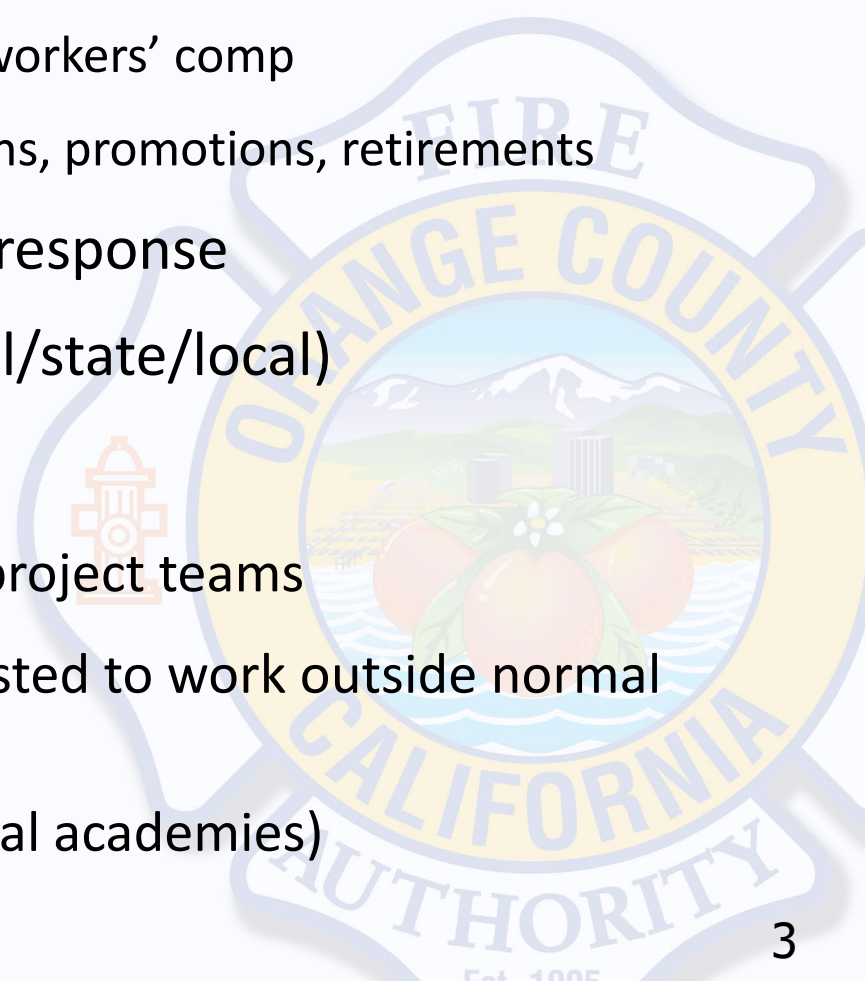
Fiscal Year 2021/22 Backfill/Overtime Categories

- *Non-Discretionary Categories:*

- Constant Staffing Policy
 - Vacant Shifts - vacation, sick, workers' comp
 - Vacant Positions - new positions, promotions, retirements
- Major emergency incident response
- Training (mandatory federal/state/local)

- *Discretionary Categories:*

- Special events/assignments, project teams
- Department personnel requested to work outside normal work schedules
- Training (new hire/promotional academies)



Fiscal Year 2021/22 Backfill/Overtime by Category

Categories of Backfill/OT	FY 2019/20		FY 2020/21		FY 2021/22	
	(in millions)	% of Total	(in millions)	% of Total	(in millions)	% of Total
Constant Staffing (ND) - Vacant Shifts (sick, vacation, WC)	\$23.1	34.6%	\$24.5	34.9%	\$30.0	43.0%
Constant Staffing (ND) - Vacant Positions (new positions promotions, retirements)	\$29.3	43.8%	\$25.5	36.3%	\$24.0	34.3%
Emergency Response* (ND)	\$7.0	10.5%	\$12.3	17.5%	\$6.2	8.9%
Training (Discretionary & Non-Discretionary)	\$3.9	5.8%	\$3.8	5.5%	\$5.4	7.8%
Projects (Discretionary)	\$3.6	5.3%	\$4.1	5.8%	\$4.2	6.0%
FY Total	\$66.9		\$70.2		\$69.8	

