



ORANGE COUNTY FIRE AUTHORITY

BUDGET AND FINANCE COMMITTEE Regular Meeting Agenda

Wednesday, March 12, 2025
12:00 p.m.

Orange County Fire Authority
Regional Fire Operations and Training Center
Classroom 1
1 Fire Authority Road
Irvine, California 92602

Committee Members

Austin Lombard, Chair • Nitesh Patel, Vice Chair
David Burke • Shelley Hasselbrink • Mike Munzing • Chi Charlie Nguyen
Janet Nguyen • Joshua Sweeney • Connor Traut
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 the item being considered. Speaker Forms are available at the entryway of the 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 Lombard

PLEDGE OF ALLEGIANCE - Director Charlie Nguyen

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 Meeting

Submitted by: Maria D. Huizar, Clerk of the Authority

The record will show 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 February 11, 2025, Special Meeting as submitted.

B. Monthly Investment Reports

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

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of March 27, 2025, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

3. DISCUSSION CALENDAR

A. FY 2024/25 Mid-Year Budget Adjustment

Submitted by: Robert C. Cortez, Assistant Chief/Business Services Department, James Slobojan, Treasurer/Treasury & Financial Planning, and Stuart Lam, Budget Manager/Treasury & Financial Planning

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 27, 2025, with the Budget and Finance Committee's

recommendation that the Board of Directors take the following actions:

1. Authorize the proposed mid-year budget adjustments and transfers as detailed in this report and attachments.
2. Approve changes to the Master Position Control list to add one Fire Captain and three Firefighter positions to support the Air Operations program.

B. 2024 Long Term Liability Study & Accelerated Pension Payment Plan

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

Recommended Action:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 27, 2025, with the Budget and Finance Committee's recommendation that the Board of Directors receive and file the report.

C. Fiscal Year 2023/24 Backfill / Overtime and Calendar Year 2024 Total Earnings / Compensation Analysis

Submitted by: Robert C. Cortez, Assistant Chief/Business Services Department and Alicea Caccavo, Finance Division Manager/Business Services Department

Recommended Actions:

Review the proposed agenda item and direct staff to place the item on the agenda for the Board of Directors meeting of March 27, 2025, 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. Direct staff to continue using overtime to fill shifts which are temporarily vacant, recognizing this as a cost-effective practice for temporary needs.

REPORTS

None.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT – The next meeting of the Budget and Finance Committee is scheduled for Wednesday, April 9, 2025, at 12 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
- Annual Auditor Communications
- 3rd Quarter Financial Newsletter (Jan-March)
- 3rd Quarter Purchasing Report
- Proposed Budget Review

UPCOMING MEETINGS:

Legislative & Public Affairs Committee
Executive Committee
Board of Directors
Budget and Finance Committee

Wednesday, March 19, 2025, 12 noon
Thursday, March 27, 2025, 5:30 p.m.
Thursday, March 27, 2025, 6:00 p.m.
Wednesday, April 9, 2025, 12 noon

MINUTES ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Special Meeting
Tuesday, February 11, 2025
11:00 a.m.

Regional Fire Operations and Training Center
Classroom One
1 Fire Authority Road
Irvine, CA 92602

CALL TO ORDER

A special meeting of the Orange County Fire Authority Budget and Finance Committee was called to order by Chair Bourne on February 11, 2025, at 11:00 a.m.

PLEDGE OF ALLEGIANCE

Vice Chair Lumbard led the assembly in the Pledge of Allegiance to our Flag.

ROLL CALL

Present: Troy Bourne, San Juan Capistrano, Chair
Austin Lumbard, Tustin, Vice Chair
Chi Charlie Nguyen, Westminster (11:05 a.m.)
Shelley Hasselbrink, Los Alamitos
Nitesh Patel, La Palma

Absent: Joshua Sweeney, Laguna Hills

Staff present:

Assistant Chief Robert C. Cortez
Communications Director Matt Olson
General Counsel David Kendig

Assistant Chief Stephanie Holloman
Assistant Chief Jim Ruane
Clerk of the Authority Maria D. Huizar

1. PRESENTATION

No items.

2. CONSENT CALENDAR

On motion of Director Lumbard and second by Director Patel, approved 4-0 Agenda Item Nos. 2A-2C (Directors Sweeney and Nguyen absent).

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

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

Action: Approve the Minutes for the January 15, 2025, Special Meeting as submitted.

B. Second Quarter Financial Newsletter (FILE 15.07)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 27, 2025, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

C. Second Quarter Purchasing Report (FILE 11.10H1)

Action: Review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 27, 2025, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

Director Nguyen arrived 11:05 a.m.

3. DISCUSSION CALENDAR

A. Monthly Investment Reports (FILE 11.10D2)

Treasurer James Slobojan presented the report.

On motion of Director Patel and second by Director Hasselbrink, approved 5-0 (Director Sweeney absent) to review the proposed agenda item and direct staff to place the item on the agenda for the Executive Committee meeting of February 27, 2025, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Election of Committee Chair and Vice Chair (FILE 12.02B1)

Chair Bourne introduced the election process for Committee Chair and Vice Chair for 2025.

On motion of Director Patel and second by Director Lumbard by unanimous vote, approved the process of the election. Director Bourne opened the nominations for Chair.

Director Bourne nominated Director Lombard for Chair; seconded by Director Hasselbrink, there were no other nominations. Director Lombard accepted the nomination.

By unanimous vote 5-0 (Director Sweeney absent) Vice Chair Lombard was elected Chair for the ensuing year.

Chair Bourne opened the nominations for Vice Chair. Director Bourne nominated Director Patel; seconded by Director Nguyen, there were no other nominations. Director Patel accepted the nomination.

By unanimous vote 5-0 (Director Sweeney absent) Director Patel was elected Vice Chair for the ensuing year.

Chair Bourne continued to preside over the balance of the meeting.

REPORTS

None.

COMMITTEE MEMBER COMMENTS

None.

ADJOURNMENT – Chair Bourne adjourned the meeting at 11:12 a.m. The next meeting of the Budget and Finance Committee is scheduled for Wednesday, March 12, 2025, at 12 noon.

Maria D. Huizar, CMC
Clerk of the Authority



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 12, 2025

Agenda Item No. 2B
Consent Calendar

Monthly Investment Reports

Contact(s) for Further Information

Robert C. Cortez, Assistant Chief Business Services Department	robertcortez@ocfa.org	714.573.6012
James Slobojan, Treasurer Treasury & Financial Planning	james@slobojan@ocfa.org	714.573.6305
Traci Lee, Assistant Treasurer Treasury & Financial Planning	tracilee@ocfa.org	714.573.6313

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 March 27, 2025, 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 January 31, 2025. A preliminary investment report as of February 21, 2025 is also provided as the most complete report that was available at the time this agenda item was prepared.

Attachment(s)

Final Investment Report – January 2025/Preliminary Report – February 2025

Orange County Fire Authority Monthly Investment Report



Final Report – January 2025

Preliminary Report – February 2025



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Orange County Fire Authority

Final Investment Report

January 31, 2025



EXECUTIVE SUMMARY

Portfolio Activity & Earnings

During the month of January 2025, the size of the portfolio increased by \$4.5 million to approximately \$315.1 million. Receipts for the month totaled approximately \$83 million, including property tax apportionment payments of \$53.3 million, cash contract payments of approximately \$6.5 million, and various grant reimbursement payments and charges for current services of approximately \$23.2 million, which included \$17 million from the Edison Company for the QRF program. Total January cash outflows amounted to approximately \$80.5 million. Significant disbursements for the month included two biweekly payrolls and related benefits totaling approximately \$68.2 million, including the annual OCERS prepayment of \$33.2 million. The portfolio's balance is expected to drop in February as expenditures are projected to exceed revenues.

In January, the portfolio's yield to maturity (365-day equivalent) decreased by 9 basis points to 4.15%. The effective rate of return decreased by 1 basis point to 4.10%, while the average maturity of the portfolio increased by 17 days to 98 days. Interest earnings for the portfolio totaled \$1,093,098 for January 2025, bringing fiscal year-to-date earnings to \$6,173,511. This represents an increase of \$1,555,765 compared to the fiscal year-to-date total as of January 31, 2024.

Economic News

In January 2025, the U.S. added 143,000 nonfarm payroll jobs, while the unemployment rate dropped slightly to 4.0%. Job growth was strongest in healthcare, retail trade, and social assistance. The number of unemployed individuals changed little at 6.8 million. U.S. consumer confidence declined in January, driven by pessimism in the business and labor markets and the outlook for income. Retail sales fell by 0.9% in January, marking the largest monthly decline in nearly 2 years.

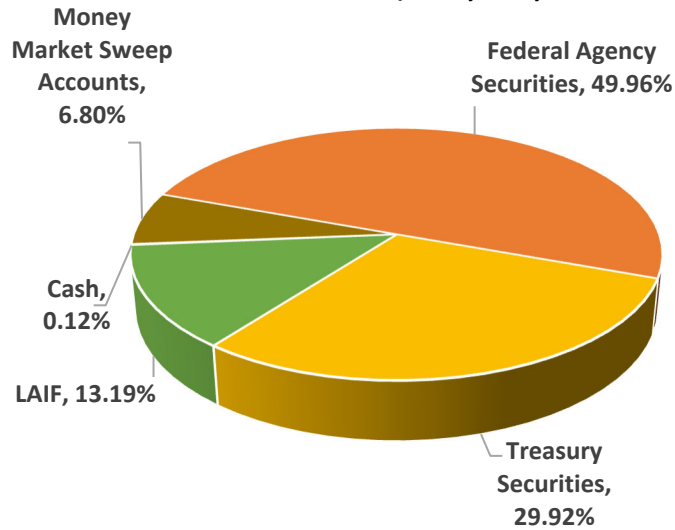
In January 2025, the Consumer Price Index (CPI) rose by 0.5% for the month, bringing the annual inflation rate to 3.0%. Inflation was primarily driven by increases in shelter, food, and gasoline. The Producer Price Index (PPI), a leading indicator of inflation that tracks wholesale price changes, rose by 0.4%. Despite signs of easing inflation in some areas, the stronger-than-expected PPI reinforced expectations that the Federal Reserve will delay rate cuts until the second half of the year.

On January 29, 2025, the Federal Reserve held its key interest rate steady at 4.25%–4.50%. Market analysts were disappointed by persistent cost pressures and slowing consumer activity. Given these challenges, the Fed is expected to hold off on rate cuts as it evaluates the economic impact of new fiscal policies under the incoming administration. The next Fed meeting is scheduled for March 19, 2025.

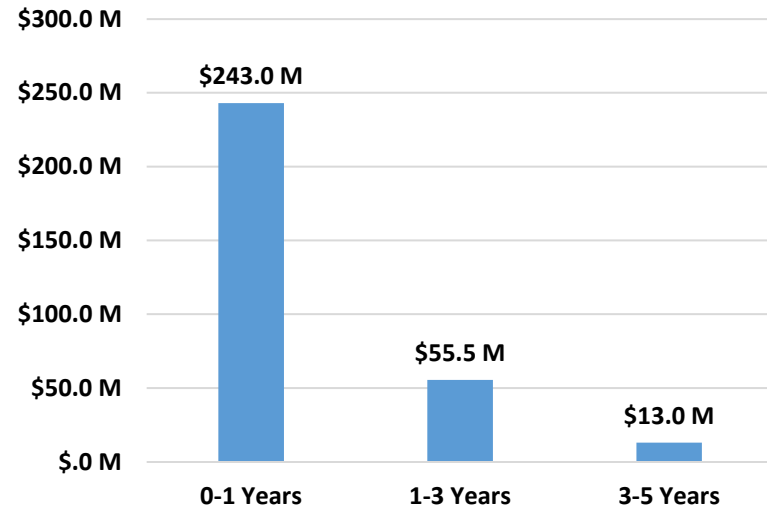


OCFA'S PORTFOLIO HAS AMPLE LIQUIDITY AND IS TRACKING ITS LAIF BENCHMARK AS OF JANUARY 31, 2025

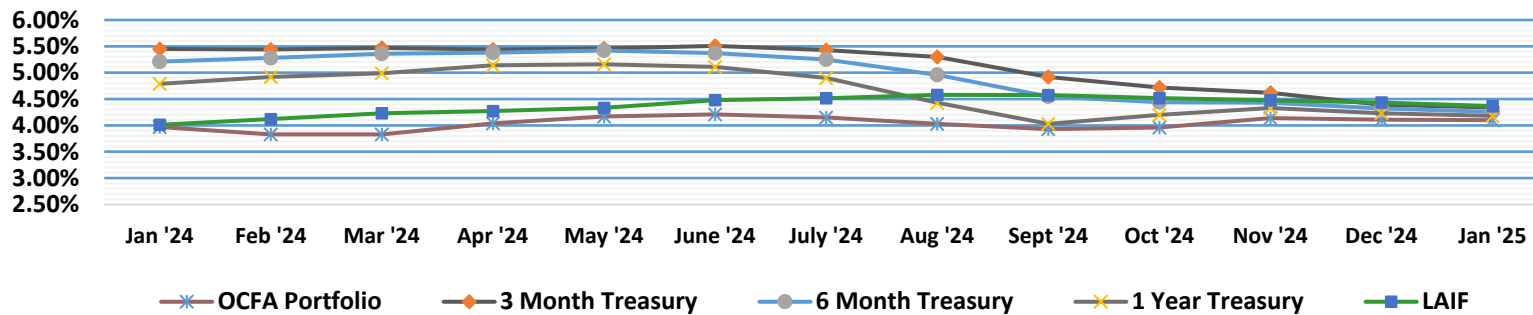
Market Value \$311,533,964



Aging Summary



13 Month Benchmarks





BENCHMARK COMPARISON AS OF JANUARY 31, 2025

<i>3 Month T-Bill:</i> 4.34%	<i>1 Year T-Bill:</i> 4.18%
<i>6 Month T-Bill:</i> 4.26%	<i>LAIF:</i> 4.37%
<i>OCFA Portfolio:</i> 4.10%	

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>	\$310,105,656	\$305,605,477	278,181,670
<i>Yield to Maturity (365 day)</i>	4.15%	4.24%	3.99%
<i>Effective Rate of Return</i>	4.10%	4.11%	3.97%
<i>Days to Maturity</i>	98	81	51



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
January 31, 2025

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

(See Note 1 on page 10) (See Note 2 on page 10)

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	21,195,428.84	21,195,428.84	21,195,428.84	6.80	1	1	4.061	4.117
Federal Agency Coupon Securities	81,000,000.00	80,387,660.00	80,988,396.51	25.97	1,188	147	3.460	3.508
Federal Agency Disc. -Amortizing	76,000,000.00	75,260,030.00	75,265,529.47	24.14	123	83	4.360	4.420
Treasury Coupon Securities	12,000,000.00	11,998,620.00	12,023,910.59	3.86	558	461	3.880	3.934
Treasury Discounts -Amortizing	82,000,000.00	81,222,130.00	81,204,162.80	26.04	169	84	4.405	4.466
Local Agency Investment Funds	41,120,543.44	41,104,999.26	41,120,543.44	13.19	1	1	4.306	4.366
	313,315,972.28	311,168,868.10	311,797,971.65	100.00%	404	98	4.092	4.149
Investments								
Cash and Accrued Interest								
Passbook/Checking (not included in yield calculations)	365,096.10	365,096.10	365,096.10		1	1	0.000	0.000
Accrued Interest at Purchase		7,468.57	7,468.57					
Subtotal		372,564.67	372,564.67					
Total Cash and Investments	313,681,068.38	311,541,432.77	312,170,536.32		404	98	4.092	4.149

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Total Earnings	January 31 Month Ending	Fiscal Year To Date
Current Year	1,093,098.71	6,173,510.80
Average Daily Balance	314,228,163.72	254,840,319.30
Effective Rate of Return	4.10%	4.11%

"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, 2025. 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."

 2/27/25
 Robert C. Cortez, Asst Chief, Business Services

Cash and Investments with GASB 31 Adjustment:	
Book Value of Cash & Investments before GASB 31 (Above)	\$ 312,170,536.32
GASB 31 Adjustment to Books (See Note 3 on page 10)	\$ (2,064,880.43)
Total	\$ 310,105,655.89

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
January 31, 2025

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	(See Note 1 on page 10)		(See Note 2 on page 10)		YTM/C 365	Days to Mat./Call	Maturity Date
					Par Value	Market Value	Book Value	Stated Rate			
Money Mkt Mutual Funds/Cash											
SYS1042	1042	US Bank - Treasury Obligations			9,139,090.53	9,139,090.53	9,139,090.53	4.266	4.266	1	
SYS530	530	US Bancorp Sweep Account			12,056,338.31	12,056,338.31	12,056,338.31	4.005	4.005	1	
Subtotal and Average			37,445,028.64		21,195,428.84	21,195,428.84	21,195,428.84		4.117	1	
Federal Agency Coupon Securities											
3133EMWH1	1030	Federal Farm Credit Bank (Callable 2/21/2025)		04/22/2021	3,000,000.00	2,976,930.00	3,000,156.36	0.710	0.716	20	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	11,897,640.00	12,000,000.00	0.720	0.766	0	04/28/2025
3130B1KC0	1130	Federal Farm Credit Bank (Callable 5/28/2025)		05/28/2024	2,000,000.00	2,003,540.00	2,000,000.00	5.250	5.250	116	05/28/2026
3133ERJQ5	1139	Federal Farm Credit Bank (Callable 7/03/2025)		07/11/2024	5,000,000.00	5,002,950.00	5,000,000.00	5.300	5.298	152	07/03/2028
3133ERVU2	1145	Federal Farm Credit Bank Non-Callable		10/02/2024	3,000,000.00	2,965,680.00	2,996,944.92	3.500	3.564	608	10/02/2026
3133ERN31	1169	Federal Farm Credit Bank (Callable 12/23/2026)		12/23/2024	4,000,000.00	3,993,120.00	3,993,555.04	4.340	4.400	690	12/23/2027
3134H1V75	1129	Fed Home Loan Mtg Corp (Callable 5/21/2025)		05/24/2024	8,000,000.00	8,019,200.00	8,000,000.00	5.200	5.201	109	05/21/2026
3134HAM91	1158	Fed Home Loan Mtg Corp (Callable 6/13/2025)		12/13/2024	5,000,000.00	4,994,600.00	5,000,000.00	4.700	4.700	132	12/13/2027
3130AM6P2	1034	Fed Home Loan Bank (Callable 4/29/2025)		04/29/2021	12,000,000.00	11,531,280.00	12,000,000.00	1.000	1.000	87	04/29/2026
3130B1PW1	1133	Fed Home Loan Bank (Callable 3/12/2025)		06/13/2024	7,000,000.00	6,998,530.00	7,000,000.00	5.220	5.231	39	06/12/2026
3130B3HC0	1149	Fed Home Loan Bank (Callable 4/23/2025)		10/30/2024	8,000,000.00	8,004,480.00	8,000,000.00	5.000	5.000	81	10/23/2028
3130B4AN1	1168	Fed Home Loan Bank (Callable 12/18/2025)		12/19/2024	3,000,000.00	2,998,980.00	2,997,740.19	4.350	4.433	320	12/18/2026
3130B4GP0	1170	Fed Home Loan Bank (Callable 1/08/2026)		01/13/2025	3,000,000.00	3,000,570.00	3,000,000.00	4.375	4.375	341	01/08/2027
3130B4LR0	1171	Fed Home Loan Bank (Callable 7/16/2025)		01/16/2025	2,000,000.00	2,001,080.00	2,000,000.00	4.550	4.550	165	07/16/2027
3130B4NC1	1177	Fed Home Loan Bank (Callable 7/22/2025)		01/30/2025	2,000,000.00	1,999,540.00	2,000,000.00	4.650	4.651	171	01/22/2027
3130B4JQ5	1178	Fed Home Loan Bank (Callable 4/22/2025)		01/22/2025	2,000,000.00	1,999,540.00	2,000,000.00	4.500	4.500	80	01/22/2027
Subtotal and Average			75,633,380.26		81,000,000.00	80,387,660.00	80,988,396.51		3.508	147	
Federal Agency Disc. -Amortizing											
313397BL4	1147	Fed Home Loan Bank		10/23/2024	5,000,000.00	4,997,650.00	4,998,145.83	4.450	4.634	3	02/04/2025
313385CC8	1154	Fed Home Loan Bank		11/27/2024	4,000,000.00	3,990,640.00	3,990,742.78	4.385	4.555	19	02/20/2025
313385CC8	1155	Fed Home Loan Bank		11/27/2024	4,000,000.00	3,990,640.00	3,990,742.78	4.385	4.555	19	02/20/2025
313385CS3	1157	Fed Home Loan Bank		11/27/2024	7,000,000.00	6,972,210.00	6,971,895.00	4.380	4.557	33	03/06/2025
313385DW3	1161	Fed Home Loan Bank		12/19/2024	7,000,000.00	6,949,390.00	6,950,005.42	4.215	4.387	61	04/03/2025
313385EE2	1164	Fed Home Loan Bank		12/19/2024	7,000,000.00	6,942,810.00	6,943,582.92	4.205	4.380	69	04/11/2025
313385GC4	1167	Fed Home Loan Bank		12/19/2024	7,000,000.00	6,905,850.00	6,906,977.95	4.160	4.356	115	05/27/2025
313397FQ9	1172	Fed Home Loan Bank		01/13/2025	7,000,000.00	6,915,580.00	6,916,584.30	4.165	4.343	103	05/15/2025
313385GE0	1173	Fed Home Loan Bank		01/13/2025	7,000,000.00	6,904,240.00	6,904,905.00	4.180	4.366	117	05/29/2025
313385FA9	1174	Fed Home Loan Bank		01/13/2025	7,000,000.00	6,926,920.00	6,927,489.72	4.190	4.362	89	05/01/2025
313385HZ2	1175	Fed Home Loan Bank		01/13/2025	7,000,000.00	6,870,850.00	6,870,422.22	4.165	4.372	160	07/11/2025
313385GU4	1176	Fed Home Loan Bank		01/17/2025	7,000,000.00	6,893,250.00	6,894,035.55	4.160	4.350	131	06/12/2025

