

MINUTES

ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Meeting
Wednesday, November 4, 2015
12:00 Noon

Regional Fire Operations and Training Center
Room AE117
1 Fire Authority Road
Irvine, CA 92602

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on November 4, 2015, at 12:00 p.m. by Chair McCloskey.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present:

Gene Hernandez, Yorba Linda
Al Murray, Tustin
Jerry McCloskey, Laguna Niguel
Ed Sachs, Mission Viejo
Elizabeth Swift, Buena Park
Tri Ta, Westminster

Absent:

None

Also present were:

Fire Chief Jeff Bowman
Assistant Chief Lori Smith
Assistant Chief Lori Zeller
Human Resources Director Jeremy Hammond
General Counsel David Kendig

Assistant Chief Michael Schroeder
Assistant Chief Dave Thomas
Assistant Chief Brian Young
Communications Director Sandy Cooney
Clerk of the Authority Sherry Wentz

1. PRESENTATIONS

No items.

PUBLIC COMMENTS (F: 12.02B3)

Chair McCloskey opened the Public Comments portion of the meeting. Hearing no response, Chair McCloskey closed the Public Comments portion of the meeting

2. MINUTES

A. Minutes for the October 14, 2015, Budget and Finance Committee Meeting (F: 12.02B2)

Vice Chair Swift requested a modification to the Minutes regarding Item No. 4B. Vice Chair Swift was absent from the meeting and was noted as a second to the motion. The revisions were made to reflect the second by Director Sachs.

On motion of Director Ta and second by Vice Chair Swift, the Committee voted unanimously by those present to approve the Minutes for the October 14, 2015, Budget and Finance Committee meeting as amended.

3. CONSENT CALENDAR

A. Monthly Investment Reports (F: 11.10D2)

On motion of Director Ta and second by Director Murray, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Executive Committee meeting of November 19, 2015, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the reports.

B. Annual Statement of Investment Policy and Investment Authorization (F: 11.10D)

On motion of Director Ta and second by Director Murray, the Committee voted unanimously to direct staff to place the item on the agenda for the Board of Directors meeting of November 19, 2015, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Review and approve the submitted Investment Policy of the Orange County Fire Authority, to be effective January 1, 2016.
2. Pursuant to Government Code Section 53601 and 53607, renew delegation of investment authority to the Treasurer for a one-year period, to be effective January 1, 2016.

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4. DISCUSSION CALENDAR

A. 2015 Long Term Liability Study & Expedited Pension Payment Plan (F: 17.06A)

Assistant Chief Lori Zeller introduced Treasurer Tricia Jakubiak who provided a PowerPoint presentation on the 2015 Long Term Liability Study & Expedited Pension Payment Plan.

Ray Geagan, President of the Orange County Professional Firefighters Association, Local 3631, spoke regarding the Expedited Pension Payment Plan.

Stephen Wontrobski, Mission Viejo resident, spoke regarding cost-saving options related to Workers' Compensation.

On motion of Director Hernandez and second by Director Murray, the Committee voted to direct staff to place the item on the agenda for the Board of Directors meeting of November 19, 2015, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Direct staff to continue the Expedited Pension Payment Plan as indicated in the Updated Snowball Strategy.
2. Approve a budget adjustment in Fund 121 to allocate the \$12.6 million of available unencumbered funds identified in the FY 2014/15 financial audit to OCFA's unfunded pension liability.
3. Direct staff to evaluate options identified through discussion with the joint-labor groups to address the Retiree Medical unfunded liability.
4. Direct staff to continue seeking cost-saving options related to Workers' Compensation.

Director Sachs voted in opposition, indicating his desire to (1) consider modifying the funding goal for the Expedited Pension Payment Plan from 100% funding of the liability to 85%, and (2) better understand what other department-wide spending priorities may exist.

B. Audited Financial Reports for the Fiscal Year Ended June 30, 2015 (F: 15.06)

Assistant Chief Lori Zeller introduced Finance Manager Jim Ruane and General Accounting Manager Tammie Pickens who provided a PowerPoint presentation on the Governmental Accounting Standards Board (GASB) Statement No. 68 and the Audited Financial Reports for the Fiscal Year Ended June 30, 2015.

Assistant Chief Zeller introduced Rich Kikuchi, CPA for Lance, Soll & Lunghard (LSL), who provided an update on the Audited Financial Reports for the Fiscal Year Ended June 30, 2015.

Stephen Wontrobski, Mission Viejo resident, spoke regarding his opposition to the LSL update.

On motion of Vice Chair Swift and second by Director Sachs, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of November 19, 2015, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

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

C. Capital Improvement Program Budget for Fire Station 10 (F: 15.04) (X: 19.07C10)

Assistant Chief Lori Zeller provided a report on the Capital Improvement Program Budget for Fire Station 10.

On motion of Director Murray and second by Vice Chair Swift, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of November 19, 2015, with the Budget and Finance Committee's recommendations that the Board of Directors:

1. Approve an update to the FY 2015 – FY 2020 Five-Year Capital Improvement Program activating the replacement Fire Station 10 (Yorba Linda) from deferred status.
2. Direct staff to evaluate the timing for the Fire Station 10 construction contract award and if timing is appropriate, include the necessary expenditure budget changes of approximately \$6.5 million in the FY 2015/16 Mid-Year Budget Adjustments that will be reviewed with the Board in January 2016.

D. Service Delivery Enhancements – Phase Two (F: 18.13)

Assistant Chief Brian Young provided a report on the Service Delivery Enhancements – Phase Two.

Stephen Wontrobski, Mission Viejo resident, commended Fire Chief Jeff Bowman on implementing the service delivery enhancements.

On motion of Director Murray and second by Director Hernandez, the Committee voted unanimously by those present to direct staff to place the item on the agenda for the Board of Directors meeting of November 19, 2015, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Direct staff to include funding for the Phase-Two enhancements in the proposed Mid-Year FY 2015/16 Budget Adjustments.
2. Direct staff to continue to evaluate and recommend the phase-in of service enhancements, as feasible, at six month intervals.

REPORTS (F: 12.02B6)

Assistant Chief Lori Zeller provided clarification on a question asked by Director Sachs related to the GASB Statement No. 68.

COMMITTEE MEMBER COMMENTS (F: 12.02B4)

Vice Chair Swift thanked Division Chief Dave Steffen for participating in Youth and Government Day in the City of Buena Park.

Director Sachs suggested that the Committee Chair and Vice Chair meet with staff prior to the Budget and Finance Committee meetings and clarified his opposition to the 2015 Long Term Liability Study & Expedited Pension Payment Plan.

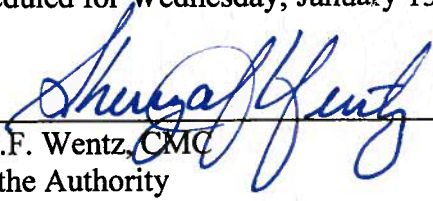
Director Murray commended staff on the recently held Regional Fire Operations and Training Center Open House.

Director Hernandez spoke regarding the CAFR and complimented the Auditor's report on the Unfunded Actuarial Accrued Liability.

Chair McCloskey commended General Accounting Manager Tammie Pickens on her agenda report presentation.

Fire Chief Jeff Bowman suggested for the Committee Chair and Vice Chair to participate in future auditor exit interviews.

ADJOURNMENT – Chair McCloskey adjourned the meeting at 1:30 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, January 13, 2016, at 12:00 noon.



Sherry A.F. Wentz, CMC
Clerk of the Authority