ORANGE COUNTY FIRE AUTHORITY

AGENDA

BOARD OF DIRECTORS REGULAR MEETING

Thursday, May 22, 2014
6:30 P.M.

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

Unless legally privileged, all supporting documentation and any writings or documents provided to a majority of the Board of Directors after the posting of this agenda, which relate to any item on this agenda will be made available for public review in the office of the Clerk of the Authority located on the 2nd floor of the OCFA Regional Fire Operations & Training Center, 1 Fire Authority Road, Irvine, CA 92602, during regular business hours, 8:00 a.m. - 5:00 p.m., Monday through Thursday, and every other Friday, (714) 573-6040. In addition, unless legally privileged, all supporting documentation and any such writings or documents will be available online at http://www.ocfa.org.

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, supporting documents, including staff reports, 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 Sherry A.F. Wentz, Clerk of the Authority, at (714) 573-6040 Monday through Friday from 8 A.M. to 5 P.M.

If you wish to speak before the Fire Authority Board, 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 being heard before the Board. Speaker Forms are available at the counters of both entryways of the Board Room.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the Clerk of the Authority at (714) 573-6040.

CALL TO ORDER

INVOCATION by OCFA Chaplain Jeff Hetschel

PLEDGE OF ALLEGIANCE by Director Ta

ROLL CALL

PRESENTATIONS

1. Letter of Recognition to Boy Scout Troop 1134 for Service in Assembling 450 Individual Fire Aid Kits

Recommended Action:
Approve recognition and make presentation.

2. Trauma Intervention Program Presentation

Recommended Action:
Receive oral presentation by Wayne Fortin, Founder & CEO, Trauma Intervention Programs, Inc.

PUBLIC COMMENTS

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 Board on items within the Board's 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 Board as a whole, and do not engage in dialogue with individual Board Members, Authority staff, or members of the audience.

The Agenda and Minutes are now available through the Internet at www.ocfa.org. You can access upcoming agendas on the Monday before the meeting. The minutes are the official record of the meeting and are scheduled for approval at the next regular Board of Directors meeting.

CLOSED SESSION

CS1. CONFERENCE WITH LABOR NEGOTIATOR
Agency Designated Representative: Peter Brown, Liebert Cassidy Whitmore
Employee Organizations: Orange County Professional Firefighters' Association, Local 3631
Authority: Government Code Section 54957.6

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR

MINUTES

3. Minutes from April 24, 2014, Regular Board of Directors Meeting and April 24, 2014, Special Board of Directors Meeting (A), and May 8, 2014, Special Board of Directors Meeting (B)
Submitted by: Sherry Wentz, Clerk of the Authority

Recommended Action:
Approve as submitted.

CONSENT CALENDAR

4. FY 2013/14 Third Quarter Progress Report on Planning and Development Services Activity

Submitted by: Dave Thomas, Assistant Chief, Operations Department

Recommended Action:
Receive and file the report.

5. Secured Fire Protection Agreement with Brookfield LF 147, LLC, for Entitlements in the El Paseo Development, Tract 17466, in the City of Lake Forest

Submitted by: Brian Stephens, Assistant Chief/Support Services Department

Recommended Actions:
1. Approve and authorize the Fire Chief to enter into a Secured Fire Protection Agreement with Brookfield LF 147, LLC, for Entitlements in the El Paseo Development, Tract 17466, in the City of Lake Forest.
2. Direct the Clerk of the Authority to record the Secured Fire Protection Agreement in the Official Records of the County of Orange and furnish to Brookfield LF 147, LLC a copy of the conformed document within fifteen (15) days of recordation.

6. Human Resources Committee

Submitted by: Keith Richter, Fire Chief

Recommended Actions:
1. Approve the revised HR Committee Protocols, with the composition of the Committee to include five members of the Board instead of seven members.
2. Direct staff to modify the Board Rules of Procedure to reflect the change in the HR Committee composition, and to submit the modified Rules of Procedure to the Board for approval in June.

PUBLIC HEARING

Public Hearings are scheduled for a time certain of 6:30 p.m. or as soon thereafter as possible. The Board of Directors when considering the matter scheduled for hearing, will take the following actions: 1. Receive staff report. 2. Open the Public Hearing. 3. Accept public testimony. 4. Close the Public portion of the Public Hearing. 5. Receive Board Member comments and questions. 6. Take appropriate action. Those wishing to address the Board during the Public Hearing must complete a "Speaker's Form" (available on public counters in Board Room) and provide it to the Clerk of the Authority prior to the hearing.

7. Adoption of the 2014/15 Proposed Budget

Submitted by: Lori Zeller, Assistant Chief/Business Services Department

Recommended Actions:
1. Conduct a public hearing.
2. Adopt the submitted 2014/15 Proposed Budget.
3. Adopt the proposed Resolution adopting and approving the appropriations budget.
4. Approve and authorize a FY 2013/14 budget adjustment to increase General Fund revenues by $1,329,186 and appropriations by $551,777.

DISCUSSION CALENDAR

8. Approval of 2014 Tax and Revenue Anticipation Notes (TRANs)
Submitted by: Lori Zeller, Assistant Chief/Business Services Department

Recommended Actions:
1. Adopt the submitted resolution authorizing the issuance of the 2014-2015 Tax and Revenue Anticipation Notes, substantially in the form attached.
2. Authorize the temporary transfer of up to $9 million from Fund 123 (Facilities Replacement) to Fund 121 (General Fund) to cover a projected cash flow shortfall for FY 2014/15.
3. Authorize the repayment of $9 million borrowed funds from Fund 121 to Fund 123 along with interest, when General Fund revenues become available in FY 2014/15.

9. Management Partners' Organizational Structure and Management System Review
Submitted by: Keith Richter, Fire Chief

Recommended Actions:
1. Receive and file the submitted Management Partners final report.
2. Approve the submitted Implementation Action Plan and direct staff to provide monthly progress reports to the Executive Committee identifying steps taken each month to implement the recommendations contained in the Management Partners final report.

10. Board Stipends
Submitted by: Lori Zeller, Assistant Chief, Business Services Department

Recommended Actions:
Option 1:
1. Receive and file the report.

Option 2:
1. Receive and file the report, and
2. Direct staff to amend the Board Rules of Procedure to increase the stipend cap to $500 per month and bring back the amended Board Rules of Procedure for Board's approval at its next regular meeting.

REPORTS

11. Chief's Report

BOARD MEMBER COMMENTS

CONTINUED CLOSED SESSION

CS2. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Name of Case: Orange County Fire Authority and City of Irvine v All Persons Interested in the Matter of the Validity of that Second Amendment to Amended Joint Powers Authority
Case No.: OC Superior Court Case No. 30-2013-006945527
Authority: Government Code Section 54956.9(d)(1)

CS3. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Name of Case: Orange County Fire Authority V. California Department of Industrial Relations, e.t. al.
Case No.: OC Superior Court Case No. 30-2013-00628178
Authority: Government Code Section 54956.9(a)

CS4. CONFERENCE WITH LEGAL COUNSEL–ANTICIPATED LITIGATION
Authority: Government Code Section 54956.9(b) – Significant Exposure to Litigation (1 case)

CLOSED SESSION REPORT

ADJOURNMENT - The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for June 26, 2014, at 6:30 p.m.

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Training and Operations Center, 1 Fire Authority Road, Irvine, CA, not less than 72 hours prior to the meeting. Dated this 15th day of May.

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

UPCOMING MEETINGS:

Budget and Finance Committee Meeting	Wednesday, June 11, 2014, 12 noon
Claims Settlement Committee Meeting	Thursday, June 26, 2014, 5:00 p.m.
Executive Committee Meeting	Thursday, June 26, 2014, 5:30 p.m.
Board of Directors Meeting	Thursday, June 26, 2014, 6:30 p.m.

There are no supportive materials
for Presentation Item No. 1

There are no supportive materials
for Presentation Item No. 2

MINUTES
ORANGE COUNTY FIRE AUTHORITY

Board of Directors Regular and Special Meetings
Thursday, April 24, 2014
6:30 P.M.

Regional Fire Operations and Training Center
Board Room
1 Fire Authority Road
Irvine, CA 92602-0125

CALL TO ORDER
A regular and special meeting of the Orange County Fire Authority Board of Directors was called to order on April 24, 2014, at 7:41 p.m. by Chair Steven Weinberg.

INVOCATION
Chaplain Jeff Hetschel offered the invocation.

PLEDGE OF ALLEGIANCE
Director Barnett led the assembly in the Pledge of Allegiance to our Flag.

ROLL CALL

Present:
Joseph Aguirre, Alternate, Placentia
Sam Allevato, San Juan Capistrano
Bob Baker, San Clemente
Rick Barnett, Villa Park
Pat Bates, County of Orange
Randal Bressette, Laguna Hills
Carol Gamble, Rancho Santa Margarita
Cynthia Connors, Alternate, Laguna Woods
Gerard Goedhart, La Palma
Gene Hernandez, Yorba Linda
Robert Johnson, Cypress
Trish Kelley, Mission Viejo
Warren Kusumoto, Los Alamitos
Jeffrey Lalloway, Irvine
Jerry McCloskey, Laguna Niguel
Kathryn McCullough, Lake Forest
Al Murray, Tustin
Roman Reyna, Santa Ana
David Shawver, Stanton
David Sloan, Seal Beach
Todd Spitzer, County of Orange
Elizabeth Swift, Buena Park
Tri Ta, Westminster
Phillip Tsunoda, Aliso Viejo
Steven Weinberg, Dana Point

Absent:
Noel Hatch, Laguna Woods
Chad Wanke, Placentia

Also present were:
Fire Chief Keith Richter
General Counsel Dave Kendig
Deputy Chief Craig Kinoshita
Assistant Chief Brian Stephens
Assistant Chief Dave Thomas
Assistant Chief Lori Zeller
Clerk of the Authority Sherry Wentz

PRESENTATIONS

1. **Requests for Commendations and Proclamations** (X: 11.09)

   On motion of Director Spitzer and second by Director Bressette, the Board voted unanimously to approve requests as submitted and make presentations to those present.

   Chair Weinberg and Fire Chief Richter recognized OCFA Length of Service recipient, Heavy Fire Equipment Operator Mark Sturdivant, for his 30 years of service. (F: 11.09D)

   Chair Weinberg and Fire Chief Richter presented the Government Finance Officers Association of the United States and Canada Distinguished Budget Presentation Award to Accounting Manager Debbie Gunderson for OCFA's high principles in governmental budgeting. (F: 11.09B)

2. **Trauma Intervention Program Presentation** (F: 23.05)

   This agenda item will be presented at a future meeting.

PUBLIC COMMENTS (F: 11.11)

Chair Weinberg opened the Public Comments portion of the meeting.

Stephen Wontrobski, Mission Viejo resident, commented on his concerns regarding the Workers' Compensation report provided at the April 9, 2014, Budget and Finance Committee meeting, and requested modifications to the format of future reports. He provided a letter, which is on file in the Office of the Clerk.

President David Rose, Business Agent John Latta, and Representatives Tim Steging, Baryic Hunter, and Matt Schuetz of the Orange County Professional Firefighters Association, Local 3631, provided public comments expressing dissatisfaction with the Fire Chief. They provided supportive materials, which are on file in the Office of the Clerk.

Chair Weinberg closed the Public Comments portion of the meeting.

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR (F: 11.12)

Budget and Finance Committee Chair Beth Swift indicated she had no report.

MINUTES

3. **Minutes from March 27, 2014, Regular Board of Directors Meeting** (F: 11.06)

   On motion of Director Spitzer and second by Director Bressette, the Board voted to approve the Minutes from the March 27, 2014, Board of Directors meeting. Directors Connors and Hernandez noted abstentions.

CONSENT CALENDAR
No items.

DISCUSSION CALENDAR

4. Approval of Amendments to Personnel and Salary Resolution – Administrative Managers (F: 17.02)

On motion of Director Spitzer and second by Director Kelley, the Board voted unanimously to approve the proposed Personnel and Salary Resolution amendments.

5. Public Relations Consulting Services – Clarification of Scope of Work (F: 17.10C1)

Fire Chief Richter provided an overview on the clarification and amendment of the scope of work by Communications LAB, as recommended by the Executive Committee.

A lengthy discussion ensued.

On motion of Director Goedhart and second by Director McCullough, the Board voted to approve the revised Scope of Work with Communications LAB, with an amendment to the first paragraph to omit the reference to the Executive Committee and read "At the Direction of the Fire Chief, or their designee, the Consultant will provide the following services to support OCFA Executive Management." Director Hernandez registered in opposition.

PUBLIC HEARING(S)
No items.

REPORTS

6. Chief's Report (F: 11.14)

Fire Chief Richter indicated the recruitment of the Director of Communications was in progress and he anticipated having the position filled by July 2014. He noted that a Communications Directory is being prepared that will include specific instructions for Director communication notification preferences. Fire Chief Richter reported the recruitment process for the Fire Marshal was underway, and he hoped to have the position filled by the third quarter of this year.

BOARD MEMBER COMMENTS (F: 11.13)

Director McCullough expressed her concern regarding the delay in starting Board meetings on time, due to Executive Committee business. She requested staff members seek a solution to resolving this conflict.

Director Bressette indicated the Executive Committee was charged with important tasks that were thoroughly vetted prior to being presented to the Board, which caused the delay in convening the Board meeting on time.

Director McCullough thanked Director Bressette, and indicated she was seeking a solution to the conflict.

Director Bates suggested the Executive Committee consider meeting on a separate day prior to the Board of Directors meeting.

CLOSED SESSION

General Counsel David Kendig reported the Board would be convening to Closed Session to consider the matters on the Agenda identified as CS1, Conference with Legal Counsel-Existing Litigation, CS2, Conference with Legal Counsel-Existing Litigation, CS3, Conference with Labor Negotiator, CS4, Conference with Legal Counsel–Anticipated Litigation, CS5, Public Employee Performance Evaluation, and CS6, Public Employee Discipline/Dismissal/Release

Chair Weinberg recessed the meeting to Closed Session at 8:30 p.m.