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
January 31, 2025

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Mat./Call	Maturity Date
Subtotal and Average			76,260,077.44		76,000,000.00	75,260,030.00	75,265,529.47		4.420	83	
Treasury Coupon Securities											
91282CFP1	1144	Treasury Note		09/26/2024	9,000,000.00	8,997,930.00	9,026,250.00	4.250	3.820	256	10/15/2025
91282CMF5	1179	Treasury Note		01/30/2025	3,000,000.00	3,000,690.00	2,997,660.59	4.250	4.278	1,078	01/15/2028
Subtotal and Average			9,221,185.47		12,000,000.00	11,998,620.00	12,023,910.59		3.934	461	
Treasury Discounts -Amortizing											
912797KS5	1127	US Treasury Bill		05/23/2024	8,000,000.00	7,932,160.00	7,917,683.33	4.939	5.256	75	04/17/2025
912797MM6	1141	US Treasury Bill		09/25/2024	8,000,000.00	7,970,800.00	7,968,540.00	4.290	4.497	33	03/06/2025
912797MG9	1142	US Treasury Bill		09/25/2024	8,000,000.00	7,829,600.00	7,843,335.57	3.770	3.975	187	08/07/2025
912797NF0	1148	US Treasury Bill		10/23/2024	5,000,000.00	4,999,400.00	4,998,141.67	4.460	4.645	3	02/04/2025
912797KA4	1152	US Treasury Bill		11/07/2024	5,000,000.00	4,989,950.00	4,988,441.67	4.380	4.561	19	02/20/2025
912797MJ3	1153	US Treasury Bill		11/27/2024	5,000,000.00	4,998,250.00	4,996,940.97	4.405	4.568	5	02/06/2025
912797NA1	1159	US Treasury Bill		12/19/2024	7,000,000.00	6,789,230.00	6,786,587.50	4.050	4.278	271	10/30/2025
912797KJ5	1162	US Treasury Bill		12/19/2024	7,000,000.00	6,963,040.00	6,961,251.11	4.240	4.406	47	03/20/2025
912797NZ6	1163	US Treasury Bill		12/19/2024	8,000,000.00	7,934,080.00	7,931,866.67	4.200	4.377	73	04/15/2025
912797MV6	1165	US Treasury Bill		12/19/2024	7,000,000.00	6,951,490.00	6,950,242.64	4.195	4.366	61	04/03/2025
912797KJ5	1166	US Treasury Bill		12/19/2024	7,000,000.00	6,963,040.00	6,961,433.89	4.220	4.385	47	03/20/2025
912797NP8	1180	US Treasury Bill		01/30/2025	7,000,000.00	6,901,090.00	6,899,697.78	4.160	4.340	124	06/05/2025
Subtotal and Average			74,777,224.37		82,000,000.00	81,222,130.00	81,204,162.80		4.466	84	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			41,120,543.44	41,104,999.26	41,120,543.44	4.366	4.366	1	
Subtotal and Average			40,891,267.54		41,120,543.44	41,104,999.26	41,120,543.44		4.366	1	
Total and Average			314,228,163.72		313,315,972.28	311,168,868.10	311,797,971.65		4.149	98	
Money Mkt Mutual Funds/Cash											
SYS10033	10033	Revolving Fund		07/01/2024	20,000.00	20,000.00	20,000.00		0.000	1	
SYS5	5	US Bancorp		07/01/2024	345,096.10	345,096.10	345,096.10		0.000	1	
Average Balance			0.00	Accrued Interest at Purchase		7,468.57	7,468.57			1	
				Subtotal		372,564.67	372,564.67				
Total Cash and Investments			314,228,163.72		313,681,068.38	311,541,432.77	312,170,536.32		4.149	98	

Orange County Fire Authority
In Service of Others!



ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of February 1, 2025

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	(02/01/2025 - 02/01/2025)	5 Maturities	0 Payments	62,681,068.38	20.12%	62,681,068.38	62,665,524.20
Aging Interval:	1 - 30 days	(02/02/2025 - 03/03/2025)	6 Maturities	0 Payments	28,000,000.00	8.98%	27,963,155.70	27,966,530.00
Aging Interval:	31 - 60 days	(03/04/2025 - 04/02/2025)	4 Maturities	0 Payments	29,000,000.00	9.27%	28,863,120.00	28,869,090.00
Aging Interval:	61 - 90 days	(04/03/2025 - 05/02/2025)	8 Maturities	0 Payments	59,000,000.00	18.78%	58,621,027.06	58,511,420.00
Aging Interval:	91 - 120 days	(05/03/2025 - 06/01/2025)	3 Maturities	0 Payments	21,000,000.00	6.65%	20,728,467.25	20,725,670.00
Aging Interval:	121 - 365 days	(06/02/2025 - 02/01/2026)	6 Maturities	0 Payments	45,000,000.00	14.21%	44,320,328.62	44,281,950.00
Aging Interval:	366 - 1095 days	(02/02/2026 - 02/01/2028)	13 Maturities	0 Payments	56,000,000.00	17.82%	55,985,900.74	55,506,350.00
Aging Interval:	1096 days and after	(02/02/2028)	2 Maturities	0 Payments	13,000,000.00	4.18%	13,000,000.00	13,007,430.00
Total for			47 Investments	0 Payments		100.00	312,163,067.75	311,533,964.20



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 \$2,064,880.43. The adjustment for June 30, 2024, includes a decrease of \$205,731.17 to the LAIF investment and a decrease of \$1,859,149.26 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 January 31, 2025, OCFA has \$41,120,543.44 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 January 31, 2025 is 99.9621985. When applied to OCFA's LAIF investment, the fair value is \$41,104,999.26 or \$15,544.18 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 on January 31, 2025 is included on the following page.



State of California Pooled Money Investment Account Market Valuation 1/31/2025

Description	Carrying Cost Plus Accrued Interest Purch.	Fair Value	Accrued Interest
United States Treasury:			
Bills	\$ 42,926,380,346.04	\$ 43,388,983,305.00	NA
Notes	\$ 47,712,004,249.09	\$ 47,674,732,330.50	\$ 462,691,523.00
Federal Agency:			
SBA	\$ 216,168,173.61	\$ 216,352,890.86	\$ 956,235.00
MBS-REMICs	\$ 1,213,098.54	\$ 1,199,058.14	\$ 5,292.04
Debentures	\$ 7,826,369,240.48	\$ 7,805,873,300.00	\$ 87,552,618.50
Debentures FR	\$ -	\$ -	\$ -
Debentures CL	\$ 2,350,000,000.00	\$ 2,348,999,000.00	\$ 27,068,389.50
Discount Notes	\$ 28,215,247,930.56	\$ 28,518,879,650.00	NA
Supranational Debentures	\$ 3,046,274,656.75	\$ 3,028,880,500.00	\$ 29,094,096.50
Supranational Debentures FR	\$ -	\$ -	\$ -
CDs and YCDs FR	\$ -	\$ -	\$ -
Bank Notes			
CDs and YCDs	\$ 14,400,000,000.00	\$ 14,402,301,575.23	\$ 196,794,618.03
Commercial Paper	\$ 10,044,014,430.49	\$ 10,160,255,208.31	NA
Corporate:			
Bonds FR	\$ -	\$ -	\$ -
Bonds	\$ 895,310,112.42	\$ 887,014,670.00	\$ 8,848,653.91
Repurchase Agreements	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -
Time Deposits	\$ 5,068,500,000.00	\$ 5,068,500,000.00	NA
PMIA & GF Loans	\$ 194,249,000.00	\$ 194,249,000.00	NA
TOTAL	\$ 162,895,731,237.98	\$ 163,696,220,488.04	\$ 813,011,426.48

Fair Value Including Accrued Interest \$ 164,509,231,914.52

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



Orange County Fire Authority

Preliminary Investment Report

February 21, 2025



ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Summary
February 21, 2025

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 Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Money Mkt Mutual Funds/Cash	9,503,746.58	9,503,746.58	9,503,746.58	3.51	1	1	4.037	4.093
Federal Agency Coupon Securities	84,000,000.00	83,414,600.00	83,988,662.20	31.05	1,185	152	3.487	3.535
Federal Agency Disc. -Amortizing	63,000,000.00	62,429,640.00	62,440,329.72	23.09	130	76	4.326	4.386
Treasury Coupon Securities	12,000,000.00	12,000,690.00	12,021,802.84	4.44	558	440	3.880	3.934
Treasury Discounts -Amortizing	67,000,000.00	66,392,150.00	66,386,099.23	24.55	186	80	4.377	4.438
Local Agency Investment Funds	36,120,543.44	36,106,889.33	36,120,543.44	13.36	1	1	4.306	4.366
	271,624,290.02	269,847,715.91	270,461,184.01	100.00%	468	104	4.045	4.102
Investments								
Cash and Accrued Interest								
Passbook/Checking	586,081.40	586,081.40	586,081.40		1	1	0.000	0.000
(not included in yield calculations)								
Accrued Interest at Purchase		7,468.57	7,468.57					
Subtotal		593,549.97	593,549.97					
Total Cash and Investments	272,210,371.42	270,441,265.88	271,054,733.98		468	104	4.045	4.102

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Total Earnings	February 21 Month Ending	Fiscal Year To Date
Current Year	684,570.19	6,858,080.99
Average Daily Balance	291,752,318.39	258,124,861.59
Effective Rate of Return	4.08%	4.11%

"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, 2025. 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."


 Robert C. Cortez, Asst Chief, Business Services 2/27/25

Cash and Investments with GASB 31 Adjustment:

Book Value of Cash & Investments before GASB 31 (Above)	\$ 271,054,733.98
GASB 31 Adjustment to Books (See Note 3 on page 19)	\$ (2,064,880.43)
Total	\$ 268,989,853.55

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
February 21, 2025

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	(See Note 1 on page 19)	(See Note 2 on page 19)	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
						Market Value	Book Value				
Money Mkt Mutual Funds/Cash											
SYS1042	1042	US Bank - Treasury Obligations			3,224,448.66	3,224,448.66	3,224,448.66	4.266	4.266	1	
SYS530	530	US Bancorp Sweep Account			6,279,297.92	6,279,297.92	6,279,297.92	4.005	4.005	1	
Subtotal and Average			15,435,880.43		9,503,746.58	9,503,746.58	9,503,746.58		4.093	1	
Federal Agency Coupon Securities											
3133EMWH1	1030	Federal Farm Credit Bank (Callable 3/21/2025)		04/22/2021	3,000,000.00	2,982,300.00	3,000,115.31	0.710	0.701	27	04/21/2025
3133EMXS6	1032	Federal Farm Credit Bank (Continuous Call)		04/28/2021	12,000,000.00	11,922,840.00	12,000,000.00	0.720	0.749	7	04/28/2025
3130B1KC0	1130	Federal Farm Credit Bank (Callable 5/28/2025)		05/28/2024	2,000,000.00	2,003,920.00	2,000,000.00	5.250	5.250	95	05/28/2026
3133ERJQ5	1139	Federal Farm Credit Bank (Callable 7/03/2025)		07/11/2024	5,000,000.00	5,003,500.00	5,000,000.00	5.300	5.298	131	07/03/2028
3133ERVU2	1145	Federal Farm Credit Bank Non-Callable		10/02/2024	3,000,000.00	2,966,010.00	2,997,051.67	3.500	3.564	587	10/02/2026
3133ERN31	1169	Federal Farm Credit Bank (Callable 12/23/2026)		12/23/2024	4,000,000.00	3,992,560.00	3,993,684.93	4.340	4.400	669	12/23/2027
3133ER2J9	1181	Federal Farm Credit Bank (Callable 2/3/2027)		02/03/2025	3,000,000.00	3,003,120.00	3,000,000.00	4.350	4.350	711	02/03/2028
3134H1V75	1129	Fed Home Loan Mtg Corp (Callable 5/21/2025)		05/24/2024	8,000,000.00	8,003,920.00	8,000,000.00	5.200	5.201	88	05/21/2026
3134HAM91	1158	Fed Home Loan Mtg Corp (Callable 6/13/2025)		12/13/2024	5,000,000.00	4,995,400.00	5,000,000.00	4.700	4.700	111	12/13/2027
3130AM6P2	1034	Fed Home Loan Bank (Callable 4/29/2025)		04/29/2021	12,000,000.00	11,544,360.00	12,000,000.00	1.000	1.000	66	04/29/2026
3130B1PW1	1133	Fed Home Loan Bank (Callable 3/12/2025)		06/13/2024	7,000,000.00	7,002,520.00	7,000,000.00	5.220	5.231	18	06/12/2026
3130B3HC0	1149	Fed Home Loan Bank (Callable 4/23/2025)		10/30/2024	8,000,000.00	7,996,480.00	8,000,000.00	5.000	5.000	60	10/23/2028
3130B4AN1	1168	Fed Home Loan Bank (Callable 12/18/2025)		12/19/2024	3,000,000.00	2,999,580.00	2,997,810.29	4.350	4.433	299	12/18/2026
3130B4GP0	1170	Fed Home Loan Bank (Callable 1/08/2026)		01/13/2025	3,000,000.00	3,001,890.00	3,000,000.00	4.375	4.375	320	01/08/2027
3130B4LR0	1171	Fed Home Loan Bank (Callable 7/16/2025)		01/16/2025	2,000,000.00	1,999,000.00	2,000,000.00	4.550	4.550	144	07/16/2027
3130B4NC1	1177	Fed Home Loan Bank (Callable 7/22/2025)		01/30/2025	2,000,000.00	1,999,400.00	2,000,000.00	4.650	4.651	150	01/22/2027
3130B4JQ5	1178	Fed Home Loan Bank (Callable 4/22/2025)		01/22/2025	2,000,000.00	1,997,800.00	2,000,000.00	4.500	4.500	59	01/22/2027
Subtotal and Average			83,702,821.39		84,000,000.00	83,414,600.00	83,988,662.20		3.535	152	
Federal Agency Disc. -Amortizing											
313385CS3	1157	Fed Home Loan Bank		11/27/2024	7,000,000.00	6,989,360.00	6,989,780.00	4.380	4.557	12	03/06/2025
313385DW3	1161	Fed Home Loan Bank		12/19/2024	7,000,000.00	6,966,400.00	6,967,216.67	4.215	4.387	40	04/03/2025
313385EE2	1164	Fed Home Loan Bank		12/19/2024	7,000,000.00	6,959,820.00	6,960,753.34	4.205	4.380	48	04/11/2025
313385GC4	1167	Fed Home Loan Bank		12/19/2024	7,000,000.00	6,922,230.00	6,923,964.58	4.160	4.356	94	05/27/2025
313397FQ9	1172	Fed Home Loan Bank		01/13/2025	7,000,000.00	6,932,030.00	6,933,591.39	4.165	4.343	82	05/15/2025
313385GE0	1173	Fed Home Loan Bank		01/13/2025	7,000,000.00	6,920,620.00	6,921,973.33	4.180	4.366	96	05/29/2025
313385FA9	1174	Fed Home Loan Bank		01/13/2025	7,000,000.00	6,943,510.00	6,944,598.89	4.190	4.362	68	05/01/2025
313385HZ2	1175	Fed Home Loan Bank		01/13/2025	7,000,000.00	6,886,320.00	6,887,429.30	4.165	4.372	139	07/11/2025
313385GU4	1176	Fed Home Loan Bank		01/17/2025	7,000,000.00	6,909,350.00	6,911,022.22	4.160	4.350	110	06/12/2025
Subtotal and Average			70,311,148.74		63,000,000.00	62,429,640.00	62,440,329.72		4.386	76	

ORANGE COUNTY FIRE AUTHORITY
Portfolio Management
Portfolio Details - Investments
February 21, 2025

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM/C 365	Days to Maturity	Maturity Date
Treasury Coupon Securities											
91282CFP1	1144	Treasury Note		09/26/2024	9,000,000.00	8,998,110.00	9,024,096.68	4.250	3.820	235	10/15/2025
91282CMF5	1179	Treasury Note		01/30/2025	3,000,000.00	3,002,580.00	2,997,706.16	4.250	4.278	1,057	01/15/2028
Subtotal and Average			12,022,806.53		12,000,000.00	12,000,690.00	12,021,802.84		3.934	440	
Treasury Discounts -Amortizing											
912797KS5	1127	US Treasury Bill		05/23/2024	8,000,000.00	7,951,120.00	7,940,732.00	4.939	5.256	54	04/17/2025
912797MM6	1141	US Treasury Bill		09/25/2024	8,000,000.00	7,990,560.00	7,988,560.00	4.290	4.497	12	03/06/2025
912797MG9	1142	US Treasury Bill		09/25/2024	8,000,000.00	7,846,960.00	7,860,928.90	3.770	3.975	166	08/07/2025
912797NA1	1159	US Treasury Bill		12/19/2024	7,000,000.00	6,804,000.00	6,803,125.00	4.050	4.278	250	10/30/2025
912797KJ5	1162	US Treasury Bill		12/19/2024	7,000,000.00	6,980,190.00	6,978,564.45	4.240	4.406	26	03/20/2025
912797NZ6	1163	US Treasury Bill		12/19/2024	8,000,000.00	7,952,880.00	7,951,466.67	4.200	4.377	52	04/15/2025
912797MV6	1165	US Treasury Bill		12/19/2024	7,000,000.00	6,968,640.00	6,967,372.22	4.195	4.366	40	04/03/2025
912797KJ5	1166	US Treasury Bill		12/19/2024	7,000,000.00	6,980,190.00	6,978,665.55	4.220	4.385	26	03/20/2025
912797NP8	1180	US Treasury Bill		01/30/2025	7,000,000.00	6,917,610.00	6,916,684.44	4.160	4.340	103	06/05/2025
Subtotal and Average			72,730,546.43		67,000,000.00	66,392,150.00	66,386,099.23		4.438	80	
Local Agency Investment Funds											
SYS336	336	Local Agency Invstmt Fund			36,120,543.44	36,106,889.33	36,120,543.44	4.366	4.366	1	
Subtotal and Average			37,549,114.87		36,120,543.44	36,106,889.33	36,120,543.44		4.366	1	
Total and Average			291,752,318.39		271,624,290.02	269,847,715.91	270,461,184.01		4.102	104	
Money Mkt Mutual Funds/Cash											
SYS10033	10033	Revolving Fund		07/01/2024	20,000.00	20,000.00	20,000.00		0.000	1	
SYS5	5	US Bancorp		07/01/2024	566,081.40	566,081.40	566,081.40		0.000	1	
Average Balance			0.00	Accrued Interest at Purchase		7,468.57	7,468.57			1	
				Subtotal		593,549.97	593,549.97				
Total Cash and Investments			291,752,318.39		272,210,371.42	270,441,265.88	271,054,733.98		4.102	104	

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ORANGE COUNTY FIRE AUTHORITY
Aging Report
By Maturity Date
As of February 22, 2025

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	(02/22/2025 - 02/22/2025)	5 Maturities	0 Payments	46,210,371.42	17.08%	46,210,371.42	46,196,717.31
Aging Interval:	1 - 30 days	(02/23/2025 - 03/24/2025)	4 Maturities	0 Payments	29,000,000.00	10.70%	28,935,570.00	28,940,300.00
Aging Interval:	31 - 60 days	(03/25/2025 - 04/23/2025)	6 Maturities	0 Payments	40,000,000.00	14.71%	39,787,656.21	39,781,160.00
Aging Interval:	61 - 90 days	(04/24/2025 - 05/23/2025)	3 Maturities	0 Payments	26,000,000.00	9.54%	25,878,190.28	25,798,380.00
Aging Interval:	91 - 120 days	(05/24/2025 - 06/22/2025)	4 Maturities	0 Payments	28,000,000.00	10.23%	27,673,644.57	27,669,810.00
Aging Interval:	121 - 365 days	(06/23/2025 - 02/22/2026)	4 Maturities	0 Payments	31,000,000.00	11.29%	30,575,579.88	30,535,390.00
Aging Interval:	366 - 1095 days	(02/23/2026 - 02/22/2028)	14 Maturities	0 Payments	59,000,000.00	21.64%	58,986,253.05	58,512,060.00
Aging Interval:	1096 days and after	(02/23/2028)	2 Maturities	0 Payments	13,000,000.00	4.81%	13,000,000.00	12,999,980.00
Total for			42 Investments	0 Payments		100.00	271,047,265.41	270,433,797.31



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, 2024 includes a decrease of \$205,731.17 to the LAIF investment and a decrease of \$2,064,880.43, 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
March 12, 2025

Agenda Item No. 3A
Discussion Calendar

FY 2024/25 Mid-Year Budget Adjustment

Contact(s) for Further Information

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Summary

This item is submitted to request approval to adjust revenues, expenditures and transfers to reflect changes identified after adoption of the FY 2024/25 budget.

Prior Board/Committee Action

A comprehensive mid-year financial review was presented to the Budget and Finance Committee and the Board of Directors in January, highlighting proposed mid-year changes to the FY 2024/25 budget that are needed based on events that have occurred since the budget was adopted last May. The Board directed staff to return in March with the technical budget adjustments required to implement the proposed changes.