ND: Non-Discretionary

* Emergency response overtime is generally 75-100% reimbursable

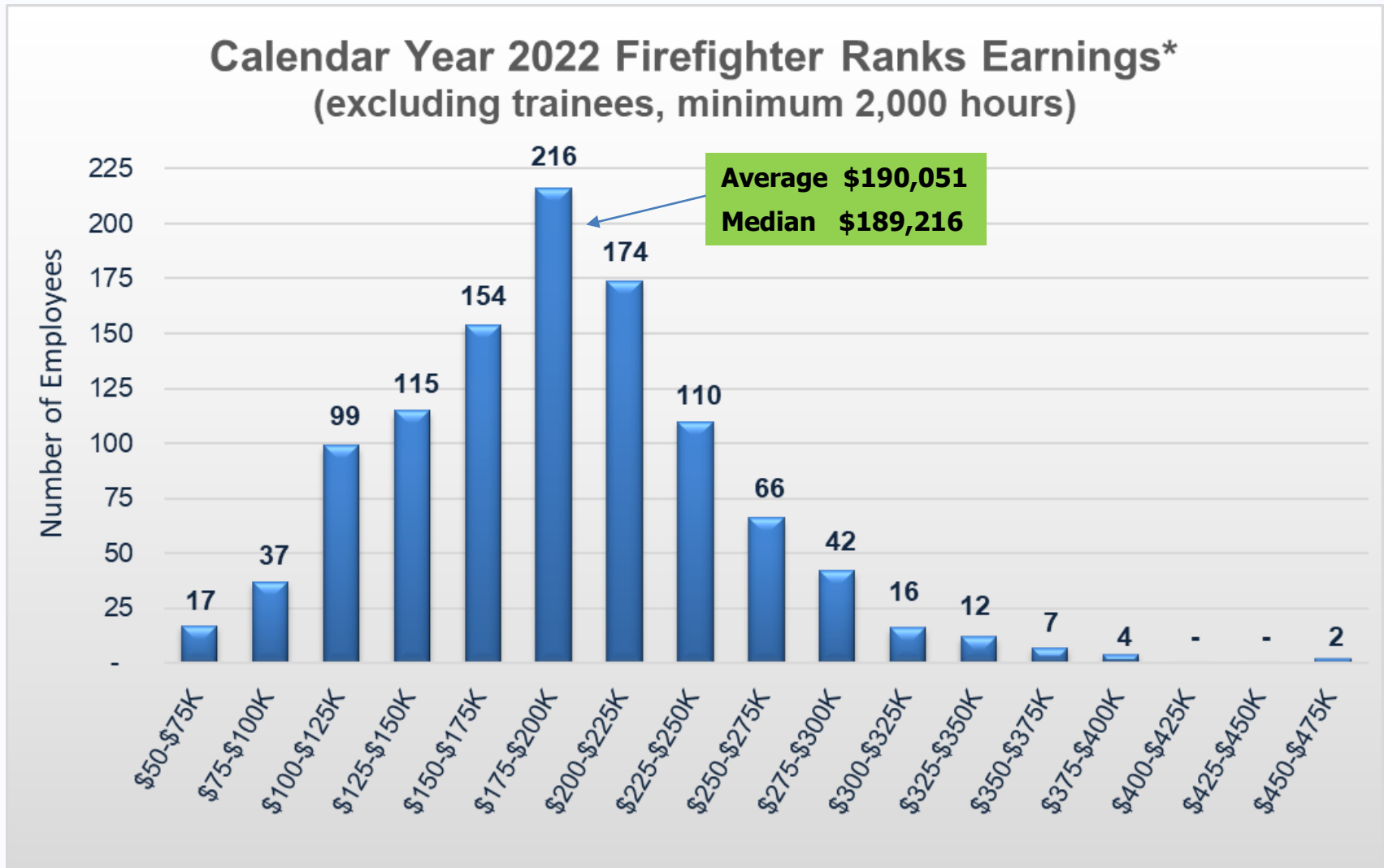
Backfill/Overtime Cost Effectiveness for Filling Temporarily Vacant Shifts – Firefighter Position Example

Hourly Rate Regular Full-Time	Top Step Regular Rate	Top Step OT Rate
<u>Salaries:</u>		
Base Hourly Rate	\$32.97	\$49.46
Other Pays (Holiday, Educ. Inc., EMT)	\$8.97	
Total Salaries	\$41.94	\$49.46
<u>Benefits:</u>		
Retirement	\$14.48	
Workers' Compensation/Medicare	\$2.30	\$2.61
Health Insurance	\$8.96	
Total Benefits	\$25.74	\$2.61
Total Hourly Salaries & Benefits	\$67.68	\$52.07