CS1. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Name of Case: Orange County Fire Authority and City of Irvine v All Persons Interested in the Matter of the Validity of that Second Amendment to Amended Joint Powers Authority
Case No.: OC Superior Court Case No. 30-2013-006945527
Authority: Government Code Section 54956.9(d)(1)

CS2. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Name of Case: Orange County Fire Authority V. California Department of Industrial Relations, e.t. al.
Case No.: OC Superior Court Case No. 30-2013-00628178
Authority: Government Code Section 54956.9(a)

CS3. CONFERENCE WITH LABOR NEGOTIATOR
Agency Designated Representative: Peter Brown, Liebert Cassidy Whitmore
Employee Organizations: Orange County Professional Firefighters' Association, Local 3631
Authority: Government Code Section 54957.6

CS4. CONFERENCE WITH LEGAL COUNSEL–ANTICIPATED LITIGATION
Authority: Government Code Section 54956.9(b) – Significant Exposure to Litigation (2 cases)

CS5. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Position: Fire Chief
Authority: Government Code Section 54957

CS6. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE
Authority: Government Code Section 54957

Chair Weinberg reconvened the meeting at 11:20 p.m.

CLOSED SESSION REPORT (F: 11.15)
General Counsel David Kendig indicated the Board had taken no reportable action.

ADJOURNMENT - Chair Weinberg adjourned the regular and special meetings at 11:21 p.m. The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for May 22, 2014, at 6:30 p.m.

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

MINUTES
ORANGE COUNTY FIRE AUTHORITY

Board of Directors Special Meeting
Thursday, May 8, 2014
6:00 P.M.

Regional Fire Operations and Training Center
Board Room
1 Fire Authority Road
Irvine, CA 92602-0125

CALL TO ORDER
A special meeting of the Orange County Fire Authority Board of Directors was called to order on May 8, 2014, at 6:01 p.m. by Chair Steven Weinberg.

INVOCATION
Chaplain Jeff Hetschel offered the invocation.

PLEDGE OF ALLEGIANCE
Director Hernandez led the assembly in the Pledge of Allegiance to our Flag.

ROLL CALL

Present:	Joseph Aguirre, Alternate, Placentia	Sam Allevato, San Juan Capistrano
	Bob Baker, San Clemente	Rick Barnett, Villa Park
	Pat Bates, County of Orange	Randal Bressette, Laguna Hills
	Carol Gamble, Rancho Santa Margarita	Gerard Goedhart, La Palma
	Noel Hatch, Laguna Woods	Gene Hernandez, Yorba Linda
	Robert Johnson, Cypress	Trish Kelley, Mission Viejo
	Warren Kusumoto, Los Alamitos	Jeffrey Lalloway, Irvine
	Jerry McCloskey, Laguna Niguel	Kathryn McCullough, Lake Forest
	Al Murray, Tustin	Roman Reyna, Santa Ana
	Gordon Shanks, Alternate, Seal Beach	David Shawver, Stanton
	Todd Spitzer, County of Orange	Elizabeth Swift, Buena Park
	Tri Ta, Westminster	Phillip Tsunoda, Aliso Viejo
	Steven Weinberg, Dana Point	
Absent:	David Sloan, Seal Beach	Chad Wanke, Placentia

Also present were:

Fire Chief Keith Richter	General Counsel Dave Kendig
Deputy Chief Craig Kinoshita	Assistant Chief Brian Stephens
Assistant Chief Dave Thomas	Assistant Chief Lori Zeller
Clerk of the Authority Sherry Wentz	Assistant Clerk of the Authority Lydia Slivkoff

Director Tsunoda arrived at this point (6:06 p.m.)

PUBLIC COMMENTS (X: 11.11)

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

Fire Chief Richter provided comments to address various leadership concerns raised by the Orange County Professional Firefighters Association, Local 3631, at the previous Board of Directors meeting held on April 24, 2014, and his performance as Fire Chief. (F: 17.10A2)

Directors Allevato, Baker, and Reyna arrived at this point (6:08 p.m.)

CLOSED SESSION

General Counsel David Kendig reported the Board would be convening to Closed Session to consider the matters on the Agenda identified as CS1, Public Employee Performance Evaluation, CS2, Public Employee Discipline/Dismissal/Release, and CS3, Conference with Legal Counsel-Anticipated Litigation (2 cases).

Chair Weinberg recessed the meeting to Closed Session at 6:09 p.m.

Director Gamble arrived at this point (6:30 p.m.)

CS1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Position: Fire Chief
Authority: Government Code Section 54957

CS2. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE
Authority: Government Code Section 54957

CS3. CONFERENCE WITH LEGAL COUNSEL–ANTICIPATED LITIGATION
Authority: Government Code Section 54956.9(b) – Significant Exposure to Litigation (2 cases)

Chair Weinberg reconvened the meeting at 11:11 p.m.

CLOSED SESSION REPORT (F: 11.15)
General Counsel David Kendig indicated the Board had taken no reportable action.

ADJOURNMENT - Chair Weinberg adjourned the meeting 11:12 p.m. The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for Thursday, May 22, 2014, at 6:30 p.m.

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

CONSENT CALENDAR – AGENDA ITEM NO. 4
BOARD OF DIRECTORS MEETING
May 22, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: David Thomas, Assistant Chief
Operations Department

SUBJECT: **FY 2013/14 Third Quarter Progress Report on Planning and Development Services Activity**

Summary:
This agenda item is submitted to provide a 3-month summary of activities in the Planning and Development Services Section. The attached report summarizes plan review and inspection activities by volume, average turnaround time and success in meeting turnaround time target goals.

Recommended Action:
Receive and file the report

Background:
Performance:
Plan reviews dropped to 76% in the third quarter of this fiscal year, compared to 82% for the same period last fiscal year and 78% the previous quarter of this fiscal year. The performance indicator is to maintain a 90% return for 5 and 10 day submittals. While we fell short of meeting this 90% indicator, the average plan check turnaround time continues at 9 days from submittal to ready for pickup. The drop in the third quarter percentage can be attributed to one Analyst being out on extended sick leave. Overtime continues to be authorized for all late plans.

Construction inspections efficiency increased to 98% in the third quarter, compared to 90% for the same period last fiscal year and 87% the previous quarter of this fiscal year. This increase was partially due to the reliance of overtime personnel conducting inspections on our closed Fridays and the addition of one new Inspector. We anticipate the hiring of an additional inspector sometime in June which should reduce our reliance on overtime. The performance indicator for construction inspections is to get an inspector on the job site within 48 hours of the request for an inspection 90% of the time.

Outreach Activities:
At the February Board meeting, Vice Chair Murray requested staff to perform outreach activities to help reduce the number of plan review resubmittals and construction reinspections. Subsequently, staff developed several new informational bulletins that beginning May 1 are being attached to new plan submittals and handed out to contractors during inspections. Additionally, these new informational bulletins are also available at each partner agency's front counter.

Impact to Cities/County:
Not Applicable

Fiscal Impact:
Not Applicable

Staff Contact for Further Information:
Pete Bonano, Deputy Fire Marshal
petebonano@ocfa.org
(714) 573-6101

Attachments:
1. Third Quarter Plan Review and Construction Inspections Summaries
2. Informational Bulletins

Plan Review and Construction Inspection Summaries

PLAN REVIEW

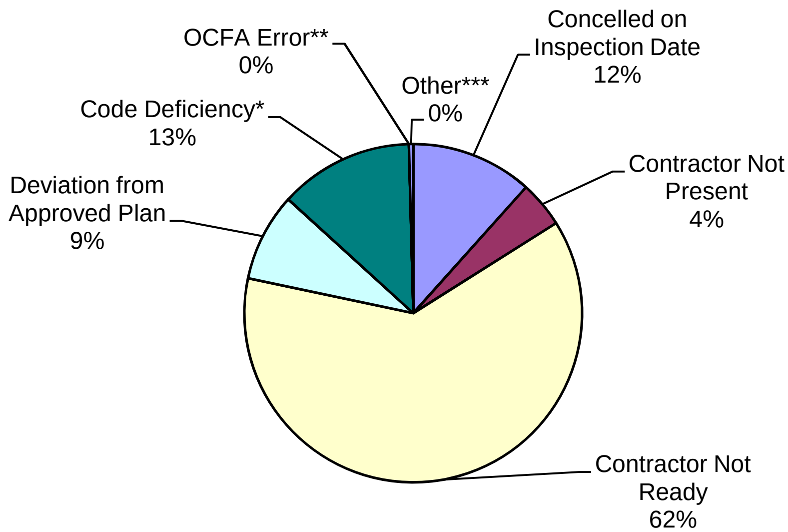
FY Quarter		Total Plans Received	Total Plans Reviewed	Plans Within Target Goals	% of Plans Within Target Goals
Apr - Jun	2012/13	1,834	1,816	1,521	84%
Jul - Sept	2013/14	1,864	1,955	1,451	74%
Oct - Dec	2013/14	1,832	1,813	1,413	78%
Jan - Mar	2013/14	1,662	1,677	1,280	76%
	Totals	**7,192**	**7,261**	**5,665**	**78%**

CONSTRUCTION INSPECTIONS

Quarter		Total Inspections*	Reinspections		Within 48 Hour Goal or At Customer's Request		Late	
			Number	Percent	Number	Percent	Number	Percent
Apr - Jun	2012/13	3,044	145	5.1	2,412	85.4	411	14.6
Jul - Sept	2013/14	4,030	190	5.5	2,321	67.6	1112	32.4
Oct - Dec	2013/14	3,785	253	6.7	3,326	87.9	459	12.1
Jan - Mar	2013/14	3,475	254	7.3	3,433	98.8	42	1.2
	Totals	**14,334**	**842**	**6.2%**	**11,492**	**85%**	**2,024**	**15.0%**

*Total Inspections may exceed the total volume of On-Time and Late Inspections due to completion of unscheduled and administrative inspections.

REASONS FOR REINSPECTIONS
January 2014 - March 2014



*Code Deficiency - Not shown on plan and not in compliance with code requirement.
**OCFA Error - Deficiency not identified during plan review and caught in field, or inspector concurred with something not installed correctly.
***Reasons that are seldom used such as Contractor Not Present

Orange County Fire Authority
Community Risk Reduction
INFORMATIONAL BULLETIN 01-14

How to Have a Successful Architectural Plan Check

The following information is intended to help you have a successful plan check experience.

Sequence of Plans
It is imperative to submit your plans in the following order:

1. Advance Planning (including city or county approvals)
2. CUP/Parcel/Tentative Tract Map Review
3. Fire Master Plan
4. Architectural Plan

Note: Not all plans listed above are required on all projects, so please view the appropriate flowchart for your project at http://www.ocfa.org/_uploads/pdf/flowchart.pdf

Check that All Egress Systems Are Correct
Common errors on plans include:

- Incorrect Door Swing
- Insufficient Egress Width
- Exceeding Travel Distance
- Separation of Exit Doors
- Convergence of Separate Egress Paths

Note: For further assistance, please refer to OCFA's guideline for *Architectural Review* at http://www.ocfa.org/_uploads/pdf/guidee04.pdf and *Utilization of Special Egress-Control Devices* at http://www.ocfa.org/_uploads/pdf/guidee01.pdf

Use the Correct Occupancy Classification
Ensure that your architectural plan uses the correct occupancy classification per the California Building Code (Chapter 3).

Note: You can access the *California Building Code* (see part 2, Chapter 3) through the California Building Standards Commission website at www.bsc.ca.gov

Orange County Fire Authority
Community Risk Reduction
INFORMATIONAL BULLETIN 02-14

How to Have a Successful Construction Inspection

The following information is intended to help you have a successful plan check experience.

Be Ready for the Inspection
Please have all your work and materials ready to go when our inspector arrives; pretest as needed.

OCFA Stamped Approved Plans Onsite
In order for OCFA to conduct an inspection, the **wet-stamped plans** must be readily available on site.

Scheduled Inspection Timeframe
Please provide a phone number(s) at the time of inspection scheduling where a person can be reached in the event the inspector is unable to locate you or your site representative.

Our inspectors do many inspections each day and are on a tight schedule so please be onsite at your scheduled time; our inspectors are unable to wait at a site. If you are not onsite when the inspector arrives you will fail the inspection and will need to re-schedule.

If for any reason you are not going to be available, or ready, you must cancel the inspection by 1:00 PM the business day before the inspection.

Complete Your Installation According to the Approved Plans
Adhering to the approved plan means having a successful inspection.

Orange County Fire Authority
Community Risk Reduction
INFORMATIONAL BULLETIN 03-14

How to Have a Successful Special Equipment & Systems Plan Check

The following information is intended to help you have a successful plan check experience.

High-Piled Storage

- Plans must provide details of the required pallet stops
- Although the Fire Code specifies solid shelves at 32 ft^2, fire sprinkler protection must be provided as a solid shelf when the solid portion of the shelf, or commodity on the shelf exceeds $20ft^2$
- Provide a complete commodity description including the packing materials
- Provide a smoke ventilation inspection certificate for buildings built before 1998

Note: OCFA has guidelines for *High-Piled Combustible Storage* that can be found at http://www.ocfa.org/_uploads/pdf/guideg09.pdf

Commercial Cooking Hoods

- Illustrate the placement for each nozzle
- Verify nozzle flow point calculations
- Floor plan needs to indicate the location of hood in relationship to the facility, exit doors, distance to Class K extinguisher(s), and manual pull station.