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 March 27, 2025, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Authorize the proposed mid-year budget adjustments and transfers as detailed in this report and attachments.
2. Approve changes to the Master Position Control list to add one Fire Captain and three Firefighter positions to support the Air Operations program.

Impact to Cities/County

The proposed mid-year adjustments to the FY 2024/25 budget will have no impact to cash contract city charges in the current FY.

Fiscal Impact

Financial impact is detailed in the report, with an overall increase in revenues (all funds combined) of \$43,283,410 and an overall increase in expenditures (all funds combined) of \$42,088,012.

Increased Cost Funded by Structural Fire Fund: \$0
Increased Cost Funded by Cash Contract Cities: \$0

Background

This report is submitted to request approval of the technical budget adjustments following the January mid-year financial review. The following is a summary of budgetary changes needed since the adoption of the FY 2024/25 budget in May 2024 (See Attachment 1 for the total proposed adjustment for each Fund).

Overall, the proposed changes in the General Fund result in an estimated total revenue adjustment of approximately \$44.8 million and an estimated total expenditure adjustment of \$43.4 million. **Approximately \$40.6 million of the expenditure adjustments are related to emergency incidents that are offset by corresponding revenue or are items that are cost neutral.** Expenditures not directly offset by corresponding revenue increases are primarily due to increased general liability insurance costs and higher costs for services and supplies that were not known at the time of budget adoption including increased helicopter maintenance and utilities costs.

FY 2024/25 General Fund Estimated Revenue Adjustments - \$44.8 million

Property Taxes: Based on property tax billing data provided by the Auditor/Controller and property tax received to date, preliminary projections indicate an approximate \$1.1 million increase over budget.	\$1,132,496
Assistance by Hire (ABH)/Emergency Incident: ABH is the term used when OCFA responds to requests for assistance to incidents outside our area of responsibility, on a reimbursement basis. Current year activity is \$36.0 million greater than budget due to various in-county and out-of-county responses. Staff will be monitoring this source of revenue for additional reimbursements. An expenditure adjustment is also proposed to the overtime/backfill category to cover the costs associated with providing the ABH services.	\$35,993,777
CalFire/Grant/Reimbursements: This category CalFire revenue and reimbursements for Grants or other programs where expenditures are reimbursed once incurred. The \$2.0 million adjustment is for CalFire Gray Book revenue (\$814K), University of California PFAS Research Grant (\$504K), CalFire augmentation funding (\$355K), Joint Apprenticeship Committee Program (\$200K), 2022 UASI Grant amendment (\$90K), OCSO SONGS Reimbursement (\$40K), combined US&R Grant adjustments (\$20K), and FEMA Fire Prevention Safety Grant (\$10K).	\$2,032,323
OCPFA Retiree Medical Trust Payment: OCFA's audit firm Lance, Soll & Lunghard issued a final report on the OCPFA Medical Benefit Trust for the period January 1, 2023 through December 31, 2023 showing a \$3,484,786 excess fund balance credit due to the OCFA. Per the terms of the OCFA/OCPFA Health Plan Agreement, OCFA will remit these funds to the OCFA Retiree Medical Trust held at OCERS, and future contributions will be adjusted.	\$3,484,786
Miscellaneous: This category of revenue adjustments includes increased interest earnings (\$1.6M), planning & development fees (\$359K), inspection services revenue (\$125K), insurance settlement receipts (\$48K), combined adjustments to cash contract city maintenance charges (\$38K), and Drone Program training revenue (\$28K).	\$2,182,399

FY 2024/25 General Fund Estimated Expenditure Adjustments - \$43.4 million

Assistance by Hire/Emergency Incident Costs: As mentioned under Revenue for ABH, an adjustment is needed for in-county and out-of-county responses, primarily in the overtime/backfill category, but also for response-related supplies. This category also comprises US&R activation expenditures. Staff will be monitoring these categories closely as the fiscal year progresses. **\$36,263,497⁽¹⁾**

Grant/Reimbursable Programs: These expenditure items include University of California PFAS Research Grant (\$504K), Joint Apprenticeship Committee Program (\$200K), 2022 UASI Grant amendment (\$90K), OCSO SONGS Reimbursement (\$40K), combined US&R Grant adjustments (\$20K), and FEMA Fire Prevention Safety Grant (\$11K). **\$863,766⁽¹⁾**

OCFA Retiree Medical Trust Payment: OCFA’s audit firm Lance, Soll & Lunghard issued a final report on the OCPFA Medical Benefit Trust for the period January 1, 2023 through December 31, 2023 showing a \$3,484,786 excess fund balance credit due to the OCFA. Per the terms of the OCFA/OCFA Health Plan Agreement, OCFA will remit these funds to the OCFA Retiree Medical Trust held at OCERS, and future contributions will be adjusted. **\$3,484,786⁽¹⁾**

Personnel/Training: When the Board adopted the FY 2024/25 budget in May, staff was directed to fund a Fire Captain lead crew chief position² and three Firefighter paramedic rescuer positions for the Air Operations Program at mid-year. This adjustment includes a prorated amount of \$526K to fund these positions for a partial year. This cost will be partially offset by a \$405K budget decrease for three Firefighter Paramedic Positions that were budgeted to add a 4th firefighter paramedic position to Engine 18 starting January 2025, but are now anticipated to be partially funded by the SAFER Grant beginning in FY 2025/26. This category also includes the impact of the October 2024 Side Letter with the Firefighters (\$660K), Pilot Training (\$324,558), tuition reimbursement (\$235K), and Drone Program Training (\$40K). **\$1,380,509**

Supplies/Equipment/Professional Services: This category includes one-time adjustments for services and supplies which were unknown or for which costs have increased since budget development. Adjustments include increased general liability insurance (\$1.1M), Helicopter 4 maintenance (\$500K), utilities costs (\$431K), GE helicopter engine maintenance program (\$352K), workers’ compensation excess insurance (\$280K), vehicle maintenance and repair (\$250K), 800MHz System cost sharing (\$153K), maintenance for surplus vehicles provided to Investigations Section (\$49K), development impact fee study (\$39K), power equipment fuel (\$35K), and junior firefighting helmets (\$20K). **\$3,158,520**

Workers’ Compensation: The OCFA received a new workers’ compensation actuarial study dated 7/16/2024 which allows for a \$2.0 million decrease in Fund 121 workers’ compensation expenditures while still maintaining funding at the 50% confidence level. Fund 121 workers’ compensation expenditures are transferred to Workers’ Compensation Fund 190 to pay for workers’ compensation claims. **(\$2,000,000)**

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

² The “Lead” Crew Chief position will require a new bonus pay for the higher skill set. Staff will propose a side letter agreement with the March staff report for Board review and approval.

Interfund Borrowing: When the budget was adopted in May, the Board approved interfund borrowing as a cash flow management mechanism in FY 2024/25. The money is borrowed from the Workers' Compensation Self-Insurance Fund 190 and repaid with interest which is reflected as a cost to the General Fund. The estimated \$263K increase in interfund borrowing costs are offset by increased General Fund interest earnings revenue of \$1.6M.

\$262,500

Fixed Asset Purchases: OCFA plans to use Cal Fire Grant funds to purchase a gooseneck trailer for the Wildland Operations section estimated at \$45K. No budget adjustment is needed as the Board approved the rebudget of \$1.0M in remaining Cal Fire Vegetation Management Grant funding in September that will be used for this purchase. OCFA also plans to use US&R Grant funds that were approved by the Board September 2024 to purchase a US&R semi-truck estimated at \$242K.

\$0

FY 2024/25 CIP and Other Fund Adjustments

- **Fund 12110 – General Fund CIP:** A decrease in expenditures in the amount of \$4,822,066 is needed due to lower than anticipated costs for the SCBA replacement project.
- **Fund 133 – Fire Apparatus:** An increase in expenditures of \$4,460,000 is needed for the purchase of two additional ladder trucks and a \$1,001,500 budget decrease is needed for rebudgeted dozer and tractor vehicle funding that is not needed.
- **Fund 139 – Settlement Agreement:** An increase in expenditures in the amount of \$38,000 is needed to accommodate Trustee and PARS fees for administering the 115 Trust.
- **Fund 190 – Workers' Compensation:** A revenue reduction of \$2,000,000 is required to correspond with the \$2,000,000 decrease in funding provided by Fund 121 referenced in the General Fund expenditure section above.
- **Interest Earnings:** Interest earning revenue for each of the CIP and Other Funds have been increased based on the latest projections. The net interest earnings adjustment is a \$457,629 increase.

FY 2024/25 Fund Balance Transfer Adjustments

- **Unencumbered Fund Balance:** The FY 2023/24 year-end audit identified unencumbered fund balance in the amount of \$4,572,224. This fund balance increase resulted primarily from additional revenue received in the fiscal year as well as S&S savings in the General Fund. Per the OCFA's Amended Joint Powers Agreement (JPA), the Board of Directors has the discretion to allocate this year-end unencumbered fund balance to the Structural Fire Fund Entitlement Fund for use by eligible member agencies, pursuant to the equity calculation as defined in the JPA. While that discretionary option is available, staff instead recommends allocating the unencumbered fund balance as follows, due to organizational need:
 - Allocate 100% to remain in the General Fund to maintain the contingency reserve at 10% of expenditures, pursuant to the OCFA's Financial Stability Budget Policy.
- **Fund 121 and CIP Transfers:** The Financial Stability Policy requires a reconciliation of the 10% contingency reserve at mid-year. With FY 2023/24 unencumbered fund balance remaining in the General Fund, the required 10% contingency amount of \$49,349,852 will be maintained. With added CIP expenditures, the following fund balance transfers are required to maintain positive fund balance across all funds: \$4,500,000 transfer from Fund 12110 to Fund 133.

The proposed revenue and expenditure adjustments are summarized in the table below:

Fund	Revenues	Expenditures
General Fund (121)		
Property Taxes	\$1,132,496	-
Assistance by Hire/Emergency Incident	\$35,993,777	\$36,263,497
CalFire/Grant/Reimbursements	\$2,032,323	\$863,766
OCPFA Retiree Medical Trust Payment	\$3,484,786	\$3,484,786
Miscellaneous	\$2,182,399	-
Personnel/Training	-	\$1,380,509
Supplies/Equipment/Professional Services	-	\$3,158,520
Workers' Compensation	-	(\$2,000,000)
Interfund Borrowing	-	\$262,500
Total General Fund (121)	\$44,825,781	\$43,413,578
GF Capital Improvement Program (12110)	-	(\$4,822,066)
Fire Stations & Facilities (123)	(\$432,892)	-
Comm. & Info Systems (124)	(\$61,319)	-
Vehicle Replacement (133)	\$10,534	\$3,458,500
Settlement Agreement (139)	\$41,773	\$38,000
SFF Entitlement Fund (171)	\$89,688	-
Workers' Compensation (190)	(\$1,190,155)	-
Total All Funds	\$43,283,410	\$42,088,012

Attachment(s)

1. FY 2024/25 Mid-Year Budget Adjustments
2. Combined Budget Summary

FY 2024/25 Mid-Year Budget Adjustments

The following adjustments to the FY 2024/25 budget are requested:

General Fund (Fund 121)

Revenues: \$44,825,781 increase

Expenditures: \$43,413,578 increase

General Fund CIP (Fund 12110)

Expenditures: \$4,822,066 decrease

Operating Transfer Out to Fund 133: \$4,500,000

Fire Stations and Facilities Fund (Fund 123)

Revenues: \$432,891 decrease

Communications and Information Systems Fund (Fund 124)

Revenues: \$61,319 decrease

Fire Apparatus Fund (Fund 133)

Revenues: \$10,534 increase

Expenditures: \$3,458,500 increase

Operating Transfer In from Fund 12110: \$4,500,000

Irvine Settlement Agreement Fund (Fund 139)

Revenues: \$41,773 increase

Expenditures: \$38,000 increase

Structural Fire Fund Entitlement Fund (Fund 171)

Revenues: \$89,688 increase

Self-Insurance Fund (Fund 190)

Revenues: \$1,190,155 decrease

**ORANGE COUNTY FIRE AUTHORITY
COMBINED BUDGET SUMMARY
FY 2024/25**

	121 General Fund	<u>CIP Funds</u>				<u>Other Funds</u>			Total
		12110 General Fund CIP (1)	123 Fire Stations & Facilities	124 Communications & Info. Systems	133 Fire Apparatus	139 Settlement Agreement	171 SFF Entitlement	190 Self Insurance	
FUNDING SOURCES									
<i>Property Taxes</i>	358,765,181	-	-	-	-	-	-	-	358,765,181
<i>Intergovernmental</i>									
State Reimbursements	71,771,415	-	-	-	-	-	-	-	71,771,415
Federal Reimbursements	3,729,553	-	-	-	-	-	-	-	3,729,553
Community Redevelopment Pass-thru	28,532,644	-	-	-	-	-	-	-	28,532,644
<i>Charges for Current Services</i>									
Cash Contract Cities	148,114,007	-	-	-	1,963,179	-	-	-	150,077,186
HMS Revenue	-	-	-	-	-	-	-	-	-
Fees - Community Risk Reduction	8,194,287	-	-	-	-	-	-	-	8,194,287
Other Charges for Services	21,377	-	-	-	-	-	-	-	21,377
ALS Reimbursements, Supplies	4,547,600	-	-	-	-	-	-	-	4,547,600
Charges for Workers' Comp	-	-	-	-	-	-	-	24,400,324	24,400,324
<i>Use of Money and Property</i>									
Interest	3,827,314	-	933,188	243,434	1,557,721	1,130,482	89,688	6,283,071	14,064,898
<i>Other</i>									
Developer contributions	-	-	1,276,550	-	592,000	-	-	-	1,868,550
Miscellaneous	35,885,783	-	-	-	-	-	-	-	35,885,783
Total Revenues & Other Financing Sources	663,389,161	-	2,209,738	243,434	4,112,900	1,130,482	89,688	30,683,395	701,858,798
Operating Transfer In	-	27,000,000	-	400,000	23,237,108	2,668,000	-	-	53,305,108
Beginning Fund Balance	48,524,954	12,525,888	23,090,170	7,394,922	3,524,472	32,497,984	3,423,205	164,780,297	295,761,892
TOTAL AVAILABLE RESOURCES	\$711,914,115	\$39,525,888	\$25,299,908	\$8,038,356	\$30,874,480	\$36,296,466	\$3,512,893	\$195,463,692	\$1,050,925,798
EXPENDITURES									
Salaries & Emp Benefits	\$505,032,036	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$505,032,036
Services & Supplies	99,929,217	30,140,529	-	126,900	4,933,000	2,206,000	3,413,001	32,235,643	172,984,290
Capital Outlay/Equipment	6,873,879	3,110,864	23,298,955	7,281,154	25,784,740	-	-	-	66,349,592
Total Expenditures	\$611,835,132	\$33,251,393	\$23,298,955	\$7,408,054	\$30,717,740	\$2,206,000	\$3,413,001	\$32,235,643	\$744,365,918
Appropriation for Contingencies	3,000,000	-	-	-	-	-	-	-	3,000,000
Operating Transfer Out	48,805,108	4,500,000	-	-	-	-	-	-	53,305,108
Ending Fund Balance	\$48,273,875	\$1,774,495	2,000,953	630,302	156,740	34,090,466	99,892	\$163,228,049	250,254,772
TOTAL FUND COMMITMENTS & FUND BALANCE	\$711,914,115	\$39,525,888	\$25,299,908	\$8,038,356	\$30,874,480	\$36,296,466	\$3,512,893	\$195,463,692	\$1,050,925,798

[1] Project related budgets segregated for operational budget clarity purposes. As a sub-fund of the General Fund, revenues and expenditures are accounted for as the General Fund in the ACFR, however for cash-flow purposes the expenditures are tracked outside of the General Fund. Therefore 12110 requires cash-flow transfers in the same manner as the other CIP Funds.



Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 12, 2025

Agenda Item No. 3B
Discussion Calendar

2024 Long Term Liability Study
& Accelerated Pension Payment Plan

Contact(s) for Further Information

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Treasury & Financial Planning

Summary

This annual agenda item is submitted to provide information on the Orange County Fire Authority's (OCFA) total long term liabilities and strategies for mitigating and/or funding the liabilities.

Prior Board/Committee Action

As this is an annual report, the last presentation to the Board of Directors was at its April 25, 2024 meeting.

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 March 27, 2025, with the Budget and Finance Committee's recommendation that the Board of Directors receive and file the report.

Impact to Cities/County

Strategic planning to reduce liabilities where possible and provide early funding for those liabilities which cannot be reduced, will assist OCFA in sustaining frontline emergency services for our member agencies and the citizens we serve.

Fiscal Impact

During the past eleven years, the OCFA Board of Directors' support of the Accelerated Pension Payment Plan has enabled OCFA to make accelerated payments totaling \$124.3 million, resulting in interest savings of \$94.8 million on behalf of the Orange County citizens and taxpayers who fund our services.

Background

In order to determine an agency's financial stability, one must look at all of its long-term obligations or liabilities, not just pensions. The Liability Study (Attachment 1) examines all of OCFA's long-term liabilities, with primary focus on the pension liability and retiree medical liability.

Accelerated Pension Payment Plan

Currently, OCFA's pension liability funding level is 94.7% which exceeds the Board's target of 85%. Therefore, in FY 2024/25, OCFA directed \$21.8 million of additional payments towards its Retiree Medical Unfunded Actuarial Accrued Liability (UAAL) to the Orange County Employees' Retirement System (OCERS).

To continue to evaluate progress associated with the accelerated funding of OCFA's pension liability, OCFA requested OCERS' actuary, Segal Consulting, to update the following:

- How much OCFA saved in interest annually since 2013 by making additional payments towards its UAAL?
- When would OCFA achieve 100% funding?

The actuary reported back that OCFA has saved \$94.8 million in interest by making additional payments towards its UAAL and has achieved 94.7% funding as of December 31, 2023. The steady performance of OCERS has led to continued improvements in its funded status, with full funding (100%) now projected by December 31, 2029, assuming all other actuarial inputs are held constant.

Irvine Settlement Agreement

As part of the Irvine Settlement Agreement, OCFA agreed to establish a 115 Trust and to make annual deposits of \$2 million, dedicated solely for future application to OCFA's pension liability. On May 23, 2019, the OCFA Board approved establishing the 115 Trust with the Public Agency Retirement Services (PARS), and the initial deposit of \$2 million was made on July 1, 2019. OCFA is to continue to make annual deposits of \$2 million each year. However, if OCFA has not funded 85% of its pension liability as determined by OCERS, then the required 115 Trust payment will be reduced to \$1,500,000 per fiscal year until OCFA achieves the targeted 85% funding level and the \$500,000 reduction will instead be contributed to OCERS as an additional employer pension contribution. Since OCFA's pension plan is currently 94.7% funded, for FY 2024/25 the full \$2 million was deposited into the PARS 115 Trust to reduce the pension liability.

A hypothetical allocation of OCFA's pension liability by member city can be found in Attachment 3, and the allocation of the PARS 115 trust assets by member city can be found in Attachment 4.

The OCFA has already taken many steps to reduce some of its long-term liabilities and accelerate funding of other liabilities. Staff is committed to continue seeking additional ways to mitigate liability impacts, fund the accrued liabilities, and ensure the long-term viability of the organization.

Attachment(s)

1. 2024 Long Term Liability Study
2. Updated Snowball Strategy
3. Hypothetical Allocation of Pension Liability Per City
4. Allocation of PARS 115 Trust Assets by City

ORANGE COUNTY FIRE AUTHORITY



2024

LIABILITY STUDY

OCFA'S LONG TERM LIABILITES

MARCH 2025

OCFA'S LONG TERM LIABILITY STUDY

I. OBJECTIVE

One of the key components of fiscal responsibility is prudent management of long-term liabilities. The objective of this annual study is to provide an accurate assessment of the OCFA's **total** long-term obligations and to continuously identify strategies to reduce and/or fund the liabilities.

II. BACKGROUND

OCFA's long term liabilities include:

- A. Defined Benefit Pension Plan
- B. Defined Benefit and Defined Contribution Retiree Medical Plans
- C. Workers Compensation Claims
- D. Accrued Compensated Absences (accumulated sick and vacation payouts)
- E. Leases

The liabilities above, and strategic funding for each, remain a focus for OCFA as discussed in more detail below.

A. DEFINED BENEFIT PENSION PLAN

In a *defined benefit plan*, employees receive *specific benefits* upon retirement, based on a pre-established formula. For example, a pension plan may provide retirees an annual retirement income which is determined in accordance with an agreed-upon formula, such as a predetermined percentage of annual earnings multiplied by the number of years of service.

The OCFA participates in the Orange County Employees' Retirement System (OCERS), a cost sharing multiple-employer, defined benefit pension plan. All OCFA regular, full-time, and part-time employees become members of OCERS upon employment, and the OCFA makes periodic contributions to OCERS as part of the funding process. The contributions submitted to OCERS are divided into employer and employee contributions. The combination of these contributions and investment income from OCERS' investments are structured to fund the employees' retirement benefits by the time the employees retire.