\$ Difference	\$15.61
% Difference	23.06%

For a firefighter position, it is cost effective to use overtime to backfill temporary firefighter vacant shifts compared to hiring a regular full-time firefighter to fill floating temporary vacancies

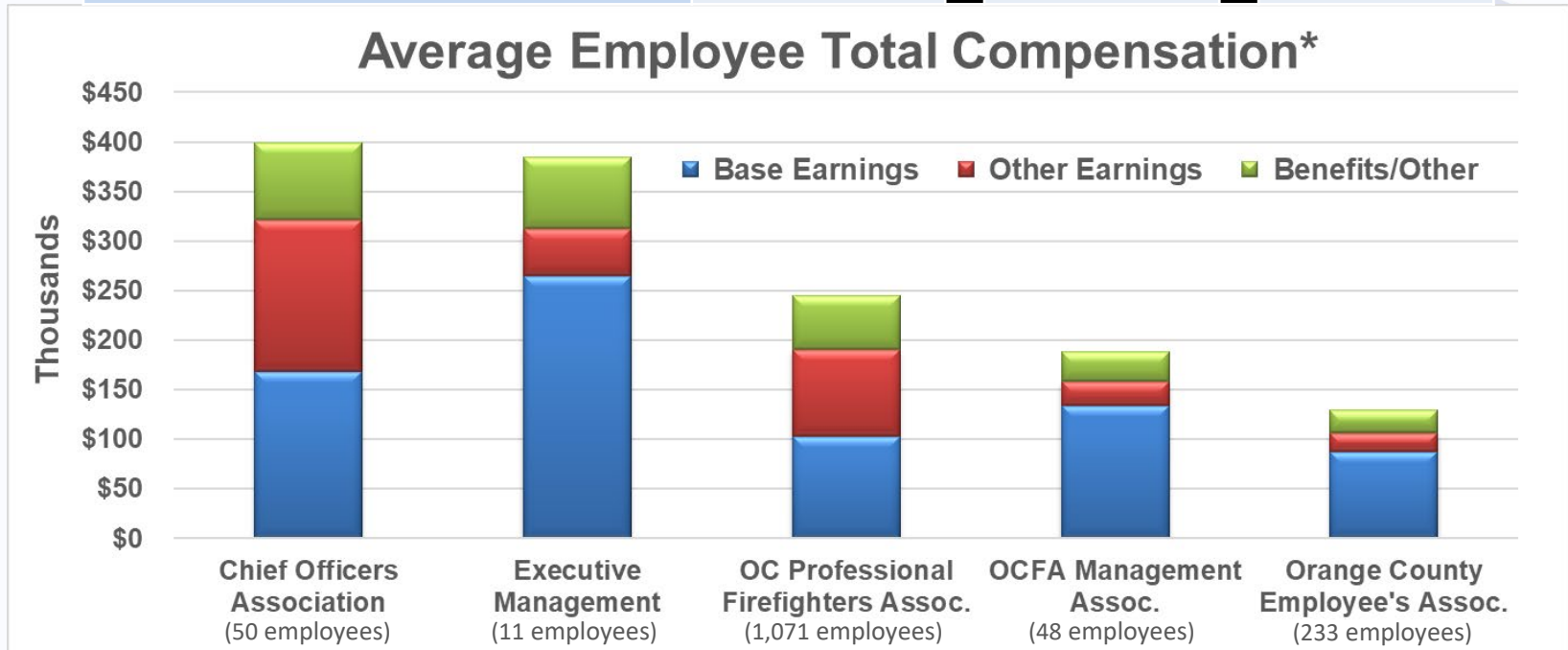
Firefighter Ranks Earnings Analysis



* Excludes benefits

Calendar Year 2022 Total Employee Compensation

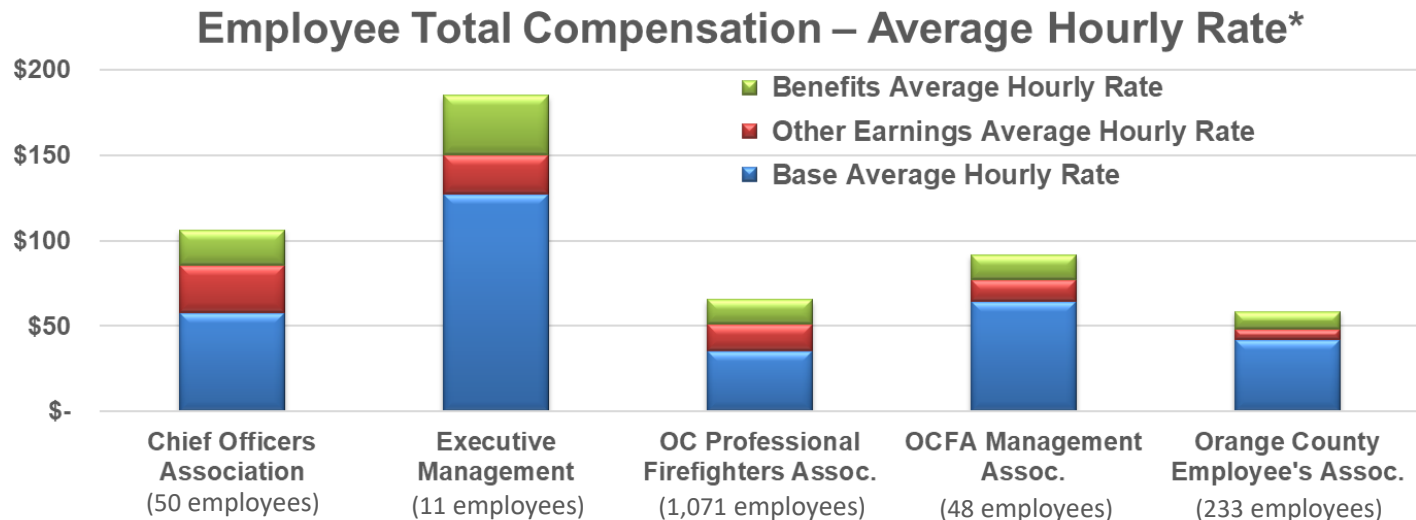
Bargaining Group	Average Base Earnings	Average Total Earnings	Average Total Compensation
CHIEF OFFICERS ASSOCIATION	\$167,994	\$321,123	\$399,440
EXECUTIVE MANAGEMENT	\$264,826	\$312,026	\$384,318
OC PROFESSIONAL FIREFIGHTERS ASSOCIATION	\$103,097	\$190,051	\$245,320
ORANGE COUNTY FIRE AUTHORITY MANAGEMENT ASSOCIATION	\$133,510	\$158,169	\$188,197
ORANGE COUNTY EMPLOYEE'S ASSOCIATION	\$86,995	\$106,654	\$129,485



* Employees working a minimum of 2,000 hours for safety and 1,430 for non-safety (approx. 70% of regularly scheduled hours)

Calendar Year 2022 Total Compensation – Average Hourly Rate

Bargaining Group	BASE EARNINGS			TOTAL EARNINGS			TOTAL COMPENSATION		
	Average Base Earnings	Regularly Scheduled Hours	Average Hourly Rate	Average Total Earnings	Average Hours Worked	Average Hourly Rate	Average Total Compensation	Average Hours Worked	Average Hourly Rate
CHIEF OFFICERS ASSOCIATION	\$167,994	2,912	\$57.69	\$321,123	3,760	\$85.41	\$399,440	3,760	\$106.24