Note: OCFA guidelines for *Fire Extinguishing Systems for Commercial Cooking* Operations can be found at http://www.ocfa.org/_uploads/pdf/guided04.pdf

Spray Booth

Provide a *Chemical Classification Packet* prior to plan approval, which can be found at http://www.ocfa.org/_uploads/pdf/guideg06.pdf

Hazardous Materials

Include quantity information and list liquids/liquefied gases in gallons, solids in pounds, gases in cubic feet, and LPG should be in both pounds and gallons. More information can be found in the OCFA's *Chemical Classification Packet* at http://www.ocfa.org/_uploads/pdf/guideg06.pdf

Refrigeration Unit and Systems

Provide the *Refrigerant Disclosure Form*, found on the last page of the Refrigeration Systems guide at http://www.ocfa.org/_uploads/pdf/guideg02.pdf

Orange County Fire Authority
Community Risk Reduction
INFORMATIONAL BULLETIN 04-14

How to Have a Successful Fire Alarm System Plan Check

The following information is intended to help you have a successful plan check experience.

Sequence of Plans
It is imperative to submit your plans in the following order:

1. Architectural Plans
2. Sprinkler/Underground Plans
3. Fire Alarm System Plans

Note: Not all plans listed above are required on all projects, so please view the appropriate flowchart for your project at http://www.ocfa.org/_uploads/pdf/flowchart.pdf

Fire Alarm
Provide OCFA with a list of all fire alarm components.

Backflow Prevention Assembly
Provide the location and indicate monitoring of the valves.

Fire Alarms Not Required by Code
If the fire alarm is not required by code, the fire alarm system plan needs to include a letter, on company letterhead, from the owner acknowledging that the system is **voluntary** and acknowledging that the system shall be maintained and tested as required by code.

Sequence of Operations
Provide the sequence of alarm operations applicable for the project.

Note: OCFA guidelines for *New and Existing Fire Alarms Systems* can be found at http://www.ocfa.org/_uploads/pdf/guided03.pdf

Orange County Fire Authority
Community Risk Reduction
INFORMATIONAL BULLETIN 05-14

How to Have a Successful Fire Sprinkler and Underground Systems Plan Check

The following information is intended to help you have a successful plan check experience.

Sequence of Plans
It is imperative to submit your plans in the following order:

1. Fire Master Plan
2. Architectural Plan
3. Underground Plan
4. Fire Sprinkler Plan, which may be submitted with the Underground Plan

Note: Not all plans listed above are required on all projects, so please view the appropriate flowchart for your project at http://www.ocfa.org/_uploads/pdf/flowchart.pdf

Concealed Spaces and Obstructions
Ensure that all spaces are appropriately protected with sprinkler(s) and projections obstructions do not block fire sprinkler water discharge.

Underground System Plan Check
- Typically, post indicator valves (PIV), or other approved indicating valves, need to be 40 feet from the building that they serve
- Fire department connection (FDC) needs to be located within 150 feet of public hydrant
- Provide the make and model of the FDC ensure that is it a listed assembly

Note: OCFA has guidelines for *Underground Piping for Private Hydrants & Sprinkler Supply Line* that can be found at http://www.ocfa.org/_uploads/pdf/guideb03.pdf

CONSENT CALENDAR - AGENDA ITEM NO. 5
BOARD OF DIRECTORS MEETING
May 22, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Brian Stephens, Assistant Chief
Support Services Department

SUBJECT: **Secured Fire Protection Agreement with Brookfield LF 147, LLC, for Entitlements in the El Paseo Development, Tract 17466, in the City of Lake Forest**

Summary:
This item is submitted to authorize the Fire Chief to enter into a Secured Fire Protection Agreement (SFPA) with Brookfield LF 147, LLC, for Entitlements in the El Paseo Development, Tract 17466, in the City of Lake Forest. This agreement defines the "fair share" contribution needed to adequately serve the intended development and current communities adjacent to this area.

Recommended Actions:
1. Approve and authorize the Fire Chief to enter into a Secured Fire Protection Agreement with Brookfield LF 147, LLC, for Entitlements in the El Paseo Development, Tract 17466, in the City of Lake Forest.
2. Direct the Clerk of the Authority to record the Secured Fire Protection Agreement in the Official Records of the County of Orange and furnish to Brookfield LF 147, LLC a copy of the conformed document within fifteen (15) days of recordation.

Background:
Brookfield LF 147, LLC, will be developing 147 single-family dwelling units. Under mitigation measures approved by the City of Lake Forest for the project, a Secured Fire Protection Agreement is required. Payments will be made to OCFA after the agreement is signed and recorded, prior to the building permit issuance.

The proposed agreement should provide OCFA and Brookfield LF 147, LLC with the ability to make long-range plans and decisions with respect to both infrastructure costs and operational costs associated with this development. The agreement provides OCFA with the necessary assurances needed to complete work/review on enhancement to the regional emergency fire services delivery system.

Impact to Cities/County:
Not Applicable.

Fiscal Impact:
Revenue produced by agreement would be $74,400.

Staff Contact for Further Information:
Michele Hernandez, Management Analyst, Strategic Services
michelehernandez@ocfa.org
(714) 573-6199

Attachment:
Secured Fire Protection Agreement

SECURED FIRE PROTECTION AGREEMENT

____

by and between the

ORANGE COUNTY FIRE AUTHORITY,
A CALIFORNIA JOINT POWERS AUTHORITY

and

BROOKFIELD LF 147, LLC

Effective Date: __________

Project Name: EL PASEO

ORANGE COUNTY FIRE AUTHORITY

SECURED FIRE PROTECTION AGREEMENT

WITH

BROOKFIELD LF 147 LLC

This Secured Fire Protection Agreement ("Agreement") is made between the Orange County Fire Authority, a California Joint Powers Authority ("OCFA") and Brookfield LF 147 LLC ("Company"), and is effective as of _________, 2014.

RECITALS

A. OCFA is a governmental entity, organized as a California Joint Powers Authority, providing fire protection and life safety services to over one million residents within the County of Orange ("County"), including the City of Lake Forest ("City") and all of the real property described in this Agreement.

B. This Agreement covers real property owned by Company located within the County of Orange and the City of Lake Forest as of the date of this Agreement, all as described on Exhibit A attached hereto. The extent of Company development for which fire protection services will be provided by Authority shall cover all of the property subject to Tentative Tract Map No. 17466.

C. Company's development of the Project Area is subject to the general development requirements and conditions (collectively, the "City Conditions") related to the provision for emergency response, fire protection services, equipment and facilities imposed by the City. The City Conditions generally include requirements for Company to enter into agreements with OCFA to ensure that Company will provide for and contribute its *pro rata* fair share costs of emergency response, fire protection services, equipment and facilities for the benefit of residents residing within the Project Area.

D. OCFA and Company believe that this Agreement contains adequate safeguards to ensure OCFA's ability to enforce the obligations of this Agreement and protect the public interest.

AGREEMENT

Based upon the foregoing Recitals and in consideration of the covenants and conditions contained in this Agreement, the parties agree to timely perform each of their respective obligations as set forth herein.

SECTION 1. DEFINITIONS

Unless the context otherwise requires, wherever in this Agreement the following terms are used, the intent and meaning shall be interpreted as provided herein.

“**Agreement**” means this Secured Fire Protection Agreement, including the attached Exhibits between OCFA and the Company.

“**OCFA**” means the Orange County Fire Authority, a governmental entity and California joint powers authority.

“**City**” means the City of Lake Forest, a member of OCFA.

“**Company**” means Brookfield LF 147 LLC

“**City Conditions**” means the general development requirements and conditions related to the provision of emergency response, fire protection services, equipment and facilities imposed by the City as conditions of approval on development projects proposed or undertaken in the City by Company.

“**Effective Date**” means the date this Agreement is approved by the OCFA Board of Directors.

“**Fee**” means the most current fee, as approved by OCFA or its successors or predecessors in interest, or as may be adopted by OCFA or its successors from time to time, for the funding in whole or in part of emergency response, fire protection services, equipment and facilities within the jurisdiction of OCFA.

“**Project Area**” means the property owned by Company within the City as of the date of this Agreement, and as more particularly described in Exhibit A.

“**Security Instruments**” means surety bonds, letters of credit or any other form of security or method, acceptable to OCFA, of assuring construction, installation, or provision of emergency response, fire protection services, equipment and facilities.

SECTION 2. COMPANY OBLIGATIONS

Company is in the process of developing the property in the Project Area and constructing improvements thereon that will result in regional impacts that will require emergency response, fire protection services, equipment and facilities by OCFA. In recognition and consideration of these impacts, OCFA and Company mutually agree as follows:

A. Acknowledgment of Obligations and Satisfaction of OCFA Requirements

Company acknowledges that pursuant to the City Conditions, Company is required (i) to provide a *pro rata* share of funding necessary to establish adequate emergency response, fire protection services, equipment and facilities, and (ii) contribute towards overall regional emergency response, fire protection services, equipment and facilities as provided herein in this Agreement. OCFA acknowledges that Company's performance of the obligations set forth in this Agreement constitute satisfaction of the obligations of Company for this Project. The pro rata share does not include standard processing fees for plan checking, permits and similar services or requirements of OCFA.

B. *Pro Rata* Share

1. Company agrees to pay in full its *pro rata* share as provided below:

(a) A cash contribution in an amount determined by multiplying the applicable fee in effect at the time payment is due by the number of proposed residential dwelling units and, in the case of commercial development, the square footage equivalency as determined by the formula in subparagraph (b) below (all as shown on the attached Exhibit B), within ten (10) days of issuance of the first residential or commercial building permit ("Due Date") for any portion of the property owned by Company within the Project Area as of the Effective Date. The parties agree that the applicable fee on the Effective Date is $600/unit. The parties further agree that the Company's total funding obligation on the effective date of this Agreement is $74,400 (all as shown on Exhibit B).

(b) Such amounts of residential dwelling units and square footage of commercial development may be adjusted according to an equivalency formula as follows: 1) commercial development square footage may be divided by 1,000 and then multiplied by 0.9 (nine/tenths or 9/10) to reach the equivalent dwelling units; 2) residential dwelling units may be divided by 0.9 (nine/tenths or 9/10) and then multiplied by 1,000 to reach the equivalent commercial square footage.

2. Nothing in this Agreement shall be construed to prohibit Company from paying all, or a portion, of the amount(s) set forth above in advance of the Due Date. Such prepayment will be calculated by multiplying $600 or the applicable fee in effect at the time of payment by the number of units for which the Company wishes to prepay. Company will not be responsible for any subsequent fee increase that may be adopted by OCFA between the date of payment and the issuance of a building permit for the units covered by the paid fee.

3. In the event that the actual number of dwelling units, or equivalent dwelling units, built is less than 147, OCFA will make such adjustments as may be appropriate, including the payment of any refund for any amounts overpaid. At build-out, documentation satisfactory to OCFA shall be furnished to OCFA which

verifies the actual number of dwelling units, or equivalent dwelling units, constructed and that no further units, or equivalent units, shall be built on the property in the Project Area owned by Company on the Effective Date. Such documentation shall serve as the basis for making any necessary adjustments by multiplying the applicable fee in effect at the time of the last payment to OCFA by the actual number of units, or equivalent units, that were not built (calculated by subtracting the total number of units, or equivalent units, built from 147, the total number of units, or equivalent units, allowed). OCFA shall refund the Company for any amounts overpaid within thirty (30) days of the earlier of (i) written notification to OCFA that the Company will build less than the 147 proposed residential dwelling units; and (ii) the date the OCFA receives the above-referenced documentation which shall serve as the basis for making any necessary adjustments by multiplying the applicable fee in effect at the time of the last payment to OCFA by the actual number of units, or equivalent units, that were not built.

SECTION 3. SECURITIES

A. Security to Guarantee Payment

Within sixty (60) days after execution of this Agreement, Company shall furnish OCFA with a Faithful Performance Bond or Letter of Credit or any other security instrument acceptable to the Fire Chief and OCFA Counsel, securing Company's then remaining obligation to pay OCFA the *pro rata* share amount set forth in Section 2, subject to the following requirements:

1. Form of Security Instruments. All Security Instruments shall meet the following minimum requirements and otherwise shall be in a form acceptable to OCFA:

(a) Any insurance company acting as surety shall have a minimum rating of A, as rated by the current edition of Best's Key Rating Guide published by A.M. Best's Company, Oldwick, New Jersey 08858; any bank issuing a Letter of Credit shall have a minimum rating of AA, as rated by Moody's or Standard & Poor's; each entity acting as a surety shall be licensed to do business in California.

(b) Payments under the security instrument shall be required to be made in the County of Orange, State of California.

(c) The security instrument shall reference Company's obligations under this Agreement, shall be irrevocable, and shall include, as an additional obligation secured, the responsibility to compensate OCFA for all of OCFA's reasonable attorneys' fees and litigation expenses reasonably incurred in enforcing its rights under the security instrument.

2. Release of Security Instruments. OCFA shall release or partially release the Faithful Performance Bond or Letter of Credit, *pro rata*, upon Company's written request as and when OCFA receives payment and after acceptance of Company's final payment obligation pursuant to Section 2.

SECTION 4. DEFAULT AND ATTORNEYS' FEES

A. Remedies Not Exclusive

In any case where this Agreement provides a specific remedy to OCFA for breach or default by Company hereunder, such remedy shall be in addition to, and not exclusive of, OCFA's right to pursue any other administrative, legal or equitable remedy to which it may be entitled.

B. Attorneys' Fees and Costs

In the event of any litigation arising out of this Agreement or under any of the Security Instruments referenced herein, the prevailing party in such action, in addition to any other relief, which may be granted, shall be entitled to recover its reasonable attorneys' fees and costs. Such attorneys' fees and costs shall include fees and costs on any appeal, and all other reasonable costs incurred in investigating such action, taking depositions and discovery, retaining expert witnesses, and all other necessary and related costs with respect to such litigation or arbitration. All such fees and costs shall be deemed to have accrued on commencement of the action and shall be enforceable whether or not the action is prosecuted to judgment.

SECTION 5. GENERAL PROVISIONS

A. Successors and Assigns

This Agreement shall be binding upon all successors and assigns of Company's right, title, and interest in and to the Project Area and any portions thereof.