The OCFA's employees are distributed into two employee categories for purposes of retirement benefits, identified as Safety members and General members. Both the Safety and General categories include three tiers of retirement benefit formulas each, depending on date of hire:

	Hired Prior to July 1, 2012	Hired Between July 1, 2012 – Dec. 31, 2012	Hired on or after Jan. 1, 2013 (w/out reciprocity)
Safety	3% @ 50	3% @ 55	2.7% @ 57

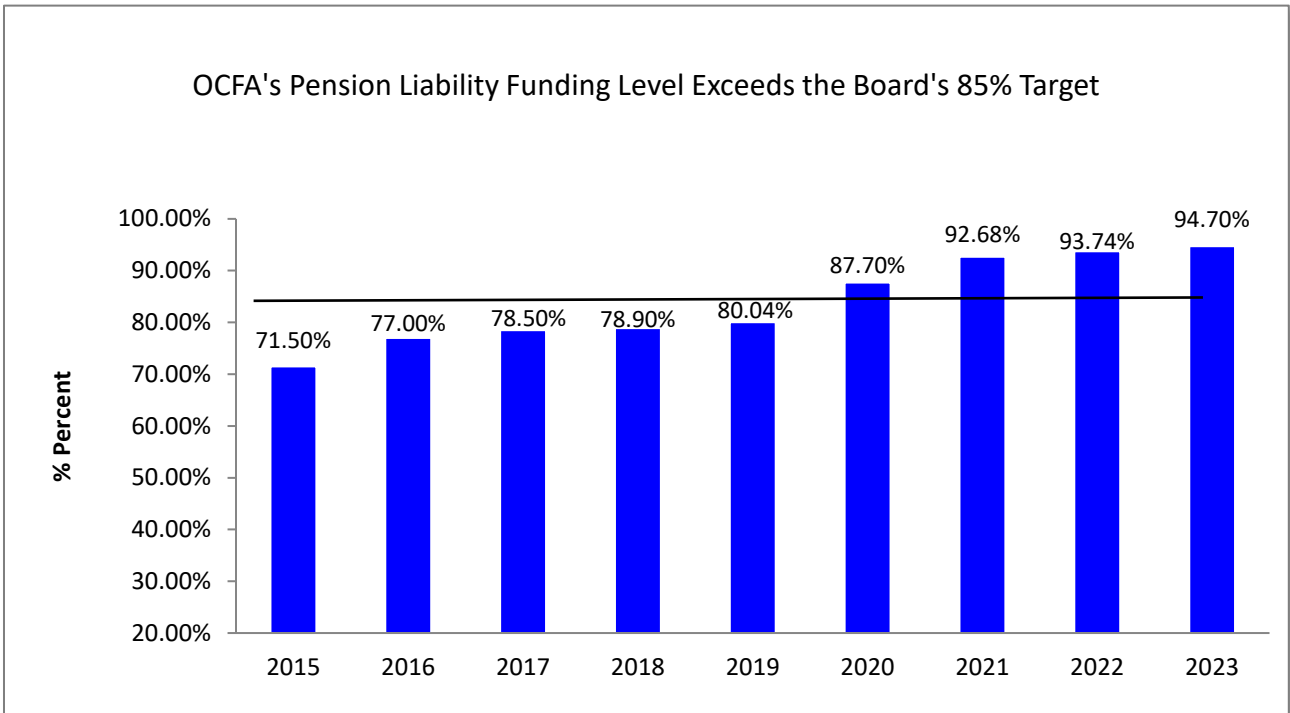
	Hired Prior to July 1, 2011	Hired Between July 1, 2011 – Dec. 31, 2012	Hired on or after Jan. 1, 2013 (w/out reciprocity)
General	2.7% @ 55	2% @ 55	2.5% @ 67

OCFA Retirement Costs, Liabilities and Funding

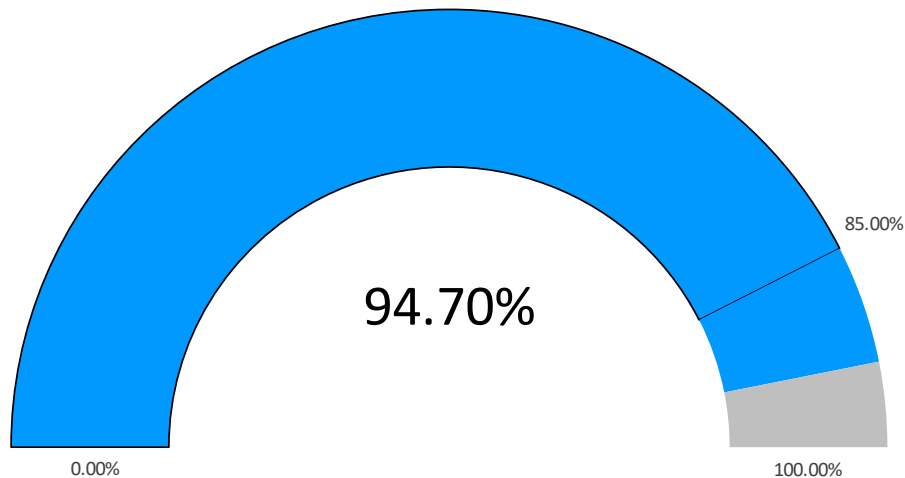
OCFA’s annual retirement costs represent approximately \$88 million or 17.04% of the Authority’s FY 2024/25 General Fund budget. Each year, the Authority receives its retirement rates from OCERS. The total retirement rate has two components: the Normal Cost Component plus the current year’s cost for the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost Component is the cost to pay for the current year’s value of retirement benefits as earned. The UAAL Component is the accrued liability for past services which were not funded by prior contributions and investments.

The UAAL is determined by the actuary and is the difference between the present value of accrued liabilities and the value of assets as of a specific date. This amount changes over time as a result of changes in accrued benefits, pay levels, rates of return on investments, changes in actuarial assumptions, and changes in the demographics of the employee base.

Pension Liability Funding Level



Based on the December 31, 2023 valuation by OCERS, the Authority’s total UAAL was \$142.9 million with \$122.0 million or 85% attributed to Safety members and \$20.9 million or 15% attributed to General members. As shown below, OCFA’s pension plan is 94.7% funded.



The OCFA reduces its UAAL over time as part of the annual required pension contribution to OCERS as shown below:

General Members (2.7% @ 55, 2.0% @ 55, and 2.5% @ 67 combined)

<u>Employer Rate *</u>	<u>2023 Valuation</u> (FY 25/26 rates)	<u>2022 Valuation</u> (FY 24/25 rates)
Normal Cost	12.63%	12.63%
<u>UAAL</u>	<u>10.51%</u>	<u>10.50%</u>
Total	23.14%	23.13%

Safety Members (3.0% at 50, 3% @ 55 and 2.7% @ 57 combined)

<u>Employer Rate *</u>	<u>2023 Valuation</u> (FY 25/26 rates)	<u>2022 Valuation</u> (FY 24/25 rates)
Normal Cost	21.66%	22.45%
<u>UAAL</u>	<u>12.62%</u>	<u>12.96%</u>
Total	34.28%	35.41%

* Totals do not include *Employee Rates*, which vary based on age of entry and retirement formula. *Employee Normal Costs (excluding UAAL costs)* range from 7.91% - 17.12% for General and 13.03% - 21.24% for Safety. Rates are also after adjustment for additional Employer UAAL contributions made from 2014 to 2023.

Two events have the greatest impact on plan funding: (1) plan changes, namely benefit formula changes and (2) differing actual experience requiring a modification in assumptions to reflect reality such as life expectancy. Other assumptions that impact the funding and UAAL include:

1. The assumed rate of return
2. The rate of increase in salaries
3. Member mortality
4. The age at which members choose to retire
5. How many members become disabled
6. How many members terminate their service earlier than anticipated

The assumed rate of return, also known as the discount rate, is a critical issue impacting OCFA's UAAL. The higher the discount rate, the lower the present value of pension assets needed to meet future pension obligations. A lower discount rate increases the current unfunded pension liabilities.

In 2013, the OCERS Board voted to lower the interest rate assumption from 7.75% to 7.25% which increased OCFA's annual retirement costs by \$7.5 million. This increase was phased in over a two-year period starting in FY 2014/15.

In October 2017, the OCERS Board voted to lower the interest rate assumption again from 7.25% to 7.0%. It also voted to update the mortality tables based on generational mortality. The updated mortality tables indicate that people are living longer which means they will collect a pension longer resulting in an increase in retirement costs. These new assumption changes increased OCFA's retirement contribution rates by 3.73% of pay or approximately \$5 million per year beginning in July 2019.

In 2018, OCERS investment return was negative 1.67% and less than its assumed rate of return of 7.0%. This resulted in an increase to OCFA's UAAL from \$400.6 million in 2017 to \$426.7 million in 2018.

In 2019, OCERS investment return was 14.4%. However, despite exceeding its 7.0% assumed rate of return and additional payments made by OCFA towards its UAAL, OCFA's UAAL did increase by \$8.0 million from \$426.7 million to \$434.7 million. Most of the UAAL increase was attributed to prior years' investment losses and higher actual versus expected retiree cost of living adjustment (COLA). In addition, actual experience for mortality, rate of retirement, turnover, and disability came in higher than the actuary projected resulting in an actuarial loss.

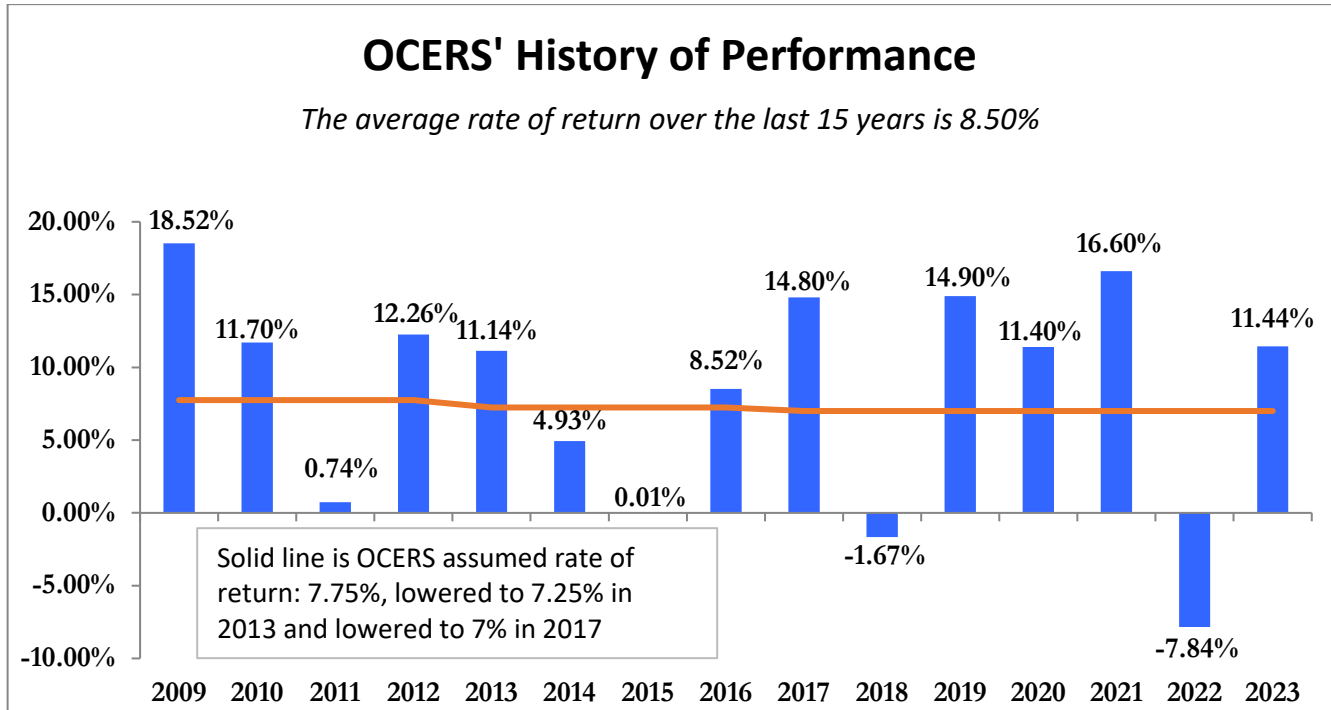
In 2020, OCERS exceeded its 7% assumed rate of return and earned 11.4%. OCERS' strong market performance, along with changes to its long-term actuarial assumptions and additional payments OCFA has made towards its unfunded pension liability, significantly decreased OCFA's UAAL. The UAAL decreased by \$159.1 million from \$434.7 million in 2019 to \$275.6 million in 2020.

In 2021, OCERS exceeded its 7% assumed rate of return and earned 16.6%. OCERS' strong market performance along with additional payments OCFA has made towards its unfunded pension liability, significantly decreased OCFA's UAAL. The UAAL decreased by \$101.2 million from \$275.6 million in 2020 to \$174.4 million in 2021.

In 2022, OCERS investment return was negative 7.84% which is below its assumed rate of return of 7.0%. However, because of strong investment performance in prior years along with additional payments OCFA has made towards its unfunded pension liability, there was actually a decrease in OCFA's UAAL. The UAAL decreased by \$16 million from \$174.4 million in 2021 to \$158.4 million in 2022.

In 2023, OCERS exceeded its 7% assumed rate of return and earned 11.44%. OCERS' strong market performance along with additional payments OCFA has made towards its unfunded pension liability, significantly decreased OCFA's UAAL. The UAAL decreased by \$15.5 million from \$158.4 million in 2022 to \$142.9 million in 2023.

The following chart shows a history of OCERS' investment performance over the past fifteen years. Although there have been years in which OCERS exceeded its assumed rate of return, the years in which OCERS incurred losses, such as the 7.84% loss in 2022, have a negative impact. OCERS' average return for the 15 years reflected below is 8.49%, which is above its assumed rate of return of 7.0%.



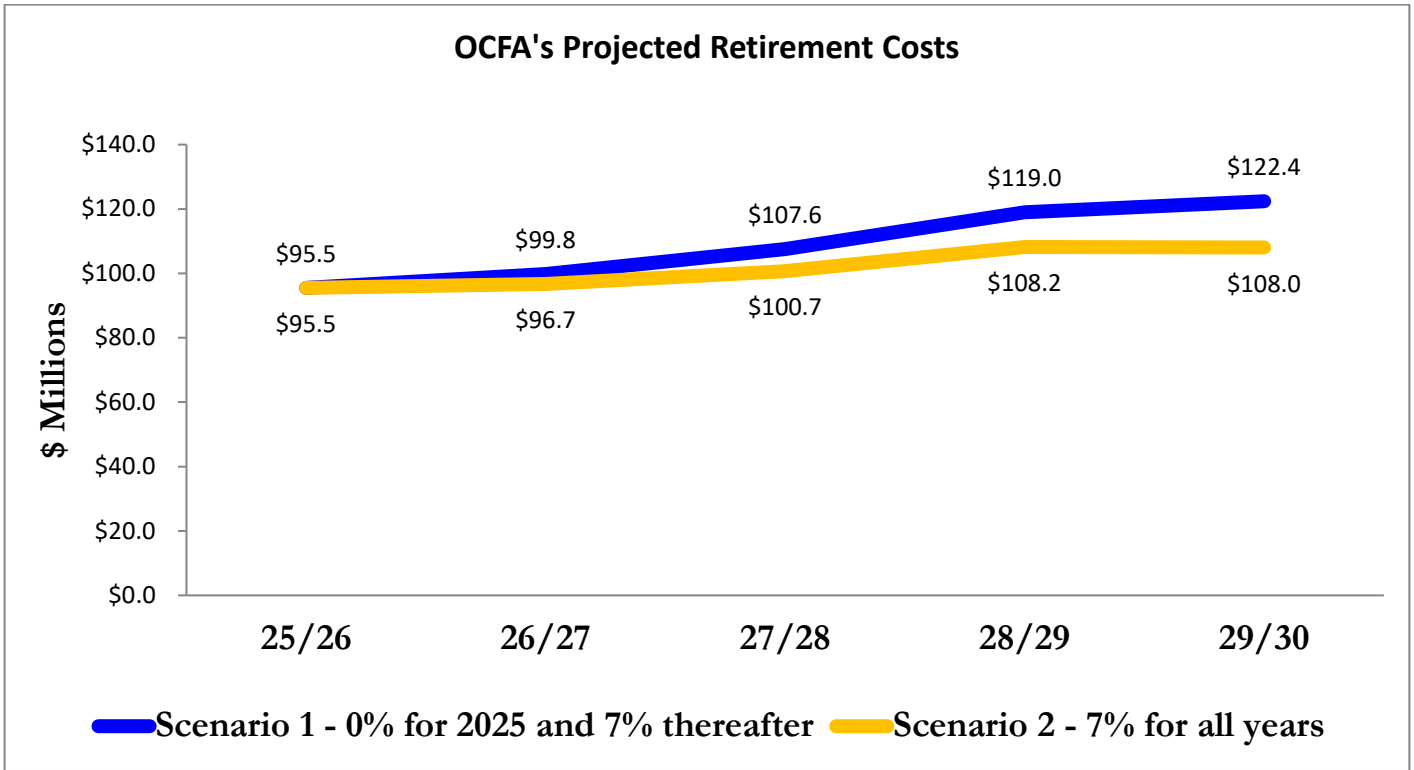
OCERS' investment return also impacts the funding level of the entire system, as demonstrated in the following chart. After a 21% loss in 2008, OCERS UAAL increased, and its funding level began to drop. The funding level started to improve in 2013 when OCERS rate of return exceeded the assumed rate of return. The funding level continued to improve in 2023 and is now at 82.63%.

OCERS' Schedule of Funding Progress

(Dollars in Thousands)

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Total UAAL (b-a=c)	Funded Ratio (a/b)
2001	\$4,586,844	\$4,843,899	\$257,055	94.69%
2002	4,695,675	5,673,754	978,079	82.76%
2003	4,790,099	6,099,433	1,309,334	78.53%
2004	5,245,821	7,403,972	2,158,151	70.85%
2005	5,786,617	8,089,627	2,303,010	71.53%
2006	6,466,085	8,765,045	2,298,960	73.77%
2007	7,288,900	9,838,686	2,549,786	74.08%
2008	7,748,380	10,860,715	3,112,335	71.34%
2009	8,154,687	11,858,578	3,703,891	68.77%
2010	8,672,592	12,425,873	3,753,281	69.79%
2011	9,064,355	13,522,978	4,458,623	67.03%
2012	9,469,208	15,144,888	5,675,680	62.52%
2013	10,417,125	15,785,042	5,367,917	65.99%
2014	11,449,911	16,413,124	4,963,213	69.76%
2015	12,228,009	17,050,357	4,822,348	71.72%
2016	13,102,978	17,933,461	4,830,483	73.06%
2017	14,197,125	19,635,427	5,438,302	72.30%
2018	14,994,420	20,703,349	5,708,929	72.43%
2019	16,036,869	21,916,730	5,879,861	73.17%
2020	17,525,117	22,904,975	5,379,858	76.51%
2021	19,488,761	24,016,073	4,527,312	81.15%
2022	20,691,659	25,386,669	4,695,010	81.51%
2023	22,135,285	26,788,041	4,652,756	82.63%

The chart below provides two OCERS rate of return scenarios. Scenario 1 assumes OCERS will earn its assumed rate of return of 7.0% in 2024 and future years. Scenario 2 assumes that OCERS will not earn its assumed rate of return, and instead will earn 0.0% in 2024 and 7.0% in future years. Scenario 1 contrasts with Scenario 2 and demonstrates the significant increase to retirement contribution rates when OCERS does not earn its assumed rate of return. This data is presented to demonstrate the potential impacts that can (and do) occur from time to time when the system earns less (or more) than assumed. OCERS' year-to-date return as of December 31, 2024 is 9.96%. It has an assumed rate of 7.0% and is on a calendar year basis.



OCFA has taken steps to increase employee contributions, reduce benefits by establishing new tiers, and accelerate the paydown of the UAAL with the long-term goal to ensure adequate pension funding. However, other factors (such as OCERS' investment performance) are beyond the OCFA's control, yet these factors have a significant impact on determining retirement rates and ensuring adequate funding.

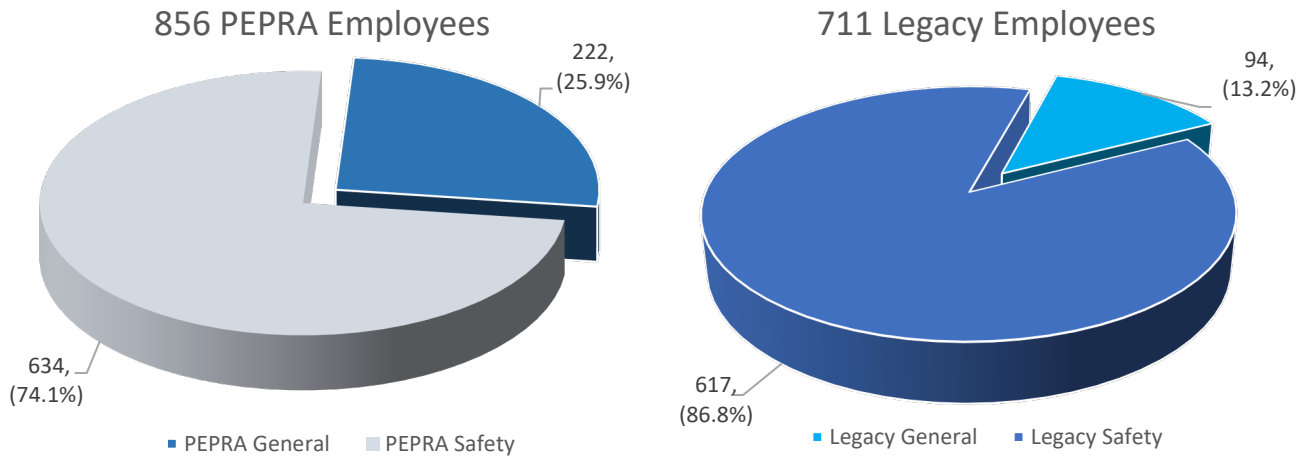
Accelerated Pension UAAL Payment Plan

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

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

OCFA's accelerated payment plan originally involved three components including (1) use of year-end fund balance available, (2) contributing additional funds each year using savings achieved under PEPPA or other annual actuarial gains, and (3) contributing an additional \$1 million per year in budgeted funds, with the annual budget allocation building to \$5 million per year by year five.