EXECUTIVE MANAGEMENT*	\$264,826	2,080	\$127.32	\$312,026	2,077	\$150.21	\$384,318	2,077	\$185.02
OC PROFESSIONAL FIREFIGHTERS ASSOCIATION	\$103,097	2,912	\$35.40	\$190,051	3,740	\$50.81	\$245,320	3,740	\$65.59
ORANGE COUNTY FIRE AUTHORITY MANAGEMENT ASSOCIATION*	\$133,510	2,080	\$64.19	\$158,169	2,049	\$77.18	\$188,197	2,049	\$91.83
ORANGE COUNTY EMPLOYEE'S ASSOCIATION	\$86,995	2,080	\$41.82	\$106,654	2,211	\$48.23	\$129,485	2,211	\$58.55



* Exempt employee groups under 2,080 hours reflect new hires/separations during the year. Actual hours worked usually exceeds regularly scheduled hours.

Calendar Year 2022 Top 10 Employees: Hours by Backfill/Overtime*

	Title/ Assignment	Base Hours	Backfill for Constant Staffing	Overtime for Emergency Incidents ¹	Overtime to Attend Training	Other ²	Total Hours
1	Fire Division Chief	2,080	219	784	82	134	3,299
2	Fire Captain	2,912	3,731	34	122	160	6,959
3	Fire Captain	2,912	4,133	87	98	138	7,368
4	Fire Battalion Chief	2,912	1,853	172	94	24	5,055
5	Fire Division Chief	1,670	-	140	-	7	1,817 [✧]
6	Fire Battalion Chief	2,912	1,243	365	235	170	4,925
7	Fire Battalion Chief	2,464	1,398	61	70	89	4,082
8	Fire Captain	2,912	2,516	155	38	219	5,840
9	Fire Division Chief	2,080	-	466	-	293	2,839
10	Fire Battalion Chief	2,912	1,517	24	192	17	4,662

* Per Cause Code; ¹ Potentially Reimbursable; ² Special Activities, Other Discretionary/ Non-Discretionary, Admin.