B. Density and Intensity of Development

The provisions of this Agreement shall be deemed to be in substantial compliance with all City Conditions for this Project. In the event the density or intensity of development for this Project is proposed to be increased, OCFA and Company shall meet and confer and determine whether there should be any modification to this Agreement to provide for additional services, equipment or facilities necessary to serve the Project Area as a result of the approval of any such increase. In the event the parties cannot agree, OCFA shall have the right to protest or contest in any administrative or judicial forum as OCFA deems appropriate any approval of any such increase.

C. Waiver of Rights and Claims

Company agrees and acknowledges that there is an essential nexus between its *pro rata* share and a legitimate governmental interest and that its *pro* *rata* share is roughly proportional to and reasonably and rationally related to the impacts that will be caused by development of the Project Area.

In consideration of the mutual promises and covenants set forth in this Agreement, Company, its successors and assigns, hereby waives and releases any present or future rights or claims Company, or its successors or assigns may have or possess under Government Code section 66000 et. seq. (as amended) with respect to OCFA's establishment, receipt and use of the fees required to be paid to OCFA under this Agreement so long as OCFA, or its successors in interest, continues to provide fire protection and related services to the Project Area as contemplated by this Agreement.

D. Good Faith Negotiations

Company acknowledges and agrees that OCFA is prepared to conduct a fee study that might result in an increased *pro rata* share to Company. Company desires to avoid the delay and uncertain results of such a study and enters this Agreement in good faith and in consideration for OCFA deferring such a study to a later date.

E. Severability

In the event any portion of this Agreement shall finally be determined by a court of competent jurisdiction to be unlawful, such provision shall be deemed to be severed from this Agreement and every other provision of this Agreement shall remain in full force and effect. If any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad, it shall be construed, by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable laws then in effect.

F. Notices

All written notices pursuant to this Agreement shall be addressed as set forth below or as either party may hereafter designate by written notice and shall be delivered in person or sent certified or registered mail, postage prepaid and addressed as follows:

To:	Orange County Fire Authority Attn: Fire Chief 1 Fire Authority Road Irvine, CA 92602	WITH COPY TO: David E Kendig, General Counsel Woodruff, Spradlin & Smart 555 Anton Blvd., Suite 1200 Costa Mesa, CA 92626
To:	Brookfield LF 147 LLC 3090 Bristol Street, #200 Costa Mesa, CA 92626	WITH COPY TO: None

All notices provided for herein shall be deemed effective upon receipt if personally served or seventy-two (72) hours after being sent by certified or registered mail, postage prepaid.

G. Entire Agreement

This Agreement constitutes the entire understanding between the parties and supersedes all prior negotiations or agreements between them pertaining to the subject matter hereof.

H. Recordation of Agreement

This Agreement and any amendment shall be recorded in the Official Records of the County of Orange by OCFA with a conformed copy being furnished to Company by OCFA within fifteen (15) days of recordation.

I. Time of the Essence

OCFA and Company agree that time is of the essence with respect to each provision of this Agreement of which time is an element.

J. Exhibits to Agreement

This Agreement includes the following Exhibits, which are attached hereto and made a part hereof:

Exhibit A - Description of the Project Area

Exhibit B - Fire Service Impact Fees

/ / /

/ / /

/ / /

K. Authorized Signatories

Company and its signatories herein covenant and represent that each individual executing this Agreement is a person duly authorized to execute this Agreement for Company.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year above written.

ORANGE COUNTY FIRE AUTHORITY
a California Joint Powers Authority

Date:______________________________

By: ______________________________
Keith Richter, Fire Chief
Orange County Fire Authority

ATTEST:

By: ______________________________
Sherry Wentz
Clerk of the Orange County
Fire Authority

Date:______________________________

APPROVED AS TO FORM:

DAVID E. KENDIG
GENERAL COUNSEL

By: ______________________________

Date:______________________________

Brookfield LF 147 LLC

Date:______________________________

By: ______________________________
Its Authorized representative

By: ______________________________
Its Authorized representative

EXHIBIT A

LEGAL DESCRIPTION OF THE PROJECT AREA

EXHIBIT B

FIRE SERVICE IMPACT FEES

Dwelling Units	Rate	Obligation
147	$600	$ 88,200
-23 EUD Credits	-$600	-$13,800
Total Units – 124 (147-23)	$600	$ 74,400

Equivalent dwelling units (EDU) credits are granted for the infill removal of 25,487 square feet of commercial. Formula for EDU credit is: 25,487sf x .9 / 1000=22.9 or 23 EDUs.

CONSENT CALENDAR – AGENDA ITEM NO. 6
BOARD OF DIRECTORS MEETING
May 22, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Keith Richter, Fire Chief

SUBJECT: **Human Resources Committee**

Summary:
This agenda item is submitted to modify the composition of the new Human Resources (HR) Committee that was approved by the Board of Directors in January 2014.

Recommended Actions:

1. Approve the revised HR Committee Protocols, with the composition of the Committee to include five members of the Board instead of seven members.
2. Direct staff to modify the Board Rules of Procedure to reflect the change in the HR Committee composition, and to submit the modified Rules of Procedure to the Board for approval in June.

Background:
In the early years following the formation of OCFA, an additional standing committee existed known as the Administration and Personnel Committee. This Committee served in an advisory role from 1996 to 2000, reviewing matters relating to our personnel. The structure mirrored the form of the Budget and Finance Committee, which continues in existence today to review matters relating to our finances. The Administration and Personnel Committee was disbanded in 2000, with its responsibilities merged into those of the Executive Committee.

In January 2014, the Board approved re-establishing this Brown Act compliant Committee for review of matters relating to Human Resources in greater detail, and to enable more time to be spent on these matters prior to making recommendations to the full Board. The intent was to keep the Board advised through the Committee, and avoid creating a time drain for the entire Board at regular meetings of the Board of Directors.

Protocols for the proposed HR Committee were established to require seven members of the Board to be appointed to the HR Committee. Since the Board of Directors and the existing subcommittees of the Board have been meeting in greater frequency in recent months, availability of Board members to serve on this additional committee has been a challenge. Therefore, a revision to the HR Committee is recommended to reduce the composition from seven Board members to five Board members.

Upon approval of this agenda item, staff will proceed in working with the Chair to make appointments to the HR Committee, establish meeting dates and times, and schedule the first Committee meeting. In addition, staff will amend the Board Rules of Procedure to conform to this change, and submit the Rules to the Board for approval in June.

Impact to Cities/County:
The proposed Committee can facilitate improved communications relating to HR matters on behalf of our member agencies and the Board of Directors.

Fiscal Impact:
Not Applicable.

Staff Contacts for Further Information:
Keith Richter, Fire Chief
keithrichter@ocfa.org
(714) 573-6010

Jeremy Hammond, Human Resources Director
jeremyhammond@ocfa.org
(714) 573-6018

Attachment:
Human Resources Committee Protocols

Human Resources Committee

Background Information

- The Human Resources (HR) Committee shall be considered a Standing Committee, as defined by Rule 10 (a) of the Board of Directors Rules of Procedure.
- The HR Committee reports directly to the Board of Directors.
- The Human Resources Committee shall consist of five~~seven~~ members of the Board of Directors. The Chair shall make all appointments to the Human Resources Committee. Appointments to the Human Resources Committee shall be made in such a manner as to achieve, as close as reasonably possible, a balance between the number of members representing Structural Fire Fund and Cash Contract cities.
- At the first meeting of the Human Resources Committee following the annual election of the Chair and Vice Chair of the Board of Directors, the Directors assigned to the Human Resources Committee shall elect from its members a Chair and Vice Chair of the Committee.
- The Committee shall meet at the Regional Fire Operations & Training Center, with the designated-recurring meeting dates and times to be established by the Committee.

Committee Mission/Purpose

The Human Resources Committee advises the staff and makes recommendations to the Board of Directors on matters regarding human resources policies; job class specifications; compensation programs; benefit changes and renewals; labor negotiations; staff training, development and recognition programs; succession planning; risk management and workers' compensation policies; and development of management/performance evaluation and information systems.

Committee Guidelines

This section contains the operating philosophy of the Committee, its policy and decision-making responsibilities, staff involvement, the Committee's relationship to other committees and the Board of Directors, and other details about Committee activities.

Operating Philosophy, Policy-Making and Oversight Responsibilities

- A broad regional perspective will be applied to issues coming before the Committee to achieve the mission of the Committee as well as the Authority.
- The Authority's mission and goals relevant to human resources issues will be periodically revisited by the Committee.
- The Committee will convey proposed revisions for its structure or oversight responsibilities for consideration by the Board of Directors.
- The Committee will consider whether issues should:
  - remain with the review jurisdiction of the Committee as an advisory item only
  - be referred to the Executive Committee
  - be referred to the Board of Directors
- *All policy matters or matters requiring budget adjustments shall be referred to the Board of Directors.*

Staff Liaison, Agenda Materials & Staff Presentations

- The Human Resources Director will serve as the primary Staff Liaison to the Committee.

- Items shall be included on the Committee's agenda only with the approval of the Committee Chair or Staff Liaison.

- Written and oral reports by staff will be used in presenting issues to the Committee.

- An executive summary followed by sufficient backup material will be used to describe the major issues of the item and form the basic model of agenda material coming before the Committee.

PUBLIC HEARING - AGENDA ITEM NO. 7
BOARD OF DIRECTORS MEETING
May 22, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: **Adoption of the 2014/15 Proposed Budget**

Summary:
This item presents the 2014/15 Proposed General Fund and Capital Improvement Program (CIP) Budget for adoption by the Board of Directors.

Committee Actions:

City Managers' Budget and Finance Committee

The City Managers' Budget and Finance Committee (B&FC) reviewed the 2014/15 Proposed Budget with staff on April 22, 2014. The Committee requested staff to submit some specific additional information (provided on page 18 of the budget book), and they provided the following formal recommendations for submission to the OCFA Budget and Finance Committee:

The City Managers' B&FC recommended that the OCFA B&FC and Board of Directors adopt the 2014/15 Budget, as submitted.

OCFA Budget and Finance Committee

At its May 14, 2014, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

Recommended Actions:

1. Conduct a public hearing.
2. Adopt the submitted 2014/15 Proposed Budget.
3. Adopt the proposed Resolution adopting and approving the appropriations budget.
4. Approve and authorize a FY 2013/14 budget adjustment to increase General Fund revenues by $1,329,186 and appropriations by $551,777.

Background:

We are pleased to present the proposed FY 2014/15 budget for your consideration. As required by the Fiscal Health Plan and Financial Stability Budget Policy, this proposed General Fund budget is balanced for the five-year forecast and meets our policy reserve requirements. An operating transfer from the General Fund to the CIP funds in included in the proposed budget; however, projected cash flow is insufficient to meet all forecasted CIP expenditures over the five-year forecast period. The CIP funds instead rely on accumulated fund balances to support the estimated expenditures. As in year's past, CIP projects were deferred whenever in staff's judgment the postponement would not adversely affect services or maintenance of OCFA assets.

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Proposed 2013/14 Budget Adjustment

Since the mid-year budget adjustment was approved by the Board in March, additional changes to the General Fund budget have become necessary. The proposed changes are as follows:

- Increase to revenues in the amount of $1,329,186. This adjustment is comprised of the following:
  - $743,750 increase to Supplemental Property tax
  - $370,668 increase to State reimbursements for assistance by hire
  - $114,768 increase for CRA pass-throughs
  - $100,000 increase for receipt of a donation from Maruchan

- Increase to expenditures of $551,777. This adjustment is comprised of the following:
  - $100,000 for a contract with Communications Lab for public relations and communications, which was approved by the Executive Committee on March 27, 2014. Funds not expended at the conclusion of the fiscal year will be rebudgeted in FY 2014/15.
  - $96,649 appropriation, using Maruchan donations to fund emergency management and communications technology related expenses.
  - $355,128 to fund an increase to the Property Tax Administration Fee assessed by the Orange County Auditor/Controller.

Impact to Cities/County:

The proposed budget results in a 4.5% increase in cash contract cities' base service charges. Total increases vary from city–to-city, based on annual catch-up payments for all cities (for dollar impacts by city, see page 22 of the Revenue Section in the attached Budget Book).

Fiscal Impact:

See proposed Budget.

Staff Contacts for Further Information:

Lori Zeller, Assistant Chief/Business Services Department
lorizeller@ocfa.org
(714) 573-6020

Deborah Gunderson, Budget Manager
deborahgunderson@ocfa.org
(714) 573-6302

Tricia Jakubiak, Treasurer
triciajakubiak@ocfa.org
(714) 573-6301

Attachments:

1. Proposed Resolution
2. 2014/15 Proposed Budget

RESOLUTION NO. 2014-XX

A RESOLUTION OF ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS ADOPTING AND APPROVING THE APPROPRIATIONS BUDGET FOR THE ORANGE COUNTY FIRE AUTHORITY FOR FISCAL YEAR 2014/15

THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS DOES HEREBY RESOLVE AS FOLLOWS:

The appropriations budget for the Orange County Fire Authority for Fiscal Year 2014/15 is approved and adopted by the Board of Directors as follows:

GENERAL FUND	
Operating Appropriations	
Salaries and Employee Benefits	$298,156,224
Services and Supplies	$25,585,580
Capital Outlay	$0
Debt Service	$895,000
Total Operating Appropriations	$324,636,804
Operating Transfers-Out	
CIP Funds	$584,592
Total Operating Transfers –Out	$584,592
OTHER FUNDS	
Fund 122 – Facilities Maintenance & Improvement	$1,274,498
Fund 123 – Facilities Replacement	$0
Fund 124 – Communications & Information Systems Replacement	$2,712,089
Fund 133 – Vehicle Replacement	$7,308,817
Fund 171 – Structural Fire Entitlement Fund	$0
Fund 190 – Self-Insurance	$10,872,378
Total Other Funds	$22,167,782
TOTAL APPROPRIATIONS	$346,804,586
Reserves	
10% Operating Contingency Reserve:	$30,433,546

PASSED, APPROVED, AND ADOPTED this 22nd day of May 2014.