The number of employees who fall under PEPRAs continues to increase as shown in the charts below. Over time, this will lower OCFA's retirement costs since PEPRAs employees receive a less costly benefit.



In FY15/16, the plan was modified to include the following:

- Contributing an additional \$1 million each year starting in 2016/17 and increasing by \$2 million each year until it reaches \$15 million and continuing at \$15 million thereafter
- Contributing \$1 million per year from surplus fund balance available in the Workers' Compensation Self Insurance Fund starting in 2016/17 for five years

In FY16/17, the plan was modified again to include the following:

- Contributing \$7,633,021 in FY 2017/18 from General Fund surplus and continuing in different amounts until OCFA's funding goal is achieved
- Reduced the accelerated funding goal from 100% to 85% for OCFA's pension liability with the added policy to redirect expedited payment dollars to OCFA's retiree medical liability after achieving the 85% target for the pension liability.

To date, OCFA has made the following additional payments towards its UAAL:

FY 13/14	\$ 5.5 million
FY 14/15	21.3 million
FY 15/16	15.4 million
FY 16/17	13.5 million
FY 17/18	19.9 million
FY 18/19	19.2 million
FY 19/20	13.7 million
<u>FY 20/21</u>	<u>15.8 million</u>
Total	\$124.3 million

The outcomes from the accelerated payment plan implementation in FY 2013/14 through FY 2020/21 along with OCFA’s anticipated future year additional payments were submitted to OCERS’ actuary to determine:

1. How much OCFA saved in interest annually since 2013 by making additional payments towards its UAAL?
2. When would OCFA achieve 100% funding if it continued to make additional UAAL payments under its Snowball Plan?

The actuary reported back that OCFA has saved \$94.8 million in interest by making additional payments towards its UAAL. The noted \$94.8 million in interest savings has accumulated, as shown below, in correlation with our additional payments:

CY 2014	\$1,012,937
CY 2015	2,084,402
CY 2016	3,295,068
CY 2017	4,322,897
CY 2018	6,059,497
CY 2019	7,839,455
CY 2020	9,843,583
CY 2021	12,346,336
CY 2022	14,033,430
CY 2023	15,908,889
CY 2024	18,097,247
TOTAL	\$94,843,741

OCFA is 94.7% funded as of December 31, 2023 and is expected to achieve 100% funding by December 31, 2029, assuming all other actuarial inputs are held constant.

All of the above strategies will reduce the OCFA’s existing UAAL more rapidly, and effectively shorten the weighted-average amortization period. Shortening the amortization period will have many benefits to OCFA. Although it causes our employer contributions to rise during the expedited payment period, it results in our liability being paid off sooner. Earlier payments of contributions will result in greater investment income earned and less money paid from the employer over the long-term.

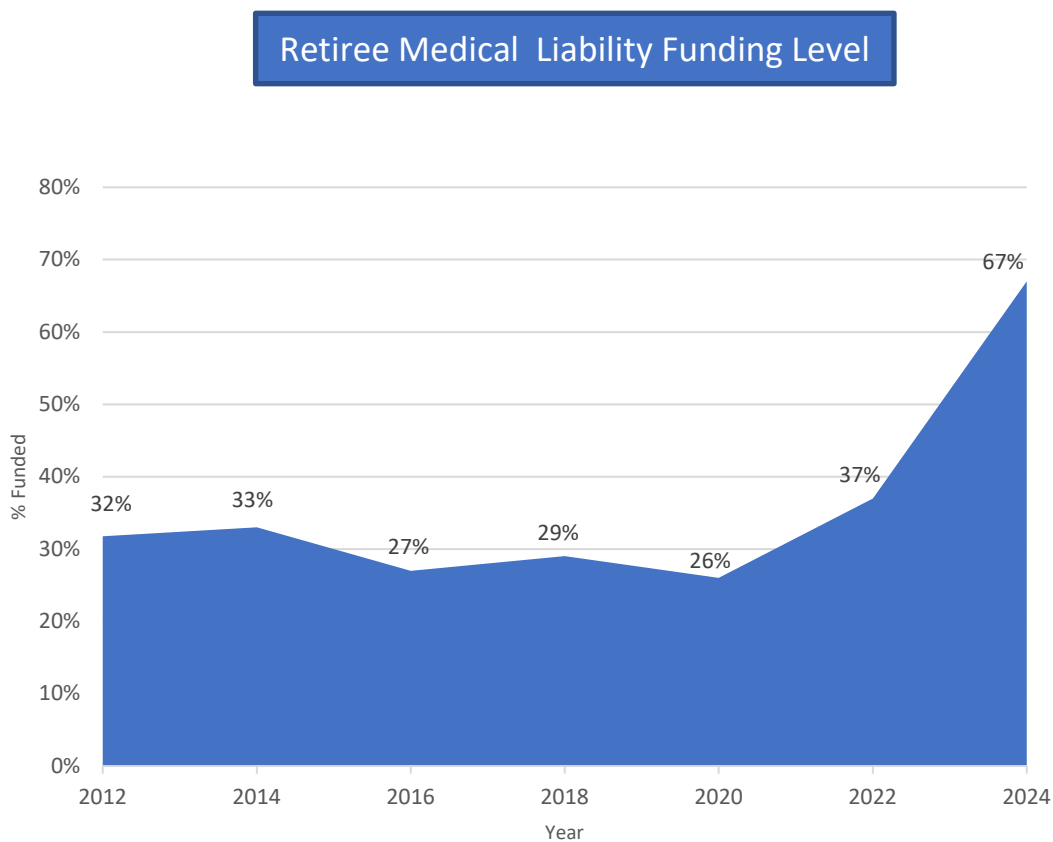
B. DEFINED *BENEFIT* RETIREE MEDICAL PLAN

In addition to the OCFA’s retirement plan administered by OCERS, the OCFA provides a post-employment medical retirement plan (Retiree Medical Plan) for certain employees. Employees hired prior to January 1, 2007, are in a *defined benefit plan* that provides a monthly grant toward the cost of retirees’ health insurance coverage based on years of service. The Plan’s assets are held in an irrevocable trust for the exclusive benefit of Plan participants and are invested by OCERS. As such, if

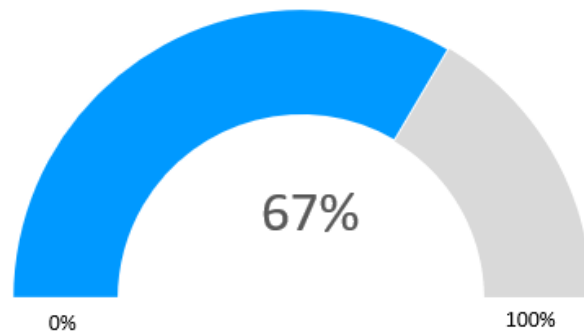
OCERS does not earn its assumed rate of return of 7.0%, the UAAL increases. Current active employees hired prior to January 1, 2007, are required to contribute 4% of their gross pay toward the Retiree Medical Plan.

Based on a Funding Adequacy Analysis prepared by Nyhart, a third-party actuary, as of June 30, 2024, the OCFA's Unfunded Actuarial Accrued Liability (UAAL) for the Retiree Medical defined benefit plan is \$53.3 million and it is 67% funded. This is a significant improvement since the 2020 Funding Analysis where the UAAL was \$106 million and 26% funded.

Under the Government Accounting Standards Board (GASB) Statement No. 45, OCFA was required to have an actuarial valuation performed on its Retiree Medical Plan every two years. GASB 45 was replaced by GASB 74 and 75, which kept the two year requirement. OCFA, however, will have the actuarial funding analysis performed on an annual basis.



Retiree Medical Funding % and Target



Note: Does not include implicit subsidy and uses OCERS assumed rate of return of 7.75% in 2012, 7.25% up to 2016, and 7.00% thereafter.

The benefit provided under the OCFA's Retiree Medical Plan is a negotiated benefit included in the various Memorandums of Understanding and the Personnel & Salary Resolution for employees hired prior to January 1, 2007.

The OCFA has previously approached funding issues and plan sustainability issues relating to this Plan collaboratively with its labor groups in order to identify options for improving the funding status. Similar to previous approaches, following receipt of the 2012 Actuarial Study for this Plan, management met with representatives of all three labor groups to review the findings. In 2013, we gathered ideas from labor for options that may be considered in the future to improve the funding status of the Plan and had the actuary perform a special actuarial study to evaluate the various options and associated impacts on plan funding. The results of the special study were shared with each of the labor groups.

On November 17, 2016, the OCFA Board directed staff to continue the Accelerated Pension Payment Plan as indicated in the Updated Snowball Strategy, with a modification to alter the funding target from 100% to 85% and redirect expedited payment dollars to Retiree Medical after achieving the 85% target.

- As of December 31, 2020, OCFA's pension liability became 87.7% funded; therefore, snowball payments effective in the FY 2021/22 Adopted Budget (and in years moving forward) are now being directed to the Retiree Medical Liability.
- Projected snowball payments for FY 2024/25 and moving forward (see Attachment 2), when applied to the current \$53.3 million UAAL for Retiree Medical, demonstrate that this liability is projected to achieve 100% funding by June 30, 2026.

In addition to the snowball strategy funding for Retiree Medical, in April 2017, the OCFA Board approved a renewed Health Plan Agreement with the Orange County Professional Firefighters Association from January 1, 2017 to December 31, 2024. One of the related provisions is as follows: *“to continue return of “excess fund balance” to OCFA with returned funds to be allocated to OCFA’s Retiree Medical Trust Fund.”*

2016 Firefighter Medical Trust Review: An excess fund balance in the amount of \$2,275,829 was credited to OCFA and used as a payment to the Retiree Medical Trust per the Firefighter Medical Agreement. The payment was approved by the Board as part of the FY 2017/18 Mid-Year Budget Adjustments.

2020 Firefighter Medical Trust Review: An excess fund balance in the amount of \$1,954,775 was credited to OCFA and used as a payment to the Retiree Medical Trust per the Firefighter Medical Agreement. The payment was submitted to the Board as part of the FY 2021/22 Mid-Year Budget Adjustments.

2021 Firefighter Medical Trust Review: An excess fund balance in the amount of \$6,999,438 will be credited to OCFA and used as a payment to the Retiree Medical Trust per the Firefighter Medical Agreement. The payment was submitted to the Board as part of the FY 2022/23 Mid-Year Budget Adjustments.

2022 Firefighter Medical Trust Review: An excess fund balance in the amount of \$7,836,090 will be credited to OCFA and used as a payment to the Retiree Medical Trust per the Firefighter Medical Agreement. The payment was submitted to the Board as part of the FY 2023/24 Mid-Year Budget Adjustments.

2023 Firefighter Medical Trust Review: An excess fund balance in the amount of \$3,484,786 will be credited to OCFA and used as a payment to the Retiree Medical Trust per the Firefighter Medical Agreement. The payment will be submitted to the Board as part of the FY 2024/25 Mid-Year Budget Adjustments.

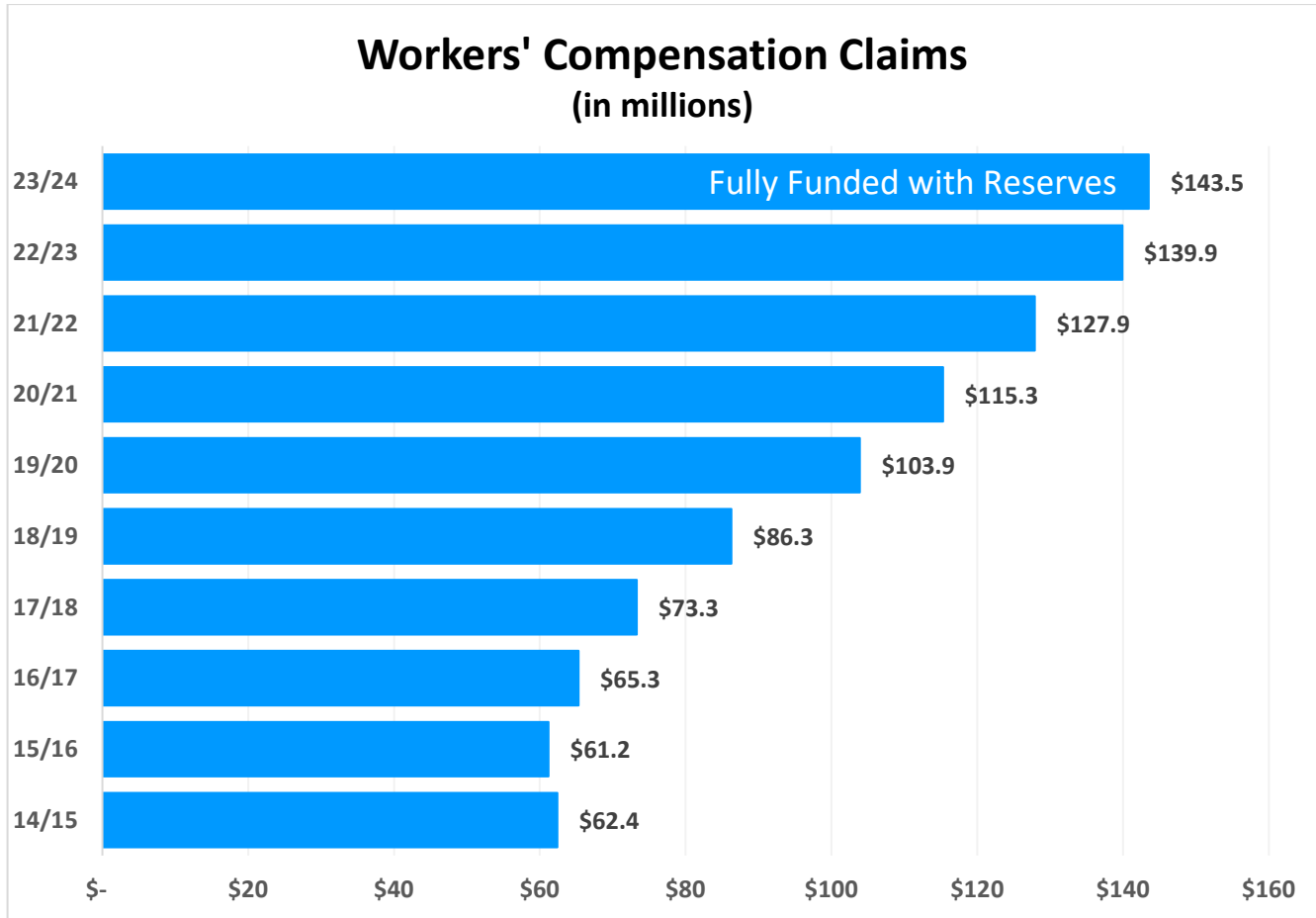
In January 2025, the OCFA Board approved a renewed Health Plan Agreement with OCPFA and removed the provision to return “excess fund balance” to OCFA and therefore excess fund balance will remain with the OCPFA going forward.

B. DEFINED CONTRIBUTION RETIREE MEDICAL PLAN

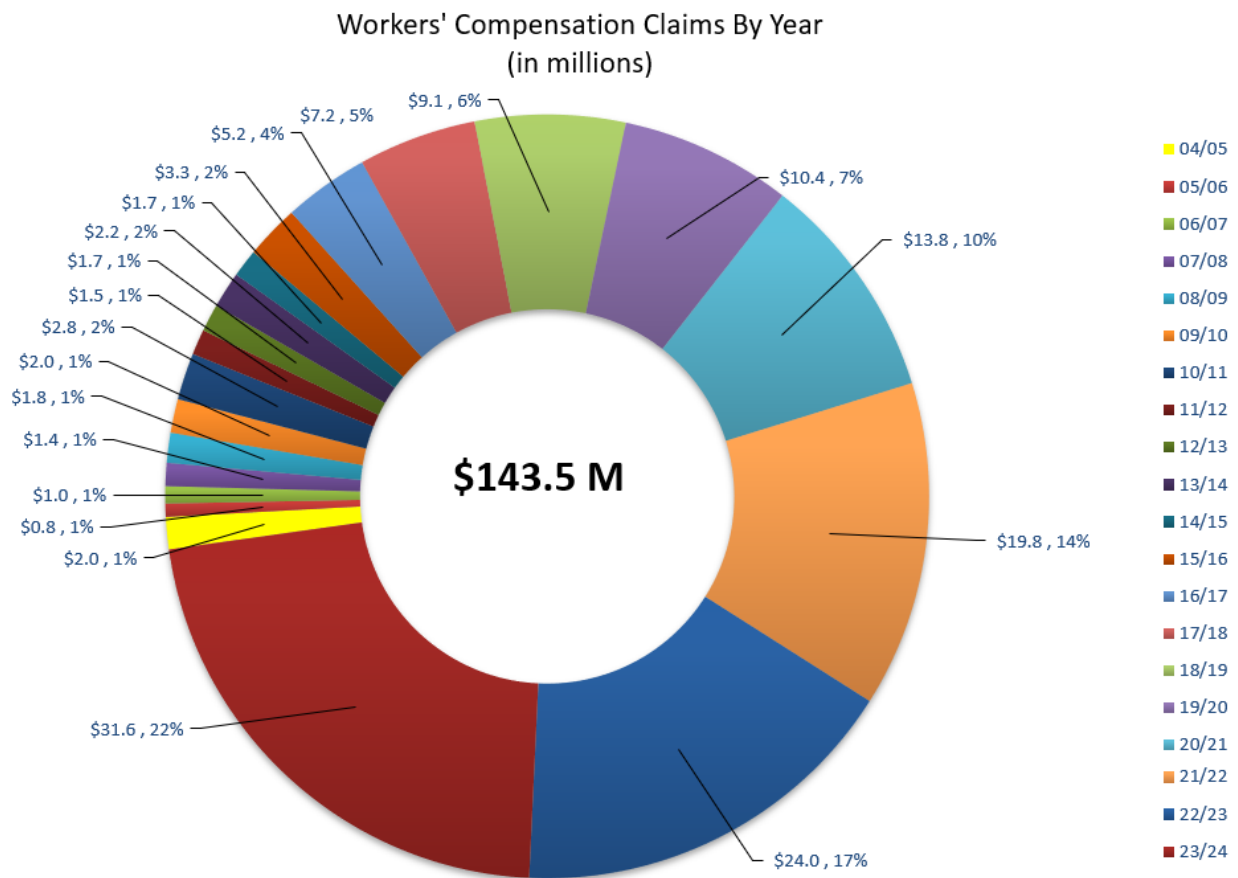
For employees hired on or after January 1, 2007, the OCFA created a *defined contribution plan* that is administered by Keenan & Associates. The Plan provides for the reimbursement of medical, dental, and other healthcare expenses of retirees. Employees are required to contribute 4% of their gross pay. In 2024, labor group Local 3631 received approval to reduce the required contribution to 3%. In 2025, labor group OCFAMA followed suit, also lowering their required contribution to 3%. Account assets are invested as directed by the participant and all contributions, investment income, realized gains and losses are credited to the individual’s account. Under this plan structure, there is no UAAL.

C. WORKERS' COMPENSATION CLAIMS

In March 2002, OCFA implemented a workers' compensation self-insurance program. A separate fund called Fund 190: Self Insurance was established in May 2003 to track funding and expenditures for workers' compensation claims liability. The funding sources include revenue from the General Fund and interest earnings. Based on the Annual Comprehensive Financial Report, as of June 30, 2024, the Workers' Compensation liability is \$143.5 million. The Fiscal Year 2023-24 Budget includes reserves to pay this liability as the various medical claims and bills become due.



Workers Compensation Claims By Year (in millions)



The outstanding liability reflected in the above charts reflect the fact that although the entire future cost of claims is recorded in the year of injury, the actual payment of that claim does not occur immediately. The cash flow payments for many workers’ compensation cases occur slowly over time; therefore, it is a natural occurrence that the unpaid liability for a self-insured system will grow as the unpaid liabilities build upon each other over the years. Continued increases can also be driven by other forces, such as increased medical costs, increased claim activity, legislative changes, and case law.

The workers’ compensation liability reflects the present value of estimated outstanding losses at the 50% confidence level. A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, a 50% confidence level means that the actuary believes funding will be sufficient (i.e., greater-than or equal to actual costs incurred) in five out of ten years. OCFA’s Board-adopted workers’ compensation funding policy sets the funding at the 50% confidence level.

