

MINUTES

ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Meeting
Wednesday, September 11, 2013
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 September 11, 2013, at 12:01 p.m. by Chair Swift.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Sam Allevato, San Juan Capistrano
Randal Bressette, Laguna Hills
Trish Kelley, Mission Viejo
Jerry McCloskey, Laguna Niguel
Al Murray, Tustin
Elizabeth Swift, Buena Park
Steven Weinberg, Dana Point

Absent: None

Also present were:

Deputy Chief Craig Kinoshita
Assistant Chief Laura Blaul
Assistant Chief Brian Stephens
Assistant Clerk Lydia Slivkoff

General Counsel David Kendig
Assistant Chief Dave Thomas
Assistant Chief Lori Zeller
Clerk of the Authority Sherry Wentz

PUBLIC COMMENTS (F: 12.02B3)

Chair Swift opened the Public Comments portion of the meeting. Chair Swift closed the Public Comments portion of the meeting without any comments.

MINUTES

1. **Minutes for the August 14, 2013, Budget and Finance Committee Meeting (F: 12.02B2)**

Stephen Wontrobski, Mission Viejo resident, pulled the Minutes to request that his position stated on the Minutes regarding the proposed salary and benefit survey be changed from opposed to support.

On motion of Vice Chair Bressette and second by Director Murray, the Committee voted to approve the minutes of the August 14, 2013, Budget and Finance Committee Meeting, as amended to include public speaker Stephen Wontrobski's support of a salary and benefit survey. Directors Kelley and Weinberg abstained.

CONSENT CALENDAR

2. **Monthly Investment Report (F: 11.10D2)**

On motion of Director Weinberg and second by Director Murray, the Committee voted unanimously to direct staff to place the item on the agenda for the Executive Committee meeting of September 26, 2013, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

3. **Status Update – Orange County Employees' Retirement System (F: 17.06)**

On motion of Director Weinberg and second by Director Murray, the Committee voted unanimously to receive and file the report.

4. **Fourth Quarter Financial Newsletter – April to June 2013 (F: 15.07)**

On motion of Director Weinberg and second by Director Murray, the Committee voted unanimously to direct staff to place this item on the agenda for the Executive Committee meeting of September 26, 2013, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

5. **Rebudget of FY 2012/13 Uncompleted Projects (F: 15.04 FY 12/13)**

On motion of Director Weinberg and second by Director Murray, the Committee voted unanimously to direct staff to place this item on the agenda for the Board of Directors meeting of September 26, 2013, with the Budget and Finance Committee's recommendation that the Board of Directors authorize the following budget adjustments:

Fund	Increase Revenue	Increase Appropriations	Release Fund Balance
121	1,089,231	1,220,504	131,273
123		2,206,900	2,206,900
124		2,347,400	2,347,400
133		3,963,049	3,963,049
171		536,758	536,758

DISCUSSION CALENDAR

6. First Quarter Workers' Compensation Program Update – June 2013 through August 2013 (F: 18.10A2a)

Assistant Chief Lori Zeller introduced Risk Management Analyst Rhonda Haynes who provided a PowerPoint presentation on the First Quarter Workers' Compensation Program Update – June 2013 through August 2013.

On motion of Director Weinberg and second by Director Murray, the Committee voted unanimously to receive and file the report.

7. 2013 Long Term Liability Study (F: 17.06A)

Assistant Chief Lori Zeller introduced Treasurer Tricia Jakubiak who provided a PowerPoint presentation on the 2013 Long Term Liability Study.

A lengthy discussion ensued.

On motion of Director Weinberg 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 September 26, 2013, with the Budget and Finance Committee's recommendations that the Board of Directors:

1. Direct staff to transmit a copy of the report to the County Board of Supervisors and the OCERS Board of Retirement, for their consideration of potential cost-containment actions relating to Pension Cost of Living Adjustments (COLAs) under the authority granted by the '37 Act.
2. Direct staff to pursue 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.
3. Direct staff to evaluate 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.
4. Direct 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.
5. Receive and file the report.

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8. Paying Down OCFA's Unfunded Pension Liability with Orange County Employees Retirement System (F: 17.06)

Assistant Chief Lori Zeller provided a comprehensive overview on paying down OCFA's Unfunded Pension Liability with Orange County Employees Retirement System.

A lengthy discussion ensued.

On motion of Director Weinberg 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 September 26, 2013, with the Budget and Finance Committee's recommendation that the Board authorize the following actions:

1. Direct staff to provide updates to the Board each year as part of the mid-year budget presentation, indicating the amount of Fund Balance Available (FBA) from the prior fiscal year, and directing those amounts to be paid to OCERS as annual lump-sum payments towards the OCFA's UAAL.
2. Direct staff to include additional payments towards the OCFA's UAAL in the annual budget, including the following factors:
 - a. Savings that result from the new Public Employees' Pension Reform Act provisions and other reductions in OCFA's retirement contribution rates shall be used as a source for additional UAAL payments.
 - b. Beginning in FY 2016/17, an additional \$1 million should be added to the OCFA's annual budget each year for 5 years, for retirement contributions to OCERS as a base-building source for additional UAAL payments.
 - c. Provide updates to the Board each year as part of the annual budget presentation, indicating the amount planned in each yearly budget as additional payments towards the OCFA's UAAL, resulting from the factors above.

9. Proposed Capital Improvement Program Projects – FY 2013/14 (F: 15.04A) (X: 22.05A1) (X: 19.09A)

Assistant Chief Brian Stephens provided an overview of the Proposed Capital Improvement Program Projects–FY 2013/14.

On motion of Director Weinberg 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 September 26, 2013, with the Budget and Finance Committee's recommendation that the Board of Directors:

1. Approve a CIP budget adjustment to Fund 123 (Facilities Replacement) for FY 2013/14 to increase appropriations by \$5,500,000 for the purchase/modification of an Urban Search and Rescue central warehouse, utilizing developer contribution revenue from the existing Secured Fire Protection Agreement with Heritage Fields El Toro, LLC.

2. Authorize the Fire Chief or his designee to enter into tentative discussions with property owners for the purchase of a warehouse.
3. Direct the Fire Chief to return to the Board for final approval to enter escrow and purchase the identified property.
4. Approve a CIP budget adjustment to Fund 133 (Vehicle Replacement) for FY 2013/14 to increase appropriations by \$208,000 for the purchase of a Compressed Air Foam System Patrol vehicle.

REPORTS (F: 12.02B6)

Assistant Chief Brian Stephens informed the Committee that a repair check has been received from the insurance company to repair Engine 61. Routinely, this would be an agenda item that would be scheduled for consideration by the Budget and Finance Committee prior to the Board; however, staff did not wish to delay the deposit of the repair check issued and received after the posting of the Committee's agenda, as such, he will be forwarding this item directly to the Board.

COMMITTEE MEMBER COMMENTS (F: 12.02B4)

Director Murray requested the committee review OCFA procurement practices.

ADJOURNMENT – Chair Swift adjourned the meeting at 1:25 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, October 9, 2013, at 12:00 noon.



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