____
STEVEN WEINBERG, CHAIR
Board of Directors

ATTEST:

____
SHERRY A.F.WENTZ, CMC
Clerk of the Authority

Attachment 2

ORANGE COUNTY FIRE AUTHORITY

2014/15

DRAFT PROPOSED BUDGET

Board of Directors

Business Services Department
Treasury & Financial Planning
May 22, 2014

TABLE OF CONTENTS

2014/15

DRAFT

PROPOSED

BUDGET

May 22, 2014

Budget Summary

Budget Overview

We are pleased to present the proposed FY 2014/15 budget for your consideration. As required by the Fiscal Health Plan and Financial Stability Budget Policy, this proposed General Fund budget is balanced for the first two years of the five-year forecast and meets our policy reserve requirements. An operating transfer from the General Fund to the CIP funds is included in the proposed budget; however, projected cash flow is insufficient to meet all forecasted CIP expenditures over the five-year period. As done in past years, OCFA will consider using lease-purchase financing to assist with funding for capital needs in order to spread the cost of the capital assets over the useful life. In addition, CIP projects were deferred wherever feasible.

Property taxes are OCFA's largest source of revenue and represent 64% of our General Fund revenue budget. The five-year forecast included in this budget document shows the most current property tax revenue growth figures from the Rosenow Spevacek Group (RSG, OCFA's property tax consultant) for all five years of the forecast. RSG's forecast reflects their conservative approach to forecasting. RSG indicates there is "substantial reason to remain cautious…the current recovery will likely <u>not</u> mirror the last economic recovery experienced in the late 1990's/early 2000's".

Our budget development process continues to include aggressive cost containment measures taken as part of our commitment to long-term financial stability while continuing to provide outstanding service to our member agencies and customers. These include:

- ***Hiring Freeze*** – A hiring freeze remains in place for positions that do not provide front line service to the public. Each position that becomes vacant is reviewed by Executive Management to determine our ability to absorb the vacancy, or whether it will be necessary to fill the position. This budget includes 101 frozen positions.

- ***Services and Supplies*** – All sections were directed to hold their services and supplies (S&S) budget at the FY 2013/14 level. Requested increases were reviewed and approved on a case-by-case basis, taking into consideration the criticality of the request and other legal, risk, or technical ramifications which may arise if the request was not approved.

- ***Salaries*** – The proposed budget holds salaries flat for all employee groups, with no cost of living adjustments provided in FY 2014/15, pending any changes which may be introduced as labor negotiations are concluded. All current labor contracts include a "trigger formula" that requires specific parameters of fiscal health to be achieved before cost of living adjustments can be provided. Although the FY 2014/15 budget is balanced and is providing funding for policy reserve requirements, the flow of funding for capital needs has not yet reached the fiscal health threshold required for the trigger formula.

- ***Workers' Compensation*** – Management and labor are near completion in developing an Alternative Dispute Resolution Program (ADR). Once implemented, the ADR Program will (1) streamline the time it takes for industrially injured workers to receive appropriate medical evaluations and treatment, (2) provide an opportunity for early involvement of a nurse case manager to assist the injured workers to navigate more quickly through the workers' compensation process, and (3) make available a mediation process to reduce court appearances and to resolve certain disputed matters in an expedited fashion. These improvements are anticipated to result in reduced workers' compensation costs over the long-term.

- ***Prioritization of Five-Year Capital Improvement Plan*** – The five-year CIP was updated and reviewed by Executive Management, and the City Managers' Budget and Finance Committee. The Executive Management team scrutinized all projects to ensure they contribute to the OCFA's mission of providing a safe, hazard-free work environment and quality service to our members and citizens. Some projects were found to be essential, yet the timing was viewed as relatively flexible, therefore they were deferred until additional funding becomes available. A list of these projects has been provided on page 32.

ORANGE COUNTY FIRE AUTHORITY
2014/15 General Fund Proposed Budget Highlights
May 2014

Revenue

$2.5 million or a 0.82% increase

Property Taxes **$5.3M increase**

- Based on growth in current secured property of 3.379% for 2014/15 per RSG's final report
- The refund factor is estimated at 1% based on historical trends

State Reimbursements **$2.8M decrease**

- Proposed FY 2014/15 budget excludes extraordinary assistance-by-hire reimbursements for incident activity

Federal Reimbursements **$3.2M decrease**

- Proposed FY 2014/15 budget excludes extraordinary assistance-by-hire reimbursements for incident activity and one-time grant funding

Community Redevelopment Agency (CRA) Pass-Thru **$750K decrease**

- Based on RSG's 2014 projection

Cash Contract Charges **$4.3M increase**

- Based on estimated 4.5% increase to cash contract cities service charge, plus the annual catch-up payments, for an average increase of 5.13%
- The City of San Clemente's Ambulance line items reflect the implementation and adjustment of Seasonal Ambulance Services

Community Risk Reduction Fees **$564K decrease**

- Based on 2013/14 projection from year-to-date receipts

Use of Money and Property **$759K increase**

- Increase attributable to TRAN interest earnings in 2014/15; no TRAN was issued in 2013/14

Miscellaneous Revenue **$572K decrease**

- 2013/14 includes $341K in insurance reimbursements; $241K for the repair of Engine 61 in Buena Park, and an estimated $100K for fire damage at Fire Station 62 in Buena Park, none of which are anticipated in FY 2014/15

Expenditures

$18.6M or a 6% increase overall

Salaries **$903K decrease**

- FY 2014/15 proposed budget excludes extraordinary backfill/overtime and one-time grant funding
- Cost of living increases are not included
- Merit increases are factored in
- New Station 56 (Ortega Valley) staffing is included
- New Director of Communications position has been added
- Implementation of Community Risk Reduction department reorganization

Retirement **$22.1M increase**

- Includes a $18.3 million UAAL buy-down, as per the FF MOU
- 2014/15 rates are OCERS' final adopted rates, which includes the impact of OCERS' 0.50% decrease in the assumed rate of return from 7.75% to 7.25%. This change is being phased-in over two fiscal years, starting in FY 2014/15
- Retirement rates based on the Public Employees' Pension Reform Act (PEPRA) are used for vacant positions

Benefits **$2.2M increase**

- Workers' Comp is budgeted based on the 60% confidence level provided by the actuarial study completed in July 2013
- CalPERS group medical insurance rates for non-firefighter unit staff estimated to decrease by 16% as more than half of the OCEA employees enrolled in lower cost insurance plans
- Firefighter group medical insurance based on rates of $1,598 per month effective 1/1/14 and $1,742 per month effective 1/1/15
- Management dental and vision insurance reflects an increase of 5%

Services and Supplies/Equipment **$6.6M decrease**

- Proposed FY 2014/15 budget excludes one-time grant funding and full JEAP payment to Irvine which was included in the Projected FY 2013/14 budget.

ORANGE COUNTY FIRE AUTHORITY
2014/15 Pending Issues
May 2014

Standards of Cover
- The draft Fiscal Year 2014/15 budget does not include any possible changes as a result of proposed Standards of Cover changes.

CAL FIRE Contract
- Gray Book for Fiscal Year 2014/15 has not yet been received; 2013/14 numbers are utilized

Grants
- No estimate has been included for the new grant nor unspent funds of current grants

TRAN
- We are anticipating the need to issue a Tax and Revenue Anticipation Note (TRAN) in late Fiscal Year 2013/14, or early Fiscal Year 2014/15.
- TRAN cost of issuance, and interest revenues and expenses are included in the proposed budget

Cashflow Reserve Use
- The Firefighter MOU contains a side letter agreement that specifies that remaining funds in the General Fund-Cash Flow Reserve as of June 30, 2014, shall be used to pay down the UAAL with OCERS. A $18.3M buy-down has been included in the proposed budget.

ORANGE COUNTY FIRE AUTHORITY

COMBINED BUDGET SUMMARY

2014/15

	121 General Fund	122 Facilities Maintenance & Improvement	123 Facilities Replacement
FUNDING SOURCES			
Property Taxes	$195,471,965		
Intergovernmental	11,137,559		
Charges for Current Services	100,016,486	298,296	
Use of Money & Property	886,749	5,552	22,618
Other	1,000,700		
Total Revenue & Other Financing Sources	308,513,459	303,848	22,618
Operating Transfer In	-	-	-
Beginning Fund Balance	47,141,481	2,559,171	9,106,741
TOTAL AVAILABLE RESOURCES	**$355,654,940**	**$2,863,019**	**$9,129,359**
EXPENDITURES			
Salaries & Employee Benefits	$298,156,224		
Services & Supplies	25,585,580	1,274,498	
Capital Outlay			
Debt Service	895,000		
Total Expenditures & Other Uses	324,636,804	1,274,498	-
Appropriation for Contingencies	3,000,000	-	-
Operating Transfer Out	584,592	-	-
Ending Fund Balance	27,433,544	1,588,521	9,129,359
TOTAL FUND COMMITMENTS & FUND BALANCE	**$355,654,940**	**$2,863,019**	**$9,129,359**

124 Comm & Info Systems Replacement	133 Vehicle Replacement	171 SFF Entitlement	190 Self-Insurance	Total
				$195,471,965
				11,137,559
	1,381,161			101,695,943
23,109	49,958	1,496	143,401	1,132,883
			13,811,667	14,812,367
23,109	1,431,119	1,496	13,955,068	324,250,717
584,592	-	-	-	584,592
8,159,075	21,033,985	571,891	55,722,949	144,295,293
$8,766,776	**$22,465,104**	**$573,387**	**$69,678,017**	**$469,130,602**
				$298,156,224
2,712,089	83,896		10,872,378	40,528,441
	4,693,198			4,693,198
	2,531,723			3,426,723
2,712,089	7,308,817	-	10,872,378	346,804,586
-	-	-	-	3,000,000
-	-	-	-	584,592
6,054,687	15,156,287	573,387	58,805,639	118,741,424
$8,766,776	**$22,465,104**	**$573,387**	**$69,678,017**	**$469,130,602**

ORANGE COUNTY FIRE AUTHORITY
FUND 121 - GENERAL FUND
REVENUE AND EXPENDITURE SUMMARY
2014/15 BUDGET

	2013/14 Adopted Budget	2013/14 Budget Projection (1)	2014/15 Draft Proposed Budget (2)	$ Change fr 2013/14 Projection	% Change fr 2013/14 Projection
FUNDING SOURCES					
Property Taxes	$186,998,721	$190,156,251	$195,471,965	$5,315,714	2.80%
Intergovernmental	11,443,286	17,872,333	11,137,559	(6,734,774)	-37.68%
Charges for Current Services	94,325,831	96,288,619	100,016,486	3,727,867	3.87%
Use of Money & Property	221,379	128,487	886,749	758,262	590.15%
Other	832,000	1,572,631	1,000,700	(571,931)	-36.37%
Total Revenues & Other Financing Sources	293,821,217	306,018,321	308,513,459	2,495,138	0.82%
Operating Transfer In	-	-	-	-	-
Beginning Fund Balance	48,092,190	52,525,839	47,141,481	(5,384,358)	-10.25%
TOTAL AVAILABLE RESOURCES	**$341,913,407**	**$358,544,160**	**$355,654,940**	**($2,889,220)**	**-0.81%**
EXPENDITURES					
Salaries & Employee Benefits	$266,528,679	$273,532,282	$298,156,224	$24,623,942	9.00%
Services & Supplies	22,431,181	32,164,422	25,585,580	(6,578,842)	-20.45%
Capital Outlay	-	335,600	-	(335,600)	-100.00%
Debt Service: TRAN Interest Expense	-	-	895,000	895,000	NA
Total Expenditures & Other Uses	288,959,860	306,032,304	324,636,804	18,604,500	6.08%
Operating Transfer Out	4,497,847	5,370,375	584,592	(4,785,783)	-89.11%
Appropriation for Contingencies (3)	3,000,000	3,000,000	3,000,000	-	0.00%
Ending Fund Balance	45,455,700	44,141,481	27,433,544	(16,707,937)	-37.85%
TOTAL FUND COMMITMENTS & FUND BALANCE	**$341,913,407**	**$358,544,160**	**$355,654,940**	**($2,889,220)**	**-0.81%**

(1) 2013/14 Budget Projection includes additional mid-year adjustments to be considered by the Board on May 22, 2014.
(2) Salaries and Benefits include the UAAL paydown of $18,290,238 as per FF MOU
(3) Requires Board approval to spend