The main factors which are increasing the workers’ compensation liability include increased medical costs, an increase in the frequency and severity of claims, COVID-19 cases, a growing number of mental health cases, and an aging workforce which contributes to a longer recovery time and higher permanent disability benefits. Additional factors include workers’ compensation reform that increased

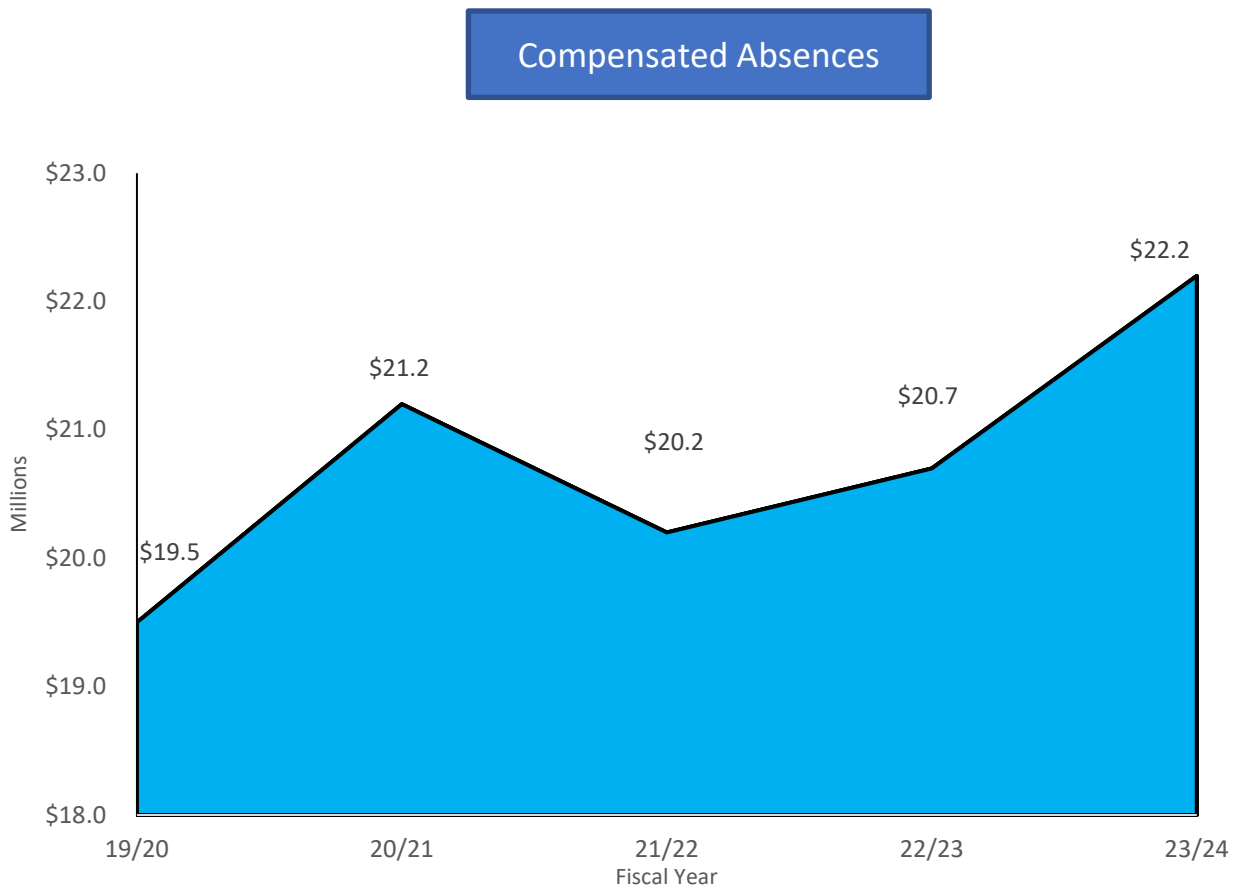
the statute of limitation for cancer from five to ten years, injury presumption for safety personnel, and increases to the workforce including April 2012 with the addition of the City of Santa Ana and August 2019 with the addition of the City of Garden Grove. Both cities reimburse OCFA for injuries that initially occurred on or before they joined OCFA.

D. ACCRUED COMPENSATED ABSENCES

Compensated absences are commonly described as paid time off made available to employees in connection with sick and vacation time. If employees do not use all of such compensated absences, a liability is accrued for the unused portion. The OCFA’s policy allows employees to accumulate earned but unused sick and vacation pay benefits.

OCFA’s labor agreements allow employees to cash out sick and vacation time throughout their career with the exception of the Local 3631 Firefighter unit, which can only cash out vacation time. However, the majority of sick and vacation payouts occur at the time an employee retires.

The OCFA has budgeted \$4.1 million for sick and vacation payouts in FY 2024/25 based on historical trends and expected retirements. OCFA’s total liability for compensated absences as of June 30, 2024, is \$22.2 million. MOU salary increases cause the value of accrued leave to increase. This liability is up 7.2% when compared to last year’s \$20.7 million, as employees resume using sick and vacation time now that the pandemic has subsided.



E. CAPITAL LEASES

During FY 2020/21, OCFA implemented Government Accounting Standards Board (GASB) Statement No. 87 which requires all leases to be reported as capital leases and eliminates the classification of an operating lease unless the lease is a short-term lease, defined as 12 months or less. Contracts for these leases must appear on the balance sheet as a liability.

In November, 2022 OCFA executed a Lease Purchase Agreement to finance the purchase of two Firehawk helicopters. The term of the lease financing is 15 years with an interest rate of 3.13%. OCFA's long-term lease liabilities as of June 30, 2024 total \$59.9 million and are listed in the table below.

	<i>\$ Amount</i>
2 Firehawk Helicopters	\$55,111,628
Fullerton Airport Land Lease (Stn. 41)	4,673,913
Helicopter Training Tower	173,259
Total	\$59,958,800

Prior to the capital leases listed above, in December 2008, the OCFA entered into a ten-year Lease Purchase Agreement to purchase two helicopters and related equipment for a purchase price of \$21.5 million. The final payment was made in December 2018.

III. SUMMARY

OCFA's total long term, unfunded liabilities as of June 30, 2024,* are as follows:

	<i>\$ Amount in Millions</i>	<i>% of Total</i>
Defined Benefit Pension Plan *	\$142.9	51.3%
Defined Benefit Retiree Medical Plan	53.3	19.2
Accrued Compensated Absences	22.2	8.0
Capital Leases**	59.9	21.5
Total***	\$278.3	100.0%

* The valuation date for the pension plan is December 31, 2023, instead of June 30, 2024, consistent with OCERS' calendar year basis for financial reporting.

** Capital Leases reflect the November 2022 purchase of two helicopters.

*** Workers' Compensation is fully funded with reserves and therefore not reflected as an unfunded liability.

IV. ACTIONS TAKEN

OCFA has taken several additional steps to manage its long-term obligations:

1. As of December 31, 2023, OCFA's pension liability is 94.7% funded, therefore, snowball payments continue to be directed to the Retiree Medical Liability.
2. As of December 31, 2022, OCFA's pension liability is 93.7% funded, therefore, snowball payments continue to be directed to the Retiree Medical Liability.
3. As of December 31, 2021, OCFA's pension liability is 92.68% funded. Based on Board policy to achieve 85% funding, future snowball payments are now being directed to the Retiree Medical Liability
4. As part of the 2019 Irvine Settlement Agreement, OCFA agreed to establish a 115 Trust and to make annual deposits of \$2 million, dedicated solely for future application to OCFA's pension liability. After the initial \$2 million payment in July 2019, if OCFA's pension is less than 85% funded, the annual deposit is reduced to \$1.5 million and \$500,000 is directed towards the UAAL paydown.
5. In 2017, OCFA negotiated a five year Health Plan Agreement with the firefighter labor group which contained a provision to return excess fund balance and allocate those funds to the Retiree Medical Trust Fund.
6. In FY 2015/16 and again in FY 2016/17, OCFA modified its Accelerated Pension Paydown Plan to include additional sources of funding.
7. During 2015 and 2016, OCFA completed negotiations with all four labor groups resulting in increased employee contributions towards retirement.
8. On June 26, 2014, the Board approved an Alternative Dispute Resolution process for disputed workers' compensation cases, also known as a Carve-Out program. The State has approved the program and it was implemented on October 1, 2014.
9. On September 26, 2013, the Board approved a strategy to accelerate the pay down of OCFA's pension liability. Under this Plan, the actuary, the Segal Company, estimated this liability will be paid by December 2025. To date, OCFA has made an additional \$124.3 million in payments to OCERS to lower its UAAL.
10. Completed a special actuarial study relating to the OCFA's Retiree Medical Defined Benefit Plan to evaluate options for potential plan amendments which could improve plan funding, subject to future negotiation with OCFA's labor groups. The results of the study were shared with the labor groups.
11. Evaluated the financial feasibility of paying off the outstanding lease financing obligations associated with the OCFA's helicopters, as part of the 2014/15 budget development process.
12. Directed staff to evaluate options for mitigating the budget and liability impacts of payouts for accumulated sick and vacation balances, subject to future negotiation with OCFA's labor groups.
13. Used a trigger formula during down economic cycles to connect pay raises for all OCFA employees to OCFA's financial health.
14. Implemented lower retirement formulas for all labor groups.
15. Refinanced the helicopter lease to lower the interest rate. Last payment made in December 2018.

16. Implemented annual prepayment of retirement contributions to achieve a discount.
17. Provided a study to the Board of Directors regarding the feasibility of Pension Obligation Bonds.
18. Provided a study to the Board of Directors regarding the feasibility of changing automatic Cost of Living Allowance (COLA) increases for pensions; transmitted a copy of the report to the County Board of Supervisors and OCERS Board of Retirement, for their consideration of potential cost-containment actions relating to Pension COLAs under the authority granted by the '37 Act.

V. RECOMMENDATIONS

Recommended action pending approval of this staff report is to receive and file the report.

VI. CONCLUSION

In order to strategically fund long-term liabilities, OCFA must continue to strategically balance present-day needs with future commitments. The goal is for OCFA's budget over the long-term to fund all of its long-term liabilities.

Exhibit A

OCFA Member Retirement Contributions

Safety Members' Retirement

Firefighter Safety members:

Effective September 2016, 2017, 2018, and 2019, employees paid an additional 3.50%, 3.49%, 2.00%, and 0.54% in employee retirement contributions, respectively, increasing their employee contributions depending on age of entry. Thereafter, these employees will pay any subsequent increases in the employee retirement contributions. Employee rates from the most recent actuarial valuation are footnoted on Page 3. Employees hired on or after January 1, 2013, when PEPRAs were enacted will continue to be subject to PEPRAs requirements of 50% of normal cost for employee retirement contributions, which vary based on age of entry.

Chief Officer Safety members:

Effective July 2016, 2017, 2018, and 2019, employees paid an additional 3.50%, 3.49%, 3.30%, and 0.93% in employee retirement contributions, respectively, increasing the employee contributions depending upon their age of entry. Thereafter, these employees will pay any subsequent increases in the employee retirement contributions. Employee rates from the most recent actuarial valuation are footnoted on Page 3. Employees hired on or after January 1, 2013, when PEPRAs were enacted will continue to be subject to PEPRAs requirements of 50% of normal cost for employee retirement contributions, which vary based on age of entry.

General Members' Retirement

OCEA members:

Effective March 2015, 2016 and 2017, employees hired prior to January 1, 2013, paid an additional 2%, 2.5% and 3% in employee retirement contributions, respectively, increasing the employee contributions depending upon their age of entry. Thereafter, these employees will pay any subsequent increases in the cost for employee retirement contributions. Employee rates from the most recent actuarial valuation are footnoted on Page 3. Employees hired after PEPRAs were enacted will continue to be subject to PEPRAs requirements of 50% of normal cost for employee retirement contributions, which vary based on age of entry.

Administrative Management members:

Effective July 2015, January 2016, and January 2017, employees hired prior to January 1, 2013, paid an additional 4%, 2%, and 2.25% in employee retirement contributions, respectively, increasing the employee retirement contributions depending upon their age of entry. Thereafter, these employees will pay any subsequent increases in the cost for employee retirement contributions. Employee rates from the most recent actuarial valuation are footnoted on Page 3. Employees hired after PEPRAs were enacted will continue to be subject to PEPRAs requirements of 50% of normal cost for employee retirement contributions, which vary based on age of entry.

Executive Management:

Some members of Executive Management fall under Safety and others fall under General member categories. Regardless, all Executive Management employees who are not subject to the provisions of PEPRAs were paying 9% in employee retirement contributions prior to March 2015. Effective March 2015, they began phased-in

increases to their contribution rate with a 2% increase in employee contributions in year one, a 2.5% increase in year two and payment of full member contributions in year three, which vary based on age of entry.

Orange County Fire Authority
 Expedited Payment of UAAL
 Snowball Effect of Multiple Strategies

Attachment 2

Updated June 30, 2024

			Estimated Annual UAAL Payments from Various Strategies / Sources							
Years From Start of Plan	Remaining Years to Completion	Fiscal Year	Unencumbered Fund Balance Available	Annual Savings from PEPRA Reductions to Retirement Contribution Rates	Budget Increase of \$1M, grows by \$2M/year to \$15M	Budget Increase of \$1M/year Funded by Excess W/C Reserves	50% of General Fund Surplus	Irvine Settlement Agreement	Annual Snowball Amount	Cumulative Expedited UAAL Payment
			Part A	Part B	Part C	Part D	Part E	Part F		
1	13/14		3,000,000	2,500,000	-	-			5,500,000	5,500,000
2	14/15		21,290,238	-	-	-			21,290,238	26,790,238
3	15/16		12,609,380	2,802,122	-	-			15,411,502	42,201,740
4	16/17		9,814,477	1,653,114	1,000,000	1,000,000			13,467,591	55,669,331
5	17/18		13,174,516	1,886,420	3,000,000	1,000,000	870,041		19,930,977	75,600,308
6	18/19		10,000,000	3,167,397	5,000,000	1,000,000			19,167,397	94,767,705
7	19/20		4,030,172	1,648,658	7,000,000	1,000,000			13,678,830	108,446,535
8	20/21		3,000,000	2,368,859	9,000,000	1,000,000		500,000	15,868,859	124,315,394
Pension Plan Contributions			76,918,783	16,026,570	25,000,000	5,000,000	870,041	500,000		
Retiree Medical Plan Contributions										
1	21/22			3,279,280	11,000,000	-			14,279,280	14,279,280
2	22/23			4,787,217	13,000,000	-			17,787,217	32,066,497
3	23/24		-	5,772,547	15,000,000	-			20,772,547	52,839,044
4	24/25		-	6,814,115	15,000,000	-			21,814,115	74,653,159
5	25/26		-	14,242,631	15,000,000	-			29,242,631	103,895,790
Total Snowball Plan Contributions			76,918,783	50,922,360	94,000,000	5,000,000	870,041	500,000		

Orange County Fire Authority
Distribution of Liabilities by Member Agency
As of June 30, 2024

Attachment 3

Member Agency	# of EEs	2022 Incidents	% of Total EEs	Proportional Share		Total
				Pension UAAL	Retiree Medical	
County Unincorporated (SFF) Station 8, 15, 18, 25, 33, 40, 56, 58, 67	125		14.60%	20,880,841	7,784,516	28,665,357
Aliso Viejo (SFF) Station 57	20		2.34%	3,340,935	1,245,523	4,586,457
Buena Park (CCC) Stations 61, 62, 63	50		5.84%	8,352,336	3,113,807	11,466,143
Cypress (SFF) Station 17	21		2.45%	3,507,981	1,307,799	4,815,780
Dana Point (SFF) Stations 29, 30	26		3.04%	4,343,215	1,619,179	5,962,394
Irvine (SFF) Stations 4, 6, 20, 26, 27, 28, 36, 38, 47, 51, 55	179		20.91%	29,901,364	11,147,427	41,048,792
Laguna Hills (SFF) Station 22 (serving both LGH & LGW)	36	3,990	1.69%	2,421,739	902,840	3,324,580
Laguna Woods (SFF) Station 22 (serving both LGH & LGW)		5,918	2.51%	3,591,943	1,339,100	4,931,043
Laguna Niguel (SFF) Stations 5, 39, 49	33		3.86%	5,512,542	2,055,112	7,567,654
Lake Forest (SFF) Stations 19, 42, 54	34		3.97%	5,679,589	2,117,388	7,796,977
La Palma (SFF) Station 13	11		1.29%	1,837,514	685,037	2,522,551
Los Alamitos (SFF) Station 2	11		1.29%	1,837,514	685,037	2,522,551
Mission Viejo (SFF) Stations 9, 24, 31	47		5.49%	7,851,196	2,926,978	10,778,174
Rancho Santa Margarita (SFF) Station 45	30		3.50%	5,011,402	1,868,284	6,879,686
San Clemente (CCC) Stations 50, 59, 60	37		4.32%	6,180,729	2,304,217	8,484,946

Orange County Fire Authority
 Distribution of Liabilities by Member Agency
 As of June 30, 2024

Member Agency	# of EEs	2022 Incidents	% of Total EEs	Proportional Share		Total
				Pension UAAL	Retiree Medical	
San Juan Capistrano (SFF) Station 7	18		2.10%	3,006,841	1,120,970	4,127,811
					-	
					-	
Seal Beach (CCC) Stations 44, 48	19		2.22%	3,173,888	1,183,246	4,357,134
					-	
					-	
Stanton (CCC) Station 46	20		2.34%	3,340,935	1,245,523	4,586,457
					-	
					-	
Tustin (CCC) Stations 21, 37, 43	40		4.67%	6,681,869	2,491,045	9,172,914
					-	
					-	
Villa Park (SFF) Station 23	11		1.29%	1,837,514	685,037	2,522,551
					-	
					-	
Westminster (CCC) Stations 64, 65, 66	39		4.56%	6,514,822	2,428,769	8,943,592
					-	
					-	
Yorba Linda (SFF) Stations 10, 32, 53	49		5.72%	8,185,290	3,051,530	11,236,820
Totals	856		100.00%	142,992,000	53,308,368	196,300,368

Note: Santa Ana and Garden Grove are excluded since the UAAL being paid down originated prior to their joining OCFA.

Allocation of PARS 115 Trust

Attachment 4

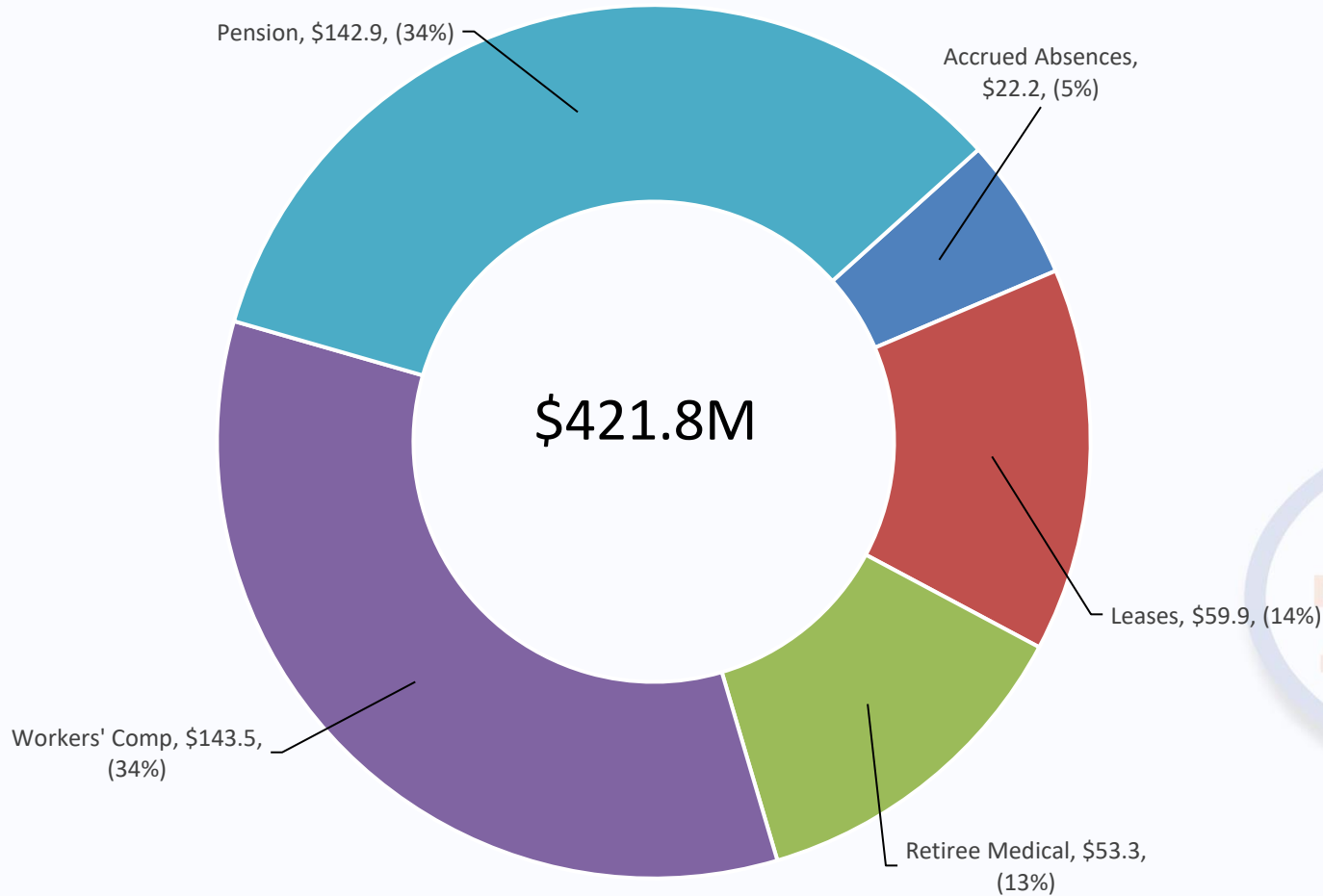
Agency	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	Total
Aliso Viejo	\$ 33,313	\$ 25,075	\$ 25,707	\$ 6,538	\$ 9,208	\$ -	\$ 99,841
Cypress	-	-	-	-	-	-	-
Dana Point	222,223	183,564	183,452	212,402	291,408	277,401	1,370,450
Irvine	1,143,817	938,075	1,098,374	1,267,502	1,572,011	1,481,725	7,501,504
La Palma	-	-	-	-	-	-	-
Laguna Hills	-	-	42,232	-	-	-	42,232
Laguna Niguel	93,236	81,334	89,472	90,602	118,454	92,788	565,886
Laguna Woods	-	-	-	-	-	-	-
Lake Forest	62,767	54,812	-	36,988	79,633	59,770	293,970
Los Alamitos	-	-	-	-	-	-	-
Mission Viejo	-	-	-	-	-	-	-
Rancho Santa Margarita	27,625	22,504	2,003	3,176	33,346	12,291	100,945
San Juan Capistrano	-	-	-	747	-	37,115	37,862
Villa Park	13,406	9,805	12,019	14,197	16,673	17,594	83,694
Yorba Linda	-	-	-	49,691	68,186	55,914	173,791
Unincorporated	434,898	292,224	216,002	186,249	299,620	375,492	1,804,485
Total	\$ 2,031,285	\$ 1,607,393	\$ 1,669,261	\$ 1,868,092	\$ 2,488,539	\$ 2,410,089	\$ 12,074,660