✧ This employee has much fewer hours than the others in the Top 10 due to retirement mid-year. Upon retirement, payment of accrued leaves in a lump-sum (non-pensionable) pushed the employee into the Top 10.

Calendar Year 2022 Top 10 Employees: Compensation Average Hourly Rate

	Title/Assignment	Total Compensation*	Base Hours	Backfill/ Overtime Hours	Total Hours	Average Hourly Fully Burdened Rate
1	Fire Division Chief	\$535,005	2,080	1,219	3,299	\$162.17
2	Fire Captain	\$530,573	2,912	4,047	6,959	\$76.25
3	Fire Captain	\$525,432	2,912	4,456	7,368	\$71.32
4	Fire Battalion Chief	\$503,862	2,912	2,143	5,055	\$99.69
5	Fire Division Chief	\$481,699	1,670	147	1,817	\$265.11 ¹
6	Fire Battalion Chief	\$481,205	2,912	2,013	4,925	\$97.71
7	Fire Battalion Chief	\$476,776	2,464	1,618	4,082	\$116.79
8	Fire Captain	\$475,659	2,912	2,928	5,840	\$81.45
9	Fire Division Chief	\$475,644	2,080	759	2,839	\$167.55
10	Fire Battalion Chief	\$472,688	2,912	1,750	4,662	\$101.39

* Includes all employer paid benefits

¹ Employee retired with leave payouts resulting in an increased total compensation

Calendar Year 2022 Top 10 Employees: Compensation Pensionable vs. Non-Pensionable Costs

		=	+			
	Title/Assignment	Total Compensation	Compensation Pensionable	Compensation Non-Pensionable*	Employer Paid Pension (Non-Pensionable)	Employer Paid Health (Non-Pensionable)
1	Fire Division Chief	\$535,005	\$233,359	\$301,646	\$64,775	\$23,280
2	Fire Captain	\$530,573	\$156,455	\$374,118	\$44,155	\$26,394
3	Fire Captain	\$525,432	\$146,747	\$378,685	\$41,677	\$26,394
4	Fire Battalion Chief	\$503,862	\$204,556	\$299,306	\$57,906	\$22,973
5	Fire Division Chief	\$481,699	\$187,865	\$293,834	\$52,623	\$13,467
6	Fire Battalion Chief	\$481,205	\$195,744	\$285,461	\$55,656	\$23,161
7	Fire Battalion Chief	\$476,776	\$209,741	\$267,035	\$56,262	\$23,060
8	Fire Captain	\$475,659	\$181,455	\$294,204	\$49,427	\$26,394
9	Fire Division Chief	\$475,644	\$249,178	\$226,466	\$69,011	\$23,358
10	Fire Battalion Chief	\$472,688	\$199,306	\$273,382	\$56,496	\$21,801

*

Compensation Non-Pensionable includes overtime, non-pensionable specialty pays, employer paid pension, and employer paid health.

Summary

- Approximately 86% of the backfill/overtime costs are non-discretionary (77% constant staffing and 9% emergency activity)
- OCFA staff has conducted and anticipates the following academies over the next two fiscal years:

<u>FY 2022/23</u>	<u>FY 2023/24</u>
1 Firefighter Academy	2 Firefighter Academies
1 Firefighter/Paramedic Blended Academy	
2 Fire Apparatus Engineer Academies	2 Fire Apparatus Engineer Academies
2 Fire Captain Academies	2 Fire Captain Academies
1 Battalion Chief Academy	1 Battalion Chief Academy

- When backfill is required, it is more cost effective to use overtime to backfill for temporary shift vacancies than hiring a full-time benefited firefighter

Recommended Action

Review the proposed agenda item and:

1. Direct staff to continue pursuing reductions in overtime by filling vacant positions as quickly as possible after the positions become vacant.
2. Authorize staff to temporarily exceed the number of authorized dispatcher positions on the Master Position Control to maximize the number of dispatchers hired into each academy, pending attrition/retirements/promotions that will occur.
3. Direct staff to continue using overtime to fill shifts which are temporarily vacant rather than hiring additional personnel, recognizing this as a cost-effective practice for temporary needs.

Questions/Comments?