FIVE-YEAR FORECAST REVISED FOR APPROVED SBRs., BOARD APPROVED ADJUSTMENTS, MID-YEAR ADJUSTMENTS AND DRAFT 14/15 BUDGET

	PROJECTED 2013/14	PROPOSED 2014/15	PROJECTED 2015/16	PROJECTED 2016/17	PROJECTED 2017/18	PROJECTED 2018/19
A. BEGINNING FUND BALANCE	**172,407,421**	**144,295,298**	**121,741,428**	**120,367,902**	**113,691,338**	**108,105,401**
GENERAL FUND REVENUES						
Property Taxes	190,156,251	195,471,965	202,308,413	208,824,995	215,959,249	223,307,224
State Reimbursements	4,429,534	4,429,534	4,429,534	4,429,534	4,429,534	4,429,534
Federal Reimbursements	100,000	100,000	100,000	100,000	100,000	100,000
One-Time Grant/ABH/RDA	6,078,532	-	-	-	-	-
Community Redevelopment Agency Pass-thru	7,264,266	6,608,025	6,769,574	7,063,054	7,225,940	7,393,311
Cash Contracts	83,643,150	87,934,667	90,834,487	93,368,036	95,225,065	97,795,040
Community Risk Reduction Fees	7,903,810	7,340,160	7,340,160	7,340,160	7,340,160	7,340,160
ALS Supplies & Transport Reimbursement	4,570,574	4,570,574	4,570,574	4,570,574	4,570,574	4,570,574
Interest Earnings	128,487	886,749	222,939	330,204	441,928	451,475
Other Revenue	1,743,716	1,171,785	1,171,785	1,171,785	1,171,785	1,171,785
Transfers from Comm. Risk Reduction Surplus Rev. Fund	935,870	-	-	-	-	-
Transfers from General Fund Cashflow Fund (OCERS Pre-Pay)	-	18,290,238	-	-	-	-
TOTAL REVENUES	**306,954,190**	**326,803,697**	**317,747,466**	**327,198,343**	**336,464,235**	**346,559,103**
GENERAL FUND EXPENDITURES						
New Positions for New Stations	-	-	1,101,670	1,124,170	6,297,352	10,078,650
Employee Salaries [a]	167,199,754	171,035,923	171,035,923	171,035,923	171,035,923	171,035,923
Retirement - Regular Annual Payments	59,973,920	69,456,192	70,350,768	69,962,240	69,723,120	68,504,644
Previous Retirement Calculation	62,484,495	68,635,549	72,320,295	72,302,322	72,302,322	74,471,392
Retirement - Paydown of UAAL (Rate Savings)	2,500,000	-	1,969,526	2,340,082	2,579,202	5,966,748
Retirement - Paydown of UAAL (Unencumbered Funds)	3,000,000	18,290,238	-	-	-	-
Retirement - Paydown of UAAL ($1M per Year)	-	-	-	1,000,000	2,000,000	3,000,000
Workers' Comp Transfer out to Self-Ins. Fund	12,825,908	13,811,667	14,056,139	14,343,854	14,774,169	15,217,395
Other Insurance	22,034,649	23,255,962	25,388,783	27,671,422	30,209,528	32,980,832
Medicare	2,202,881	2,306,242	2,480,021	2,480,021	2,480,021	2,480,021
One-Time Grant/ABH Expenditures	3,745,167	-	-	-	-	-
Salaries & Employee Benefits	273,482,279	298,156,224	286,382,830	289,957,712	299,099,316	309,264,212
Equity Payments	5,976,162	2,011,103	4,173,160	8,133,320	8,949,160	9,273,656
Equity Payments - Accrued Pmt to Irvine from 14/15 & 15/16				4,633,572	3,204,980	
Services & Supplies/Equipment	25,211,215	23,574,477	24,087,779	24,147,549	24,195,749	24,170,359
New Station/Enhancements S&S Impacts		-	45,977	45,977	260,534	413,789
One-Time Grant Expenditures	1,362,645	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service: Interest on TRAN	-	895,000	-	-	-	-
TOTAL EXPENDITURES	**306,032,301**	**324,636,804**	**314,689,746**	**326,918,129**	**335,709,738**	**343,122,016**
NET GENERAL FUND REVENUE	**921,890**	**2,166,893**	**3,057,720**	**280,213**	**754,497**	**3,437,087**
B. Incremental Increase in GF 10% Contingency	**68,395**	**1,582,301**	**421,160**	**226,410**	**816,524**	**652,548**
GENERAL FUND SURPLUS / (DEFICIT)	**853,495**	**584,592**	**2,636,561**	**53,804**	**(62,027)**	**2,784,539**
C. Operating Transfers to/(from) GF Cashflow (OCERS Pre-Pay)	853,495	-	-	-	-	-
D. Operating Transfers (from) Operating Contingency	-	-	-	-	(62,027)	-
Transfers to CIP Funds						
Transfers to CIP from General Fund Surplus	-	584,592	2,636,561	53,804	-	2,784,539
Transfers to CIP from Cash Flow Fund/Unencumb. Funds from 12/13	4,497,847	-	-	-	-	-
Transfers to CIP from Cash Flow Fund (Comm. Risk Reduction Fees)	251,180	-	-	-	-	-
Transfers to CIP from Cash Flow Fund (Vehicle Repl. - ALS Fees)	621,348	-	-	-	-	-
Total Operating Transfers to CIP	5,370,375	584,592	2,636,561	53,804	-	2,784,539
Capital Improvement Program/Other Fund Revenues						
Interest Earnings	412,205	246,134	967,176	1,395,612	1,738,605	1,661,899
State/Federal Reimbursement	1,810,000	-	-	-	-	-
Cash Contracts	1,600,343	1,679,457	1,692,596	1,735,275	1,779,233	1,824,510
Developer Contributions	5,896,156	-	1,465,353	-	2,360,970	0
Workers' Comp Transfer in from GF	12,825,908	13,811,667	14,056,139	14,343,854	14,774,169	15,217,395
Miscellaneous	336,577	-	-	-	-	-
Lease Purchase Proceeds	-	-	-	9,838,662	11,536,042	3,799,053
Operating Transfers In	-	584,592	2,636,561	53,804	-	2,784,539
Total CIP, W/C, Other Revenues	22,881,189	16,321,850	20,817,825	27,367,206	32,189,020	25,287,395
Capital Improvement Program/Other Fund Expenses						
Fund 122 - Facilities Maintenance & Improvements	2,287,614	1,274,498	1,302,122	1,330,505	1,359,669	1,389,634
Fund 123 - Facilities Replacement	12,956,900	-	-	-	-	-
Fund 124 - Communications & Info Systems Replace.	12,708,617	2,712,089	2,856,449	7,986,730	13,913,195	5,319,500
Fund 133 - Vehicle Replacement	11,822,619	7,308,817	7,112,716	11,957,241	7,996,290	3,776,467
Sub-Total CIP Expenses	39,775,750	11,295,404	11,271,287	21,274,476	23,269,154	10,485,601
Fund 171 - SFF Entitlement	699,758	-	-	-	-	-
Fund 190 - WC Self-Ins. (Cashflow Payments per Actuary)	10,503,824	10,872,378	11,341,223	11,830,286	12,340,438	12,872,590
Lease Purchase Payments	-	-	-	1,165,419	2,919,861	3,827,006
Total CIP, W/C, Other Expenses	50,979,332	22,167,782	22,612,510	34,270,181	38,529,453	27,185,197
E. CIP SURPLUS/(DEFICIT)	**(28,098,143)**	**(5,845,932)**	**(1,794,685)**	**(6,902,974)**	**(6,340,434)**	**(1,897,803)**
ENDING FUND BALANCE (A+B+C+D+E) [b]	**144,295,298**	**121,741,428**	**120,367,902**	**113,691,338**	**108,105,401**	**106,860,147**
Fund Balances						
Operating Contingency (10% of Expenditures)	28,851,246	30,433,546	30,854,706	31,081,115	31,835,613	32,488,161
General Fund Cashflow (OCERS Pre-Pay)	18,290,238	-	-	-	-	-
Community Risk Reduction - General fund	-	-	-	-	-	-
Donations & Developer Contributions	4,923	4,923	4,923	4,923	4,923	4,923
Fund 171 - Structural Fire Fund Entitlement	571,865	573,932	582,056	593,779	608,384	622,344
Capital Improvement Program	39,968,284	31,079,367	26,162,294	16,157,780	6,651,141	1,708,376
Community Risk Reduction Fee-Funded Capital Needs	886,075	886,075	886,075	886,075	886,075	886,075
Fund 190 - WC Self-Insurance	55,722,667	58,763,585	61,877,848	64,967,664	68,119,265	71,150,268
Total Fund Balances	144,295,298	121,741,428	120,367,902	113,691,338	108,105,401	106,860,147

[a] Salary projections assume no cost of living increases through 2018/19 based on current trigger formula. Actual amounts will depend on future labor negotiations.
[b] Calculation removes fund balance transfers shown under General Fund Revenues as these are already included in Beginning Fund Balance.

Forecast Assumptions – FY 2014/15 Budget

Basic Assumptions:
The Adopted 2013/14 budget and the Five-Year Capital Improvement Plan, approved by the Board of Directors on May 23, 2013, form the basis for this financial forecast with the following adjustments:

- Updated total beginning fund balance from the 2012/13 audited financial statements
- All approved and pending budget adjustments that have occurred since the adoption of the budget

General Fund Revenues:
- ***Secured Property Taxes*** – RSG's Final 2014 Report provides the growth factors assumed for the forecast. The following are projections of current secured property tax growth:

2014/15	3.38%
2015/16	3.75%
2016/17	3.45%
2017/18	3.65%
2018/19	3.63%

- ***Public Utility, Unsecured, Homeowners Property Tax Relief, and Supplemental Delinquent Taxes*** – All of these categories of property taxes are projected to remain constant during the forecast period.
- ***State Reimbursements*** – State reimbursements are expected to remain constant, pending more details from CAL FIRE.
- ***Federal Reimbursements*** – This revenue is projected to remain constant.
- ***One-Time Grant/ABH/RDA Proceeds*** – These are one-time only revenues that vary significantly from year to year and therefore are not forecasted beyond the current year. The 2013/14 budget was increased by $5.7 million for increases in grants and assistance by hire.
- ***Community Redevelopment Agency Pass-thru Revenue*** – RSG completed an RDA Excess Revenue Analysis of pass-thru and residual revenues from the dissolution of the redevelopment agencies dated 4/2/2014. The forecast figures come from this report.
- ***Cash Contracts*** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments and year-over-year changes are estimated between 2.0% and 4.5% per year, with a 4.5% cap. In addition, this revenue category includes projected John Wayne Airport contract proceeds with an annual 4% increase cap, which is projected to continue through the forecast period.
- ***Community Risk Reduction Fees*** – Projected 2013/14 revenue was revised upward at mid-year by $0.6 million for inspection services fees and $1.8 million for planning & development fees due to increased construction activity. The increase in planning & development fees is projected to be ongoing beginning in 2014/15.

- ***ALS Supplies & Transport Reimbursements*** – This revenue is estimated to remain flat.
- ***Interest Earnings*** – Assumes an annual return of 0.25% for 2014/15, 1.00% for 2015/16, 1.50% for 2016/17 and 2.00% for 2017/18 and 2018/19. Interest earnings in 2014/15 include earnings from the reinvestment of TRAN proceeds.
- ***Other Revenue*** – This revenue source includes various items such as reimbursements for training and cost recovery for the firefighter handcrew.

General Fund Expenditures

- ***Salaries & Employee Benefits*** – S&EB is composed of the following factors:
  - ✓ ***New Positions for New Stations*** – Fire Station #56 in the Ortega Valley is anticipated to be operational on 1/1/15 and a new Rancho Mission Viejo station is expected to open on 7/1/17. 50% of the annual cost to staff Station #56 is already included in the 2014/15 budget. The forecast also assumes that four positions for a Station 20 Truck will be unfrozen 7/1/17.
  - ✓ ***Employee Salaries*** – Salaries reflect the extended MOUs. The forecast does not contain estimated increases based on the "trigger" formula. In addition, salary increases are not projected for the years that follow expiration of the current MOUs.
  - ✓ ***Retirement*** – Retirement costs reflecting the projected employer retirement rates are based on the initial December 31, 2013 Actuarial Valuation Report prepared by Segal Consulting and provided by OCERS on 5/10/2014. 2015/16 rates in the 12/31/2013 valuation are 1.03% lower for non-safety and 2.06% lower for safety compared to the projected rates for 15/16 presented in the Segal Study dated 8/30/2013. The retirement rates are adjusted for changes in employee contributions.

Fiscal Year	Safety	General	Source
2014/15	49.66%	36.35%	12/31/2013 Actuarial Valuation Report
2015/16	49.84%	37.07%	
2016/17	49.54%	36.87%	Segal Report Dated 8/30/201, adjusted by savings factor from 12/31/2013 Actuarial Valuation Report
2017/18	49.34%	36.77%	
2018/19	48.34%	36.17%	

The 2013/14 budget includes a mid-year adjustment of $5.5 million for accelerated paydown of the OCFA's Unfunded Actuarial Accrued Liability (UAAL) with OCERS. The $5.5 million paydown is comprised of $2.5 million in retirement rate savings due to prior forecast projections with higher retirement rates and an additional $3.0 million lump sum payment from unencumbered fund balance carried over from 2012/13.

The forecast assumes an $18.3 million paydown of the UAAL in 2014/15. Any available fund balance in the General Fund Cash Flow Fund at the end of 2013/14 is transmitted to OCERs to paydown OCFA's unfunded pension liability pursuant to a side letter agreement to the MOU between OCFA and the Orange County Professional Firefighters Association.

In accordance with a September 2013 board action, outer years of the forecast include projected UAAL paydowns based on retirement rate savings and an additional $1 million per year for five years beginning in 2016/17.

- ✓ ***Workers' Compensation*** – 2014/15 continues the "stair-step" up to the 60% confidence level for ongoing Workers' Compensation costs as set by the Board of Directors. The 60% confidence level will be maintained going forward.
- ✓ ***Other Insurance*** – Medical insurance rates for firefighters are assumed to grow annually by 9%. For staff members, it is projected to grow by 10% annually. This category also includes $40,000 for unemployment insurance in 2013/14 and $30,000 in 14/15.
- ✓ ***Medicare*** – Annual amounts are calculated at 1.45% of projected salaries.

- ***One-Time Grant/ABH Expenditures*** –Reflects the corresponding expenditures for the one-time grant/ABH proceeds mentioned above.
- ***Services and Supplies (S&S)*** – S&S is held flat unless a new fire station is built, specific increases have been identified by section managers, or one-time grant proceeds have been received.

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

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

Equity Payments
Equity Payments for 2013/14 are calculated based on procedures set forth in the Second Amendment to the Joint Powers Agreement which references various reports produced by the County Auditor Controller's office. Equity payments in outer years are projected based on property tax growth forecasts in RSG's Final 2014 Report. Pursuant to the Second Amendment to the Joint Power Agreement, if there are insufficient funds to make Irvine Equity Payments in 2014/15 and/or 2015/16, a portion of the Irvine Equity Payment may be deferred for two years.