2024 Long Term Liability Study

Budget & Finance Committee Meeting
March 12, 2025

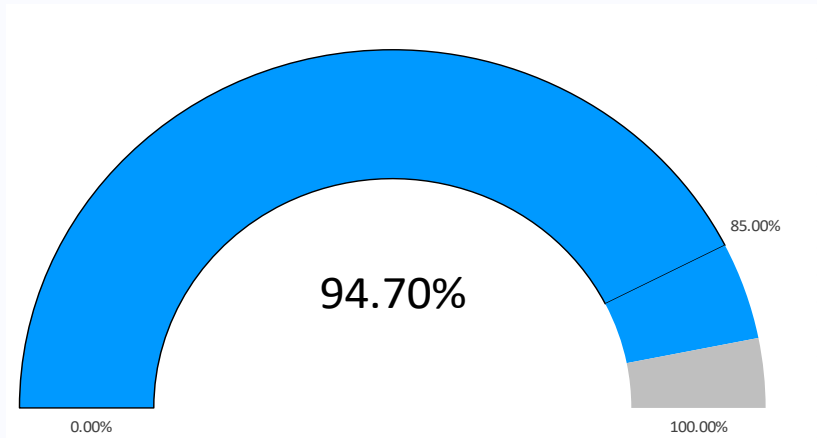


OCFA's Long Term Liabilities

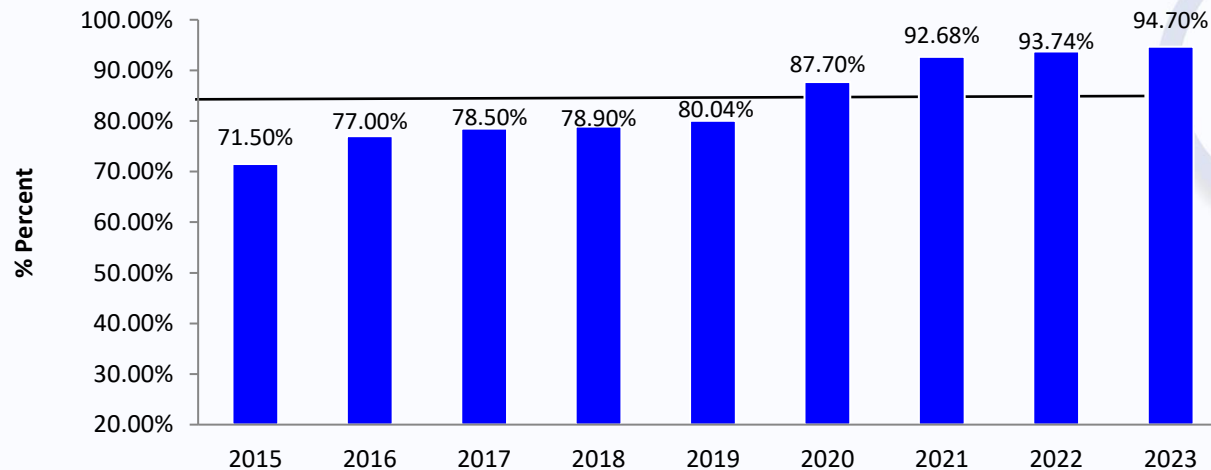


- Total liabilities decreased \$50.7M as pension liability, retiree medical, and leases decreased.
- Workers' compensation and accrued absences slightly increased.

Pension Liability Funding Level

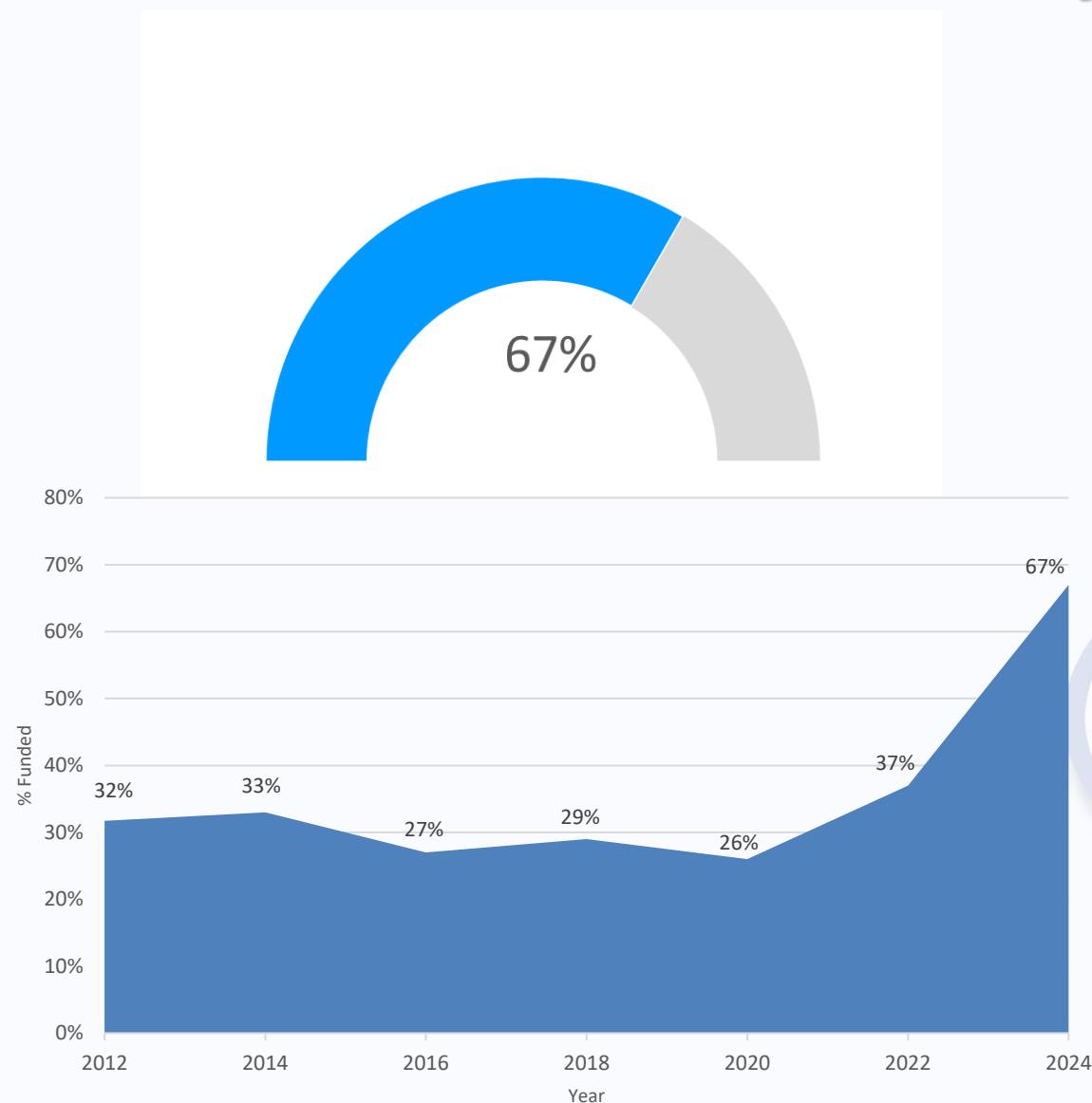


OCFA's Pension Liability Funding Level Exceeds the Board's 85% Target



- Funding level of 85% achieved in 2020.
- Saved \$94.8M in interest.
- Additional snowball plan payments have been redirected to retiree medical liability fund.

Retiree Medical Liability Funding Level

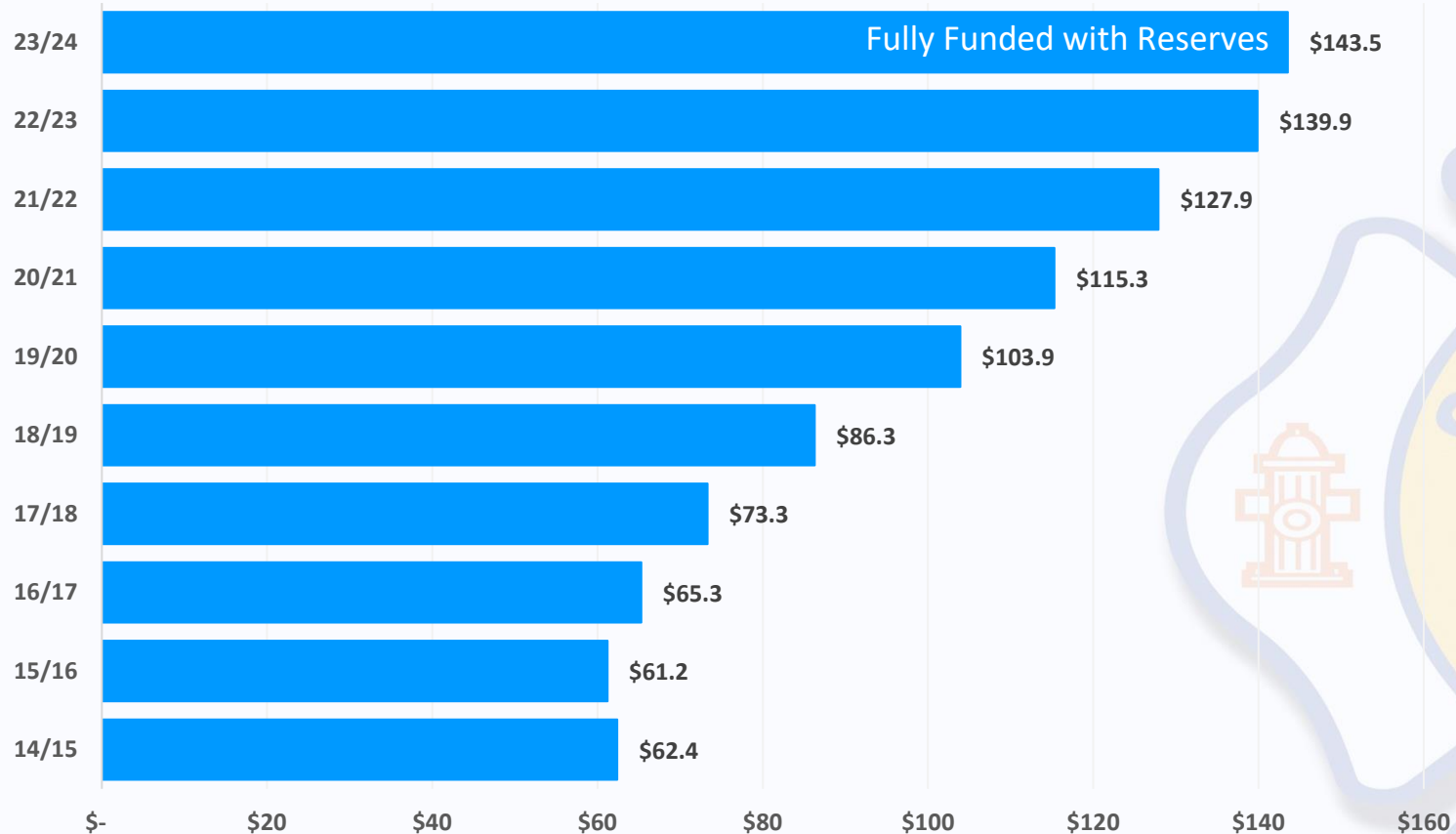


- The UAL is \$53.3M and is 67% funded.
- Pension snowball payments redirected to this fund.
- Additional payments of \$53M have been made the past 3 fiscal years.
- Projected 100% funding by 2026.



Cumulative Outstanding Workers' Compensation Claims (in millions)

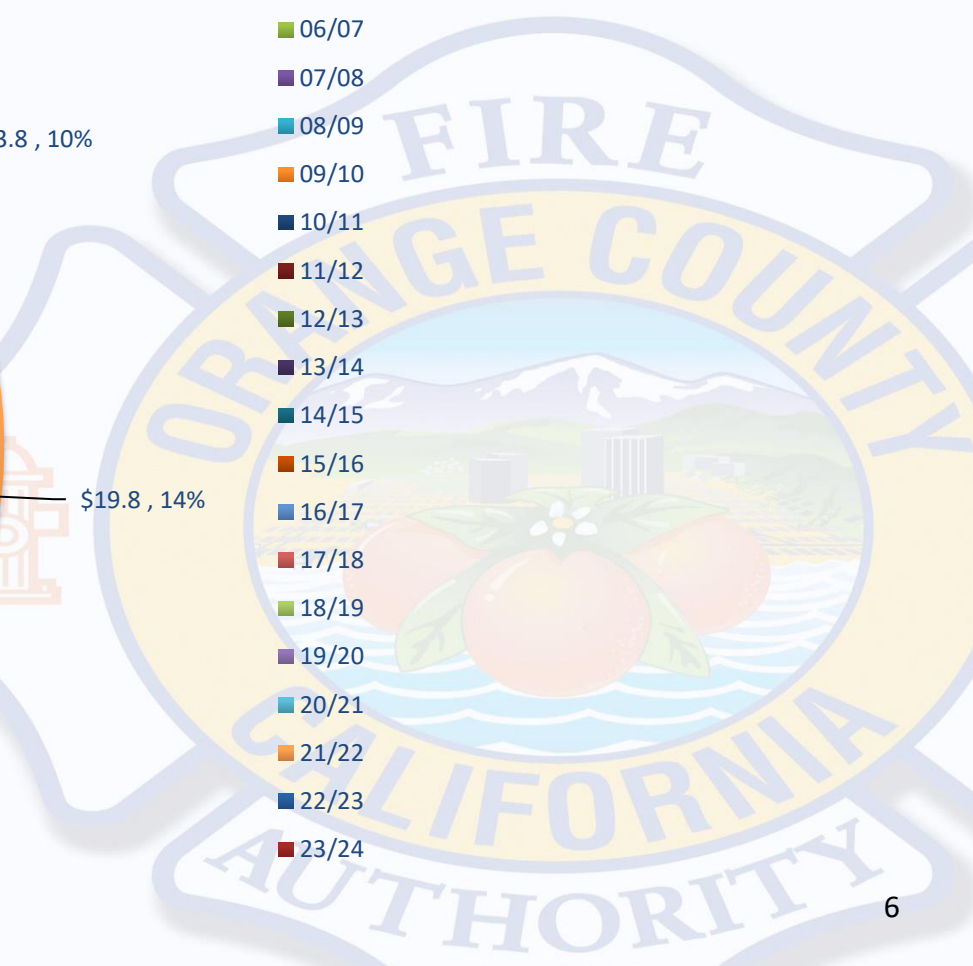
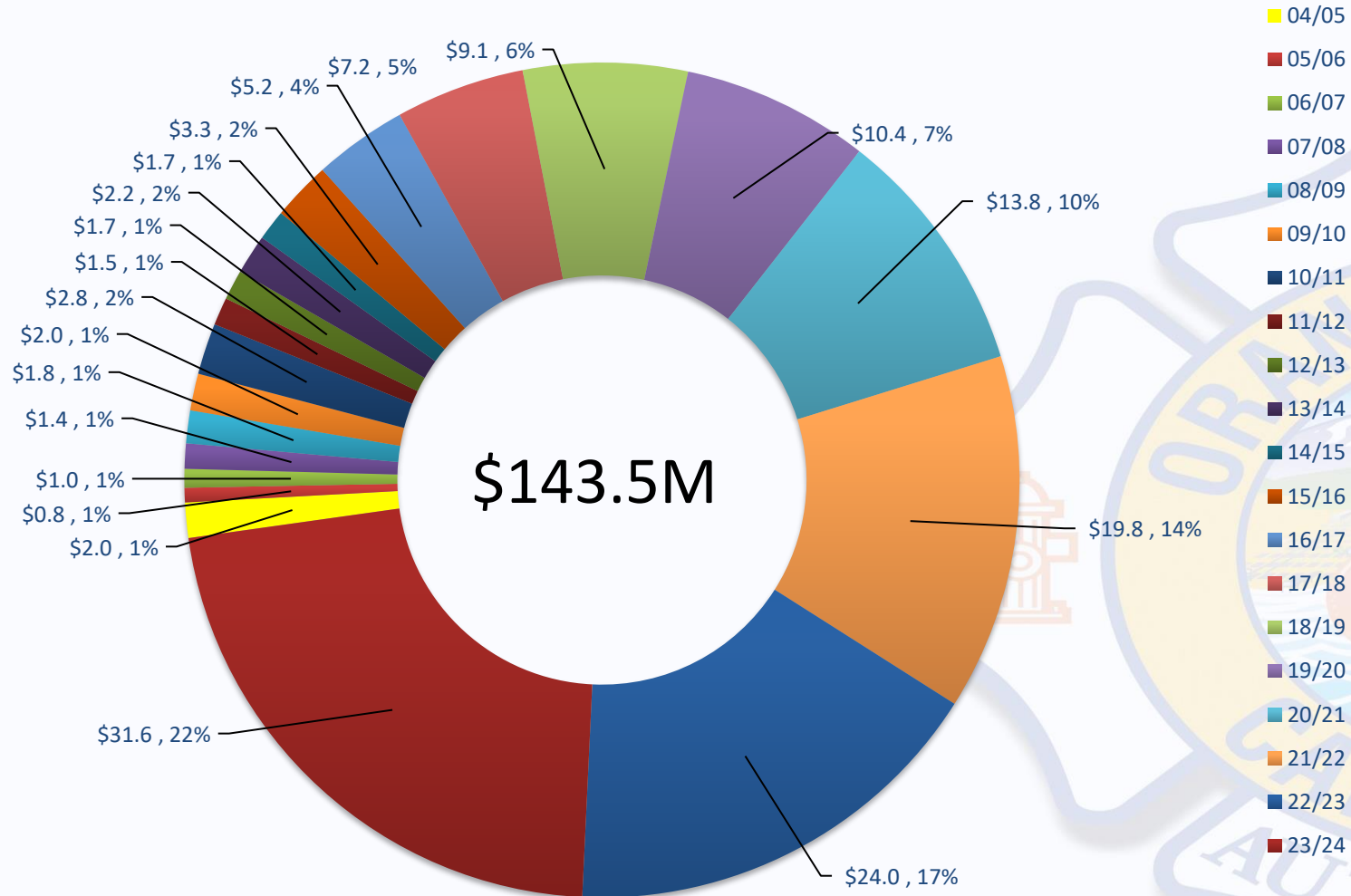
Workers' Compensation Claims
(in millions)



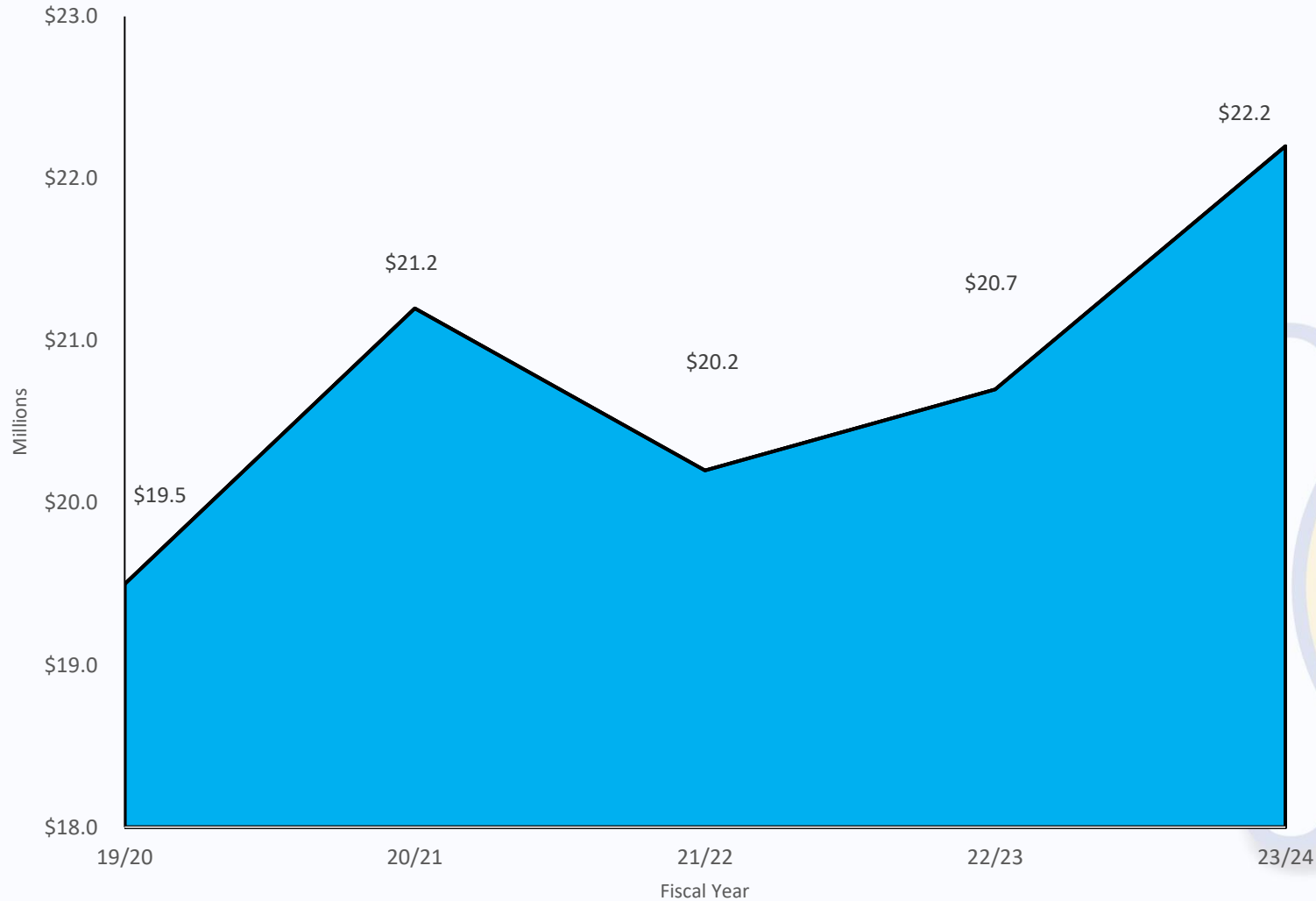
Driving Factors –

- Increase in the number of employees
- Aging workforce
- Increase in the number and frequency of claims
- Covid cases
- Growing mental health cases
- Increase in medical costs

Cumulative Outstanding Workers' Compensation Claims by Year (in millions)



Compensated Absences (in millions)



Driving Factors

- Employees resumed using sick and vacation time.
- MOU salary increases have caused the value of the accrued leave to increase.