General Fund Surplus/(Deficit):
This figure is equal to the Net General Fund Revenue less the incremental increase in the General Fund 10% Contingency. In years when there is a surplus, the amount is transferred to the General Fund Cash Flow (OCERS Pre-Pay) or to the CIP funds. In years when there is a deficit, the deficit amount must be drawn from the Cash Flow, then the 10% Contingency, and once those are exhausted, from fund balance for CIP.

Capital Improvement Program/Other Funds Revenue:

- ***Interest Earnings*** – Assumes an annual return of 0.25% for 2014/15, 1.00% for 2015/16, 1.50% for 2016/17 and 2.00% for 2017/18 and 2018/19.
- ***State/Federal Reimbursement*** – The forecast assumes receipt of a $920,000 ECC 911 telephone system upgrade project reimbursement in 2013/14 and $890,000 in CDBG grant funds for improvements to Santa Ana Fire Stations #71 through #79.

- ***Cash Contracts*** – The forecast calculations are based on the Joint Powers Agreement and subsequent amendments.
- ***Developer Contributions*** – In 2013/14, Fire Station #56 (Ortega Valley) construction and apparatus will be funded by developer contributions. The forecast also assumes developer contributions will be used to fund a truck for Station 20 in 2016/17 and various vehicles for Rancho Mission Viejo Station #67 in 2017/18.
- ***Workers' Compensation Transfer*** – These amounts equal the General Fund Workers' Compensation budget.
- ***Operating Transfer In*** – This figure equals the Operating Transfer Out from the General Fund.

Capital Improvement Program/Other Funds Expenditures:
Expenditures for each CIP fund are based on the CIP Budget.

- ***Structural Fire Fund Entitlement (Fund 171)*** – Remaining funds will be expended through the forecast period.

- ***Self-Insurance Fund (Fund 190)*** – 2013/14 through 2015/16 are based on projected payments in the Rivelle Consulting Services July 2013 Study less $100,000 in savings in 2015/16 and $150,000 in savings in 2016/17 and thereafter due to implementation of Alternative Dispute Resolution. 2016/17 and 2017/18 assume the same average year-over-year increase included in the Rivelle study.

Fund Balances:

- ***Operating Contingency*** – Reflects policy of 10% of the General Fund expenditures each year (less one-time expenditures and equity payments). General Fund deficits (if applicable) are deducted from this category of fund balance once the Cash Flow fund balance is exhausted.
- ***Cash Flow*** – The fund balance for the previous year, reduced by any General Fund deficits (if applicable). Any available fund balance at the end of 2013/14 is transmitted to OCERs to paydown OCFA's unfunded pension liability pursuant to a side letter agreement to the MOU between OCFA and the Orange County Professional Firefighters Association.

Assigned Fund Balances

- ***Self-Insurance Fund (Fund 190)*** – Funding is set aside for Workers' Compensation claims. The amount is based on the prior year Workers' Compensation fund balance adjusted annually by the difference between the Workers' Compensation Transfer and the Fund 190 expenditures.
- ***Capital Improvement Program*** – This fund balance includes funding for future capital replacements and is reduced annually by the cost of capital assets and increased in years when there are Operating Transfers into the CIP.

ORANGE COUNTY FIRE AUTHORITY
Salaries & Employee Benefits Assumptions
May 2014

Salaries

Vacant Positions

- Vacant positions which have not been frozen are budgeted as follows:
  - ✓ Firefighter - step 1
  - ✓ Fire Apparatus Engineer – step 10
  - ✓ Captain - step 10
  - ✓ Staff positions - step 5 for entry level positions, and step 10 for positions with promotional opportunities within the same occupational class series
  - ✓ Director of Communications position is budgeted at mid-range
  - ✓ The Assistant Chief – Fire Marshal position is budgeted at top step

- The following 101 positions are not funded in the proposed 2014/15 budget:
  - ✓ 2 Sr. Fire Prevention Specialists (P&D/Inspection)
  - ✓ 2 Fire Prevention Specialists (P&D/S&ES)
  - ✓ 4 Fire Prevention Analysts (P&D)
  - ✓ 1 Assistant Fire Marshal (P&D)
  - ✓ 3 Office Services Specialists (P&D/S&ES)
  - ✓ 2 Senior Accountants (Finance/Treasury and Financial Planning)
  - ✓ 1 Accountant (Finance)
  - ✓ 1 Fire Equipment Technician (Service Center)
  - ✓ 1 Information Technology Supervisor (IT)
  - ✓ 1 Management Analyst (Property Management)
  - ✓ 5 Administrative Assistants (Fire Prevention/Property Management/Operations)
  - ✓ 1 Benefits Services Manager
  - ✓ 1 Senior Human Resources Analyst (Human Resources)
  - ✓ 1 Human Resources Analyst (Human Resources)
  - ✓ 1 Organizational Training and Development Program Manager (Human Resources)
  - ✓ 1 Finance Manager – Part-time Limited-term (Executive Management)
  - ✓ 2 Battalion Chiefs -Staff positions
  - ✓ 1 Heavy Fire Equipment Operator
  - ✓ 1 Fire Pilot
  - ✓ 18 Firefighters (includes T20, M20, Wildland engines)*
  - ✓ 24 Fire Apparatus Engineers (includes T20)*
  - ✓ 27 Fire Captains (includes T20, Admin. Captains)*
    - o 21 of the frozen Firefighter Unit positions (see * above) were authorized but never filled
    - o 30 of the frozen Firefighter Unit positions (see * above) are backfilled

New Station Staffing

- New station FS56 (Ortega Valley) is anticipated to be operational effective 1/1/2015. Staffing is for a PAU Engine which includes a Firefighter, a Fire Apparatus Engineer, and a Fire Captain.

MOU Merit Increases

- Firefighter Unit and OCEA: 2 ½ steps or 6.875% up to step 12
- Administrative Management and Executive Management: 5.5% in August 2014, not to exceed top step

MOU Changes

- Orange County Employees Association (OCEA)
  - ✓ No cost-of-living adjustments included
  - ✓ New employees on or after 1/1/2013 under 2.5% @ 67 retirement plan with 9% employee contribution

- Fire Management
  - ✓ No cost-of-living adjustments included
  - ✓ New employees on or after 1/1/2013 under 2.7% @ 57 retirement plan with 8.25% employee contribution

- Firefighter Unit
  - ✓ No cost-of-living adjustments included
  - ✓ New employees on or after 1/1/2013 under 2.7% @ 57 retirement plan with 9% employee contribution

- Administrative Management
  - ✓ No cost-of-living adjustments included
  - ✓ New employees on or after 1/1/2013 under 2.5% @ 67 retirement plan with an average employee contribution of 9.75%

- Executive Management
  - ✓ No cost-of-living adjustments included

Backfill/Holiday/FLSA Adjustment

- Backfill is estimated at $34,880,000 for 2014/15
- Includes funding for 15 Fire Captain and 15 Fire Apparatus Engineer frozen positions
- Also includes funding for the following constant-staffed positions:
  - ✓ 4th Firefighter position on one engine (E34) (pre-OCFA)
  - ✓ 4th Firefighter position on two trucks (T43 and T64) (October 2007)
  - ✓ Helicopter Crew Chief (Fire Captain) (July 2009)
- Estimate is allocated to divisions/sections based on historical ratios
- Holiday pay and FLSA (10 hours) adjustment are budgeted by employee

Reserve Firefighters

- Based on 2014/15 projected usage

Other Pay

- The following Other Pays were calculated by employee:
  Supplemental Assignment Pay, Education Incentive Pay, Emergency Medical Technician (EMT) Bonus, Fire Safety Specialist Specialty Assignment Pay, and Duty Officer Compensation

- The following Other Pays were based on historical costs:
  Aircraft Rescue Fire Fighting Pay (ARFF), Hazardous Materials Pay, Paramedic Bonus Pay, Urban Search and Rescue (USAR) Pay, On-Call Pay, Emergency Medical Dispatch Pay, ECC Move-Up Supervisor Pay, FAE/PM Incentive Pay, and Bilingual Pay

Vacation/Sick Payoff

- Based on projected trends
- Vacation/Sick Payoff is estimated at $3,500,000 for 2014/15
- Allocated to divisions/sections based on historical ratios

Salary Savings

- Estimated at $1,999,800 for 2014/15, based on historical trends

Benefits

Retirement

	Hire Dates	2014/15	Plan
General (OCEA)	prior to 7/1/2011	40.45%	2.7% @ 55
General (OCEA)	on or after 7/1/2011	38.09%	2% @ 55
General (OCEA)	on or after 1/1/2013	31.56%	2.5% @ 67
FF Unit	prior to 1/1/2011	58.97%	3% @ 50
FF Unit	on or after 1/1/2011	55.15%	3% @ 50
FF Unit	on or after 7/1/2012	50.57%	3% @ 55
FF Unit	on or after 1/1/2013	48.30%	2.7% @ 57
Management (safety)	prior to 1/1/2011	57.64%	3% @ 50
Management (safety)	on or after 1/1/2011	55.45%	3% @ 50
Management (non-safety)	prior to 1/1/2013	41.19%	2.7% @ 55
Management (non-safety)	on or after 1/1/2013	31.81%	2.7% @ 67
Supported Employment	prior to 1/1/2013	43.56%	2.7% @ 55

- The above retirement rates are net of employee contributions
- Retirement costs are net of savings related to the prepayment to OCERS of $2,118,074
- Retirement costs includes a $18.3M UAAL pay down per FF MOU

Group Medical

- Firefighter Unit – based on FF Health Plan Agreement rates of $1,598 per month effective 1/1/2014 and $1,742 per month effective 1/1/2015, the aggregate average monthly amount per actively employed enrollee member of the Firefighter Bargaining Unit is $1,682
- OCEA – estimate 16% decrease effective January 2014 as more than 50% of the employees enrolled in insurance plans with substantial decreases in premium rates.

Health & Welfare

- OCEA - $52.20 per month per position – no change from prior year
- Firefighter Unit – based on the FF Health Plan Agreement, the Health and Welfare will no longer be separately calculated but included as part of the Firefighter Unit Group Medical rate

Management Insurance

- Includes Management Optional Benefits – no change
- There have been no changes to Life, AD&D and Disability Insurance rates
- Dental and Vision rates are estimated to increase by 5% for 2014/15

Workers' Compensation

- 2014/15 of $13,811,667 is the projected expenditures at the 60% confidence level based on the actuarial report dated 7/5/2013
- Third Party Administrator (TPA) and excess insurance costs included in Services and Supplies

Unemployment Insurance

- Budgeted at $30,000 for 2014/15 based on projected experience factor

Medicare

- 1.45% of salary for employees hired after April 1, 1986
- Calculated effective rates are applied to Backfill/Overtime, Other Pays, Vacation/Sick Payoffs, and Salary Savings

City Managers' Budget and Finance Committee Recommendations

The City Managers' Budget and Finance Committee (B&FC) met on April 22, 2014 to review the Draft Proposed 2014/15 Budget, including the CIP Budget. They made the following formal recommendations and requests for additional information:

Formal Recommendation

1. The City Managers' B&FC recommends that the OCFA B&FC and Board of Directors adopt the 2014/15 Budget, as submitted.

Additional Information Requested

1. For cash flow purposes, determine the impact of the Affordable Care Act (ACA).

   The following information was received from CalPers to address the question of the impact of the Affordable Care Act:

Will the Cadillac tax impact CalPERS health plans?

The ACA, beginning in 2018, will impose a 40 percent excise tax on the value of annual health insurance benefits exceeding $10,200 for individual coverage and $27,500 for family coverage, indexed to inflation. The thresholds increase for individuals in high-risk professions and for employers with a disproportionately older population. We expect the IRS will provide additional guidance regarding the thresholds and the adjustments to the threshold in future regulations.

Although a couple of CalPERS plans may be vulnerable to the Cadillac tax in the future, depending on the medical inflation index, CalPERS is proactively taking steps to ensure we offer members the highest quality plans for the lowest cost. CalPERS recently negotiated our lowest average premium increase since 1998. In the last few years CalPERS has implemented the Health Benefits Purchasing Review project to review our health plan procurement strategy and to include projects, such as the Dependent Eligibility Verification project, to help maintain our health care costs.