Total Unfunded Liabilities Decreased (in millions)

	\$ Amount in Millions	% of Total
Defined Benefit Pension Plan	\$ 142.9	51.3%
Defined Benefit Retiree Medical Plan	53.3	19.2
Accrued Compensated Absences	22.2	8.0
Capital Leases	59.9	21.5
Total*	\$278.3	100.0%

- Total unfunded liabilities have decreased \$54.3M since last year driven primarily from savings recognized in the Retiree Medical Plan (\$37.5M) and pension liability plan (\$15.5M).

*Workers Compensation is not reflected in the table as an unfunded liability as it is fully funded with reserves.

Recommended Action

- Receive and file the report





Orange County Fire Authority
AGENDA STAFF REPORT

Budget and Finance Committee Meeting
March 12, 2025

Agenda Item No. 3C
Discussion Calendar

**Fiscal Year 2023/24 Backfill/Overtime and
Calendar Year 2024 Total Earnings/Compensation Analysis**

Contact(s) for Further Information

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Business Services Department

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Business Services Department

Summary

This annual agenda item is submitted to provide an overview and analysis of the Fiscal Year 2023/24 backfill and overtime earnings along with employee total compensation for Calendar Year 2024, and to reaffirm current direction regarding filling permanent and temporary vacancies.

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 March 27, 2025, 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. Direct staff to continue using overtime to fill shifts which are temporarily vacant, 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. 2024 Average Overtime Shifts Compared to 2023 (Safety/Firefighter Ranks, 14 Hour Min.)
2. 2024 Average Overtime Shifts Compared to 2023 (Safety/Firefighter Ranks, 4 Hour Min.)
3. 2024 Average Overtime Shifts Compared to 2023 (Non-Safety/Dispatchers)
4. Frequently Asked Questions & Responses

Background

The OCFA's General Fund budget (excluding Fund 12110 – CIP) consists primarily of labor costs, with approximately 86.4% of final Fiscal Year (FY) 2023/24 expenditures allocated to salaries and employee benefits. For FY 2023/24, final backfill/overtime expenditures were \$70,366,061 or 14.8% of total salary and employee benefit costs. This percentage has consistently trended down for the past four fiscal years, from 17.0% in FY 2019/20 to 16.4% in FY 2020/21, 15.5% in FY 2021/22, 14.8% in FY 2022/23, and 14.8% in FY 2023/24. The primary factors driving OCFA's backfill/overtime costs are:

- OCFA's Constant Staffing Policy - \$54.2M
- Major Emergency Incident Response - \$4.7M
- Training Requirements - \$6.8M
- Discretionary - \$4.6M

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 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 (as opposed to "backfill" described above) 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 2023/24 totaled \$4.7 million and represented approximately 6.7% of total backfill/overtime expenditures. Historically, 75-100% of emergency related incident response costs are reimbursed.

For FY 2022/23, the total claims submitted for emergency incident costs were \$6.2M, which includes personnel time (both regular and overtime), equipment, services, and supplies. Out of 58

Assistance by Hire (ABH) claims, OCFA has received reimbursement on all 58 claims at a reimbursement rate of 100%, amounting to \$6.2M. 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, for which a reimbursement of \$770K was received in FY 2023/24. For FEMA Public Assistance claims, FEMA will reimburse up to 90% of the amount claimed. In FY 2022/23, OCFA submitted one PA claim for COVID-19 in the amount of \$344K, 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 83.8% of FY 2023/24 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 2023/24 totaled \$6.8 million and represented 9.7% of the total backfill/overtime expenditures.

Backfill/Overtime/Discretionary

For FY 2023/24, total discretionary backfill/overtime was \$4.6 million or 6.5% and is attributable to the following:

- Employees staffing special events, participating on project teams, and Fire Cadet Program activities.
- Information Technology, 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 2024/25

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

Academies planned for FY 2025/26

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

OCFA has maintained full staffing at the firefighter rank¹ due to Firefighter Academy graduations. OCFA recently completed Firefighter Trainee Academy 60 in December 2024 and is currently running Firefighter Trainee Academy 62 which began in February 2025. Firefighter vacancies occur throughout the year as firefighters are promoted into the engineer and captain ranks, and as retirement activity occurs among all ranks. As a result, the Board previously approved ongoing authorization for the hiring of approximately 50 Firefighter Trainees per academy for all academies, due to attrition/promotions that will occur during and following academy graduations. This has resulted 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. Our current practice is to strategically promote Fire Captains and Fire Apparatus Engineers from eligibility lists as to minimize impacts at the lower ranks.

Also, we currently have four dispatcher vacancies plus three dispatchers on extended leave. In addition, we currently have six additional “functional” vacancies as the current trainees still require fully certified personnel to fill behind. The vacancies in dispatcher positions 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. Our last academy started with fourteen trainees, of which, only six remain. The ECC is currently experiencing a 10-year record high forced hiring situation. The staffing situation sometimes necessitates employees working between 4-10 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, the Board previously approved ongoing authorization to temporarily exceed the number of authorized dispatchers hired into each academy, pending attrition/retirements/promotions that will occur. This practice is the key factor helping us tackle the staffing situation in the ECC.

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 significant weather events across California requiring deployments and repositions, combined with open positions, vacancies, promotions, retirements, and workers’ compensation cases during CY 2024, 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 engineer rank, and increased at the fire captain and

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.

firefighter rank compared to CY 2023 (Attachments 1, 2, and 3). These numbers are trending up at the end of 2024. 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 (6.5% 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 31-49% of the OCERS employer retirement costs. This year's report will be provided to the SCO on or before April 30, 2024, 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, 2024, in compliance with the due date.

SAFETY POST POSITIONS - 4-HOUR MINIMUM

OVERTIME MONTHLY UPDATE

Dec 2024

AVERAGE OVERTIME SHIFTS - 4-HOUR

Forced Overtime

Voluntary Overtime

Total Overtime

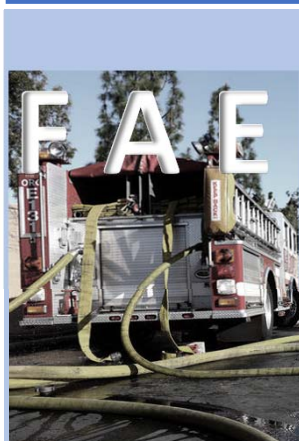


PM/FC

FC

2024 Jan-Jun			
Jan '24	1.4	3.2	4.6
Feb '24	1.1	2.9	4.0
Mar '24	1.5	3.3	4.8
Apr '24	1.6	2.9	4.5
May '24	1.1	3.1	4.2
Jun '24	2.1	2.5	4.6

2024 Jul-Dec			
Jul '24	2.6	2.2	4.8
Aug '24	2.6	2.5	5.1
Sep '24	4.0	2.8	6.8
Oct '24	2.9	2.6	5.5
Nov '24	1.5	2.9	4.4
Dec '24	2.3	2.6	4.9



PM/FAE

FAE

Jan '24	0.5	2.8	3.3
Feb '24	1.1	2.6	3.7
Mar '24	0.4	2.4	2.8
Apr '24	0.1	2.3	2.4
May '24	0.3	2.3	2.6
Jun '24	0.8	1.7	2.5

Jul '24	1.7	2.0	3.7
Aug '24	0.6	2.1	2.7
Sep '24	1.6	2.5	4.1
Oct '24	0.9	1.9	2.8
Nov '24	0.6	2.4	3.0
Dec '24	0.8	2.9	3.7



PM/FF

FF

Jan '24	0.6	2.8	3.4
Feb '24	0.8	2.7	3.5
Mar '24	1.2	2.4	3.6
Apr '24	2.0	2.4	4.4
May '24	3.0	1.6	4.6
Jun '24	2.5	1.7	4.2

Jul '24	3.7	1.7	5.4
Aug '24	2.7	1.7	4.4
Sep '24	3.4	2.0	5.4
Oct '24	2.1	2.0	4.1
Nov '24	1.1	2.1	3.2
Dec '24	1.1	2.2	3.3

Forced and Voluntary Overtime include shifts of 4+ hours worked only.
 Averages are calculated using number of Overtime shifts (4+ 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.
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OVERTIME QUARTERLY UPDATE

Dec 2024

AVERAGE OVERTIME SHIFTS-
4-HOUR

Forced Overtime

Voluntary Overtime

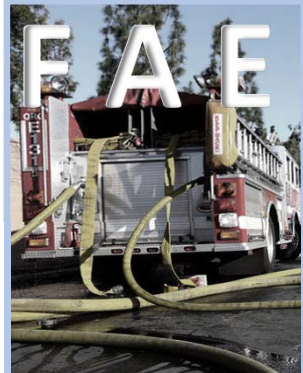
Total Overtime



PM/FC

FC

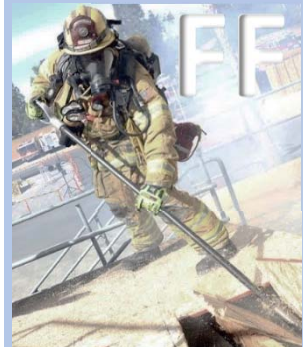
2024			2023				
Qtr1	4.0	9.4	13.4	Qtr1	-		
Qtr2	4.8	8.5	13.3	Qtr2	-		
Qtr3	9.2	7.5	16.7	Qtr3	4.3	8.4	12.7
Qtr4	6.7	8.1	14.8	Qtr4	3.0	9.2	12.2
Qtr1	3.8	9.6	13.4	Qtr1	-		
Qtr2	5.0	7.7	12.7	Qtr2	-		
Qtr3	9.7	7.2	16.9	Qtr3	4.5	8.0	12.5
Qtr4	7.1	6.9	14.0	Qtr4	2.9	8.8	11.7



PM/FAE

FAE

Qtr1	2.0	7.8	9.8	Qtr1	-		
Qtr2	1.2	6.3	7.5	Qtr2	-		
Qtr3	3.9	6.6	10.5	Qtr3	4.9	6.9	11.8
Qtr4	2.3	7.2	9.5	Qtr4	2.6	8.6	11.2
Qtr1	1.9	8.5	10.4	Qtr1	-		
Qtr2	1.4	8.3	9.7	Qtr2	-		
Qtr3	5.4	8.0	13.4	Qtr3	5.1	7.8	12.9
Qtr4	2.5	7.6	10.1	Qtr4	2.5	8.0	10.5



PM/FF

FF

Qtr1	2.6	7.9	10.5	Qtr1	-		
Qtr2	7.5	5.7	13.2	Qtr2	-		
Qtr3	9.8	5.4	15.2	Qtr3	2.3	7.1	9.4
Qtr4	4.3	6.3	10.6	Qtr4	1.6	6.6	8.2
Qtr1	0.8	4.1	4.9	Qtr1	-		
Qtr2	2.3	5.1	7.4	Qtr2	-		
Qtr3	5.5	4.6	10.1	Qtr3	2.0	5.4	7.4
Qtr4	2.2	4.5	6.7	Qtr4	1.1	5.0	6.1

Forced and Voluntary Overtime include shifts of 4+ hours worked only.

Averages are calculated using number of Overtime shifts (4+ hours) divided by the number of employees working 9+ shifts for the quarter.

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SAFETY POST POSITIONS - 14-HOUR MINIMUM

OVERTIME MONTHLY UPDATE

Dec 2024

AVERAGE OVERTIME SHIFTS - 14-Hour

Forced Overtime

Voluntary Overtime

Total Overtime

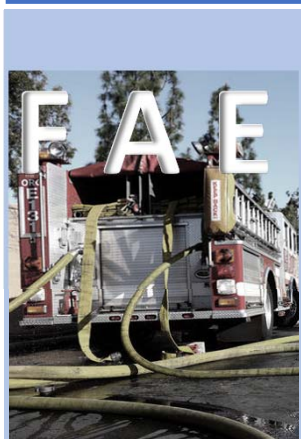


PM/FC

FC

2024 Jan-Jun			
Jan '24	1.2	3.0	4.2
Feb '24	0.9	2.7	3.6
Mar '24	1.2	3.2	4.4
Apr '24	1.4	2.7	4.1
May '24	0.9	3.0	3.9
Jun '24	1.9	2.4	4.3

2024 Jul-Dec			
Jul '24	2.4	2.1	4.5
Aug '24	2.4	2.4	4.8
Sep '24	3.5	2.7	6.2
Oct '24	2.7	2.5	5.2
Nov '24	1.4	2.8	4.2
Dec '24	2.1	2.5	4.6



PM/FAE

FAE

Jan '24	0.6	3.0	3.6
Feb '24	1.0	2.5	3.5
Mar '24	0.2	2.4	2.6
Apr '24	-	2.2	2.2
May '24	0.3	2.3	2.6
Jun '24	0.5	1.7	2.2

Jul '24	1.4	1.9	3.3
Aug '24	0.6	2.1	2.7
Sep '24	1.5	2.4	3.9
Oct '24	0.9	1.9	2.8
Nov '24	0.5	2.4	2.9
Dec '24	0.7	2.9	3.6



PM/FF

FF

Jan '24	0.4	2.7	3.1
Feb '24	0.7	2.6	3.3
Mar '24	1.1	2.3	3.4
Apr '24	1.9	2.3	4.2
May '24	2.9	1.6	4.5
Jun '24	2.3	1.7	4.0

Jul '24	3.5	1.6	5.1
Aug '24	2.5	1.6	4.1
Sep '24	3.0	1.9	4.9
Oct '24	2.0	1.9	3.9
Nov '24	1.0	2.1	3.1
Dec '24	1.0	2.1	3.1

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.

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OVERTIME QUARTERLY UPDATE

Dec 2024

AVERAGE OVERTIME SHIFTS - 14-Hour

Forced Overtime

Voluntary Overtime

Total Overtime

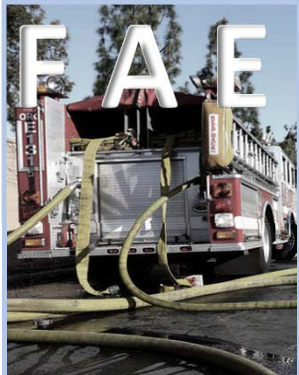


FC

PM/FC

FC

	2024			2023		
Qtr1	3.3	8.9	12.2	3.1	9.3	12.4
Qtr2	4.2	8.1	12.3	5.1	7.3	12.4
Qtr3	8.3	7.2	15.5	3.9	8.1	12.0
Qtr4	6.2	7.8	14.0	2.5	9.1	11.6
Qtr1	3.4	9.2	12.6	3.4	9.0	12.4
Qtr2	4.5	7.5	12.0	5.2	8.3	13.5
Qtr3	8.6	7.0	15.6	3.9	7.9	11.8
Qtr4	6.6	6.6	13.2	2.6	8.6	11.2



FAE

PM/FAE

FAE

Qtr1	1.8	7.9	9.7	6.9	7.1	14.0
Qtr2	0.8	6.2	7.0	2.6	7.3	9.9
Qtr3	3.5	6.4	9.9	4.6	6.8	11.4
Qtr4	2.1	7.2	9.3	2.0	8.6	10.6
Qtr1	1.6	8.4	10.0	6.9	6.6	13.5
Qtr2	1.1	8.1	9.2	3.0	8.0	11.0
Qtr3	4.8	7.8	12.6	4.6	7.7	12.3
Qtr4	2.2	7.3	9.5	2.2	8.0	10.2



FF

PM/FF

FF

Qtr1	2.2	7.6	9.8	0.8	7.0	7.8
Qtr2	7.1	5.6	12.7	1.3	6.6	7.9
Qtr3	9.0	5.1	14.1	2.1	6.7	8.8
Qtr4	4.0	6.1	10.1	1.2	6.3	7.5
Qtr1	0.6	3.9	4.5	1.1	6.6	7.7
Qtr2	1.8	4.9	6.7	0.8	6.0	6.8
Qtr3	4.7	4.5	9.2	1.7	5.3	7.0
Qtr4	1.9	4.4	6.3	0.8	4.6	5.4

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.

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EMERGENCY COMMAND CENTER

OVERTIME UPDATE

Dec 2024

AVERAGE
OVERTIME SHIFTS

MONTHLY

Forced Overtime

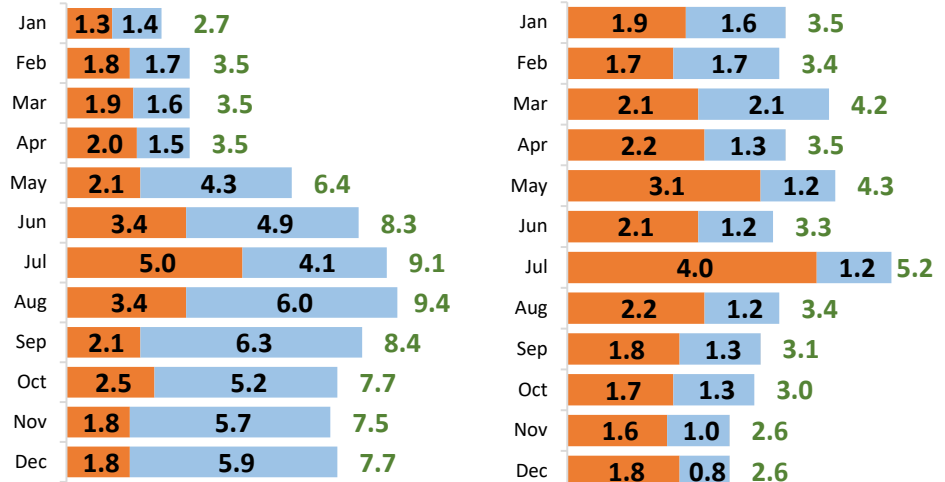
Voluntary Overtime

Total Overtime

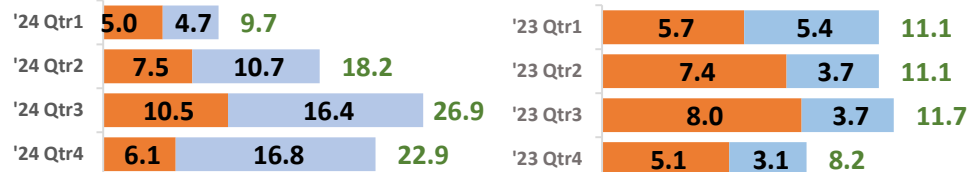
2024

2023

Fire Communications Dispatcher

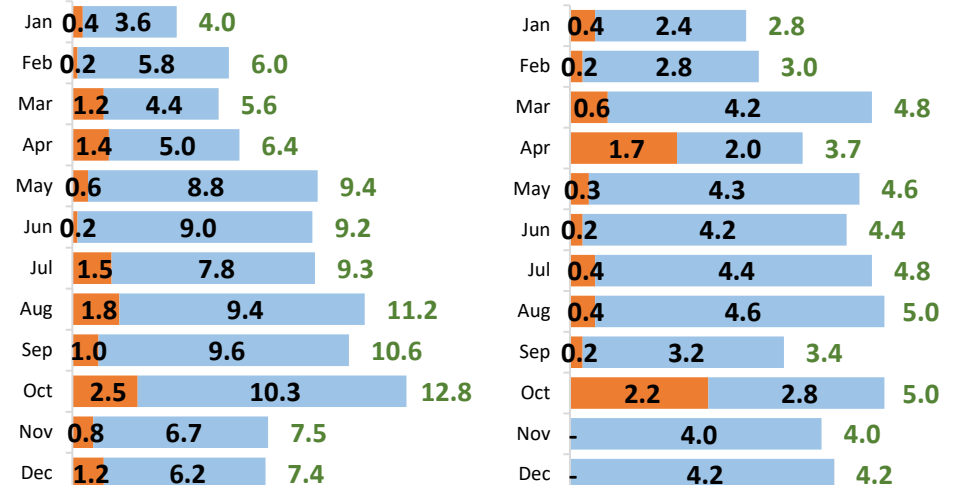


QUARTERLY



MONTHLY

Fire Communications Supervisor



QUARTERLY



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

FY 2023/24 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 vehicles) 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 2023/24, vacant positions across all ranks reached a high of 196 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 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 7-21 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.