Revenue

ORANGE COUNTY FIRE AUTHORITY
2014/15 Revenue Assumptions
May 2014

Property Taxes

Current Secured
- Based on growth in current secured property of 3.379% for 2014/15 per RSG's final report
- Based on 2013/14 tax ledger and estimated 1.00% refund factor
- Public utility taxes are based on the 2013/14 tax ledger

Current Unsecured
- Based on 0% growth factor as provided by RSG
- Based on 2013/14 tax ledger and estimated 8.20% refund factor

Supplemental
- Based on the an average of the 2013/14 revenue projection and 2012/13 actuals

Homeowner Property Tax Relief
- Based on 2013/14 revenue and a reduction of 1.5% for 2014/15, which reflects historical trends

Intergovernmental

State Responsibility Area (SRA) – Wildlands CAL FIRE Contract
- Based on the 2013/14 contract amount per the Gray Book (CAL FIRE's notice of allocation to the contract counties)

Assistance by Hire – State
- Estimates based on historical trends, excluding extraordinary activity

Assistance by Hire – Federal
- Estimates based on historical trends, excluding extraordinary activity

Community Redevelopment Agency (CRA) Pass-thru
- The 2014/15 Budget is based on projections from RSG dated April 2, 2014

Charges for Current Services

Cash Contract Cities

- Based on estimated budget increases of 4.5% in 2014/15
- Based on the 20-year JPA agreement which includes the shortfall amortization
- San Clemente's ambulance service costs reflect the addition of a seasonal ambulance effective May 1, 2014

John Wayne Airport Contract

- Based on the 2014/15 final charge

Community Risk Reduction Fees

- Planning and Development fees are based on the 2013/14 projection
- Inspection Services revenue in 2013/14 includes prior year fees as well

Advance Life Support (ALS) Transport and Supplies Reimbursements

- Based on 2013/14 budget

Use of Money and Property

Interest

- Based on assumed average annual interest rate of 0.25%
- 2014/15 assumes earnings from the reinvestment of Tax and Revenue Anticipation Note (TRAN) proceeds at 0.18%

Other Revenue

Miscellaneous Revenue

- 2013/14 includes $341K in insurance reimbursements: $241K for the repair of Engine 61 in Buena Park and an estimated $100K for fire damage at Fire Station 62 in Buena Park

ORANGE COUNTY FIRE AUTHORITY
FUND 121 - GENERAL FUND
REVENUE SUMMARY
2014/15

DESCRIPTION	2013/14 Budget Projection	2014/15 Draft Proposed Budget	$ Change fr 2013/14 Budget Projection	% Change fr 2013/14 Budget Projection
PROPERTY TAXES	$190,156,251	$195,471,965	$5,315,714	2.80%
INTERGOVERNMENTAL	17,872,333	11,137,559	(6,734,774)	-37.68%
CHARGES FOR CURRENT SVCS	96,288,619	100,016,486	3,727,867	3.87%
USE OF MONEY AND PROPERTY	128,487	886,749	758,262	590.15%
OTHER	1,572,631	1,000,700	(571,931)	-36.37%
TOTAL REVENUE	**$306,018,321**	**$308,513,459**	**$2,495,138**	**0.82%**

ORANGE COUNTY FIRE AUTHORITY

FUND 121 - GENERAL FUND

REVENUE DETAIL

2014/15

DESCRIPTION	2013/14 Budget Projection	2014/15 Draft Proposed Budget	$ Change fr 2013/14 Budget Projection	% Change fr 2013/14 Budget Projection
TAXES				
Property Taxes, Current Secured	$177,981,650	$184,136,204	$6,154,554	3.46%
Property Taxes, Current Unsecured	6,725,590	6,651,000	(74,590)	-1.11%
Property Taxes, Prior Unsecured	112,894	112,894	-	0.00%
Property Taxes, Supplemental	3,743,750	3,000,000	(743,750)	-19.87%
Delinquent Supplemental	201,867	201,867	-	0.00%
Home-owner Property Tax	1,390,500	1,370,000	(20,500)	-1.47%
TOTAL PROPERTY TAXES	**190,156,251**	**195,471,965**	**5,315,714**	**2.80%**
INTERGOVERNMENTAL				
State				
State-Civil Defense SONGS/NPP	9,113	-	(9,113)	-100.00%
SRA Wildlands (CAL FIRE Contract)	4,219,534	4,219,534	-	0.00%
Assistance by Hire (State)	2,924,209	200,000	(2,724,209)	-93.16%
Helicopters' Billing - CAL FIRE	47,068	10,000	(37,068)	-78.75%
Misc. State Revenue	26,142	-	(26,142)	-100.00%
SUB-TOTAL	**7,226,066**	**4,429,534**	**(2,796,532)**	**-38.70%**
Federal				
Disaster Relief-Federal	33,412	-	(33,412)	-100.00%
USAR Reimbursements	1,546,174	-	(1,546,174)	-100.00%
Assistance by Hire (Federal)	595,110	100,000	(495,110)	-83.20%
Misc Federal Revenue	1,114,310	-	(1,114,310)	-100.00%
SUB-TOTAL	**3,289,006**	**100,000**	**(3,189,006)**	**-96.96%**
CRA Pass-Through				
Cypress-CRA Pass thru	591,899	631,253	39,354	6.65%
Irvine - CRA Pass thru	633,766	151,856	(481,910)	-76.04%
La Palma - CRA Pass thru	262,948	262,367	(581)	-0.22%
Lake Forest - CRA Pass thru	373,755	242,072	(131,683)	-35.23%
Mission Viejo Pass thru	889,407	508,428	(380,979)	-42.84%
San Juan Caps - CRA Pass thru	751,837	990,120	238,283	31.69%
County of Orange Pass-Through	1,521,239	1,655,955	134,716	8.86%
Yorba Linda - CRA Pass thru	2,124,647	2,165,974	41,327	1.95%
Misc. One-Time RDA revenue	207,763	-	(207,763)	-100.00%
SUB-TOTAL	**7,357,261**	**6,608,025**	**(749,236)**	**-10.18%**
TOTAL INTERGOVERNMENTAL	**17,872,333**	**11,137,559**	**(6,734,774)**	**-37.68%**

ORANGE COUNTY FIRE AUTHORITY

FUND 121 - GENERAL FUND

REVENUE DETAIL

2014/15

DESCRIPTION	2013/14 Budget Projection	2014/15 Draft Proposed Budget	$ Change fr 2013/14 Budget Projection	% Change fr 2013/14 Budget Projection
CHARGES FOR CURRENT SERVICES				
Cash Contracts				
San Clemente-Ambulance S&EB	533,806	498,938	(34,868)	-6.53%
San Clemente-Ambulance S&S	26,469	28,360	1,891	7.14%
Tustin	6,080,404	6,462,533	382,129	6.28%
Placentia	5,127,063	5,449,278	322,215	6.28%
Santa Ana	34,617,975	36,161,560	1,543,585	4.46%
Santa Ana S&EB Reimbursement	405,000	405,000	-	0.00%
Seal Beach	4,232,812	4,498,827	266,015	6.28%
Stanton	3,438,886	3,654,206	215,320	6.26%
JWA Contract	4,194,160	4,301,824	107,664	2.57%
Buena Park	8,774,652	9,307,967	533,315	6.08%
San Clemente	6,911,619	7,304,176	392,557	5.68%
Westminster	9,300,304	9,861,998	561,694	6.04%
SUB-TOTAL	**83,643,150**	**87,934,667**	**4,291,517**	**5.13%**
Community Risk Reduction Fees				
AR Late Payment Penalty	13,450	8,400	(5,050)	-37.55%
Inspection Services Revenue	2,622,300	2,063,700	(558,600)	-21.30%
P&D Fees	5,118,060	5,118,060	-	0.00%
False Alarm	150,000	150,000	-	0.00%
SUB-TOTAL	**7,903,810**	**7,340,160**	**(563,650)**	**-7.13%**
Other Charges for Services				
Hazmt Respnse Subscription Prog	4,501	4,501	-	0.00%
Charge for Hand Crew Services	166,584	166,584	-	0.00%
SUB-TOTAL	**171,085**	**171,085**	-	0.00%
Ambulance Reimbursements				
Ambulance Supplies Reimbursement	1,030,920	1,030,920	-	0.00%
ALS Transport Reimbursement	3,539,654	3,539,654	-	0.00%
SUB-TOTAL	**4,570,574**	**4,570,574**	-	**0.00%**
TOTAL CHGS FOR CURRENT SVCS	**96,288,619**	**100,016,486**	**3,727,867**	**3.87%**
USE OF MONEY AND PROPERTY				
Interest				
Interest	128,487	886,749	758,262	590.15%
TOTAL USE OF MONEY/PROPERT\`	**128,487**	**886,749**	**758,262**	**590.15%**

ORANGE COUNTY FIRE AUTHORITY

FUND 121 - GENERAL FUND

REVENUE DETAIL

2014/15

DESCRIPTION	2013/14 Budget Projection	2014/15 Draft Proposed Budget	$ Change fr 2013/14 Budget Projection	% Change fr 2013/14 Budget Projection
REVENUE - OTHER				
Miscellaneous Revenue				
Other Revenue	5,000	5,000	-	0.00%
Miscellaneous Revenue	156,600	55,000	(101,600)	-64.88%
Restitution	1,000	1,000	-	0.00%
RFOTC Cell Tower Lease Agreement	40,000	50,000	10,000	25.00%
Fullerton Airport Hangar Lease	123,658	60,200	(63,458)	-51.32%
Witness Fees	4,500	4,500	-	0.00%
Donations	100,000	-	(100,000)	-100.00%
Joint Apprenticeship Comm (CFFJAC)	150,000	150,000	-	0.00%
Santa Ana College Agreement	500,000	600,000	100,000	20.00%
Bankruptcy Loss Recovery	79,745	25,000	(54,745)	-68.65%
Insurance Settlements	362,128	-	(362,128)	-100.00%
Sales of Surplus	50,000	50,000	-	0.00%
TOTAL OTHER REVENUE	**1,572,631**	**1,000,700**	**(571,931)**	**-36.37%**
TOTAL	**$306,018,321**	**$308,513,459**	**$2,495,138**	**0.82%**

Capital Improvement Program Funds

CIP Highlights

Fund 122 – Facilities Maintenance & Improvement

2014/15 Budget Request - $1.27M

- Includes $1.0M for scheduled maintenance, repairs and replacements, and alterations and improvements to various stations
- Includes $270K for alterations and improvements to cash contract fire stations

Fund 123 – Facilities Replacement

2014/15 Budget Request - None

- No new station construction is anticipated in 2014/15

Fund 124 – Communications & Information Systems Replacement

2014/15 Budget Request - $2.71M

- Includes projects related to communications and workplace support such as the replacement of communications equipment on vehicles ($595K) and the purchase of various communications equipment ($427K)
- Includes various projects related to communications and information technology infrastructure such as the first year of a five-year, $17.0M project for 800 MHz Countywide Coordinated Communications System Replacement ($261K), CAD System ($261K) and Microsoft Software Enterprise Agreement ($260K)

Fund 133 – Vehicle Replacement

2014/15 Budget Request - $7.31M

- Includes the purchase of five Type I engines ($2.8M), five paramedic squads ($558K), five full-size 4-doors ($261K) and one compact track loader ($136K)
- Includes the purchase of fifteen support vehicles ($580K)
- Includes debt payments towards the lease-purchase financing agreement for the helicopters ($2.53M)
- Includes the purchase of helicopter components ($155K)

ORANGE COUNTY FIRE AUTHORITY

CAPITAL IMPROVEMENT PROGRAM

FIVE-YEAR PLAN SUMMARY 2014/15 - 2018/19

Fund	2014/15	2015/16	2016/17	2017/18	2018/19	5-Year TOTAL
Fund 122 Facilities Maintenance & Improvement	$1,274,498	$1,302,122	$1,330,505	$1,359,669	$1,389,634	$6,656,428
Fund 123 Facilities Replacement	-	-	-	-	-	-
Fund 124 Communications & Info. Systems Replacement	2,712,089	2,856,449	7,986,730	13,913,195	5,319,500	32,787,963
Fund 133 Vehicle Replacement	7,308,817	7,112,716	11,957,241	7,996,290	3,776,467	38,151,531
GRAND TOTAL	**$11,295,404**	**$11,271,287**	**$21,274,476**	**$23,269,154**	**$10,485,601**	**$77,595,922**
Less: Non-discretionary lease installment payments	2,531,723	2,531,723	2,531,723	2,531,723	1,265,862	11,392,754
TOTAL CIP PROJECTS	**$8,763,681**	**$8,739,564**	**$18,742,753**	**$20,737,431**	**$9,219,739**	**$66,203,168**

ORANGE COUNTY FIRE AUTHORITY

CAPITAL IMPROVEMENT PROGRAM

FIVE-YEAR PLAN PROJECT LISTING

Item No.	Project Priority	Project	2013/14 Internal Use Only*

FACILITIES MAINTENANCE & IMPROVEMENT - FUND 122

Item No.	Project Priority	Project	2013/14 Internal Use Only*
1	A	Repair and Replacement	$281,787
2	A	Scheduled Maintenance, Renovation and Replacement	497,824
3	B	Alterations and Improvements - OCFA Fire Stations	298,003
4	B	Alterations and Improvements - Cash Contract Fire Stations	270,000
5	CY	Community Development Block Grant (CDBG) - Santa Ana	890,000
6	CY	Tustin FS 37 FF&E (Reimbursable by City)	50,000
		Total - Fund 122	**$2,287,614**

FACILITIES REPLACEMENT - FUND 123

Item No.	Project Priority	Project	2013/14 Internal Use Only*
1	A	Station 20 (Irvine)	-
2	A	Station 67 (Rancho Mission Viejo)	-
3	CY	Station 56 (Ortega Valley) - New Station (Developer-funded)	$5,250,000
4	CY	Station 41 (Fullerton Airport) - Hangar Purchase - Phase II	2,206,900
5	CY	US&R Warehouse	5,500,000
		Total - Fund 123	**$12,956,900**

Project Priority: A=Essential; B=Important; C=Could Defer CY=Current Fiscal Year project

*** Includes proposed mid-year budget adjustments**

Item No.	2014/15	2015/16	2016/17	2017/18	2018/19	5-Year TOTAL
1	$289,536	$297,498	$305,679	$314,085	$322,722	$1,529,520
2	511,514	525,581	540,034	554,885	570,144	2,702,158
3	203,448	209,043	214,792	220,699	226,768	1,074,750
4	270,000	270,000	270,000	270,000	270,000	1,350,000
5						-
6						-
	$1,274,498	**$1,302,122**	**$1,330,505**	**$1,359,669**	**$1,389,634**	**$6,656,428**

1			Developer Build			-
2				Developer Build		-
3						-
4						-
5						-
	-	-	-	-	-	-

ORANGE COUNTY FIRE AUTHORITY

CAPITAL IMPROVEMENT PROGRAM

FIVE-YEAR PLAN PROJECT LISTING

Item No.	Project Priority	Project	2013/14 Internal Use Only*

COMMUNICATIONS & INFO. SYSTEMS REPLACEMENT - FUND 124

1	A	800 MHz Radios	$89,200
2	A	Audiovisual & Small Equipment Replacement	52,000
3	A	Communications Installation/Vehicle Replacement	270,165
4	A	Fire Station Telephone/Alarm/Sound System Upgrades	90,000
5	A	Mobile Data Computer (MDC) System	156,000
6	A	VHF Radios	40,100
7	A	Business Systems Server Replacement	191,000
8	A	Centralized Data Storage, Backup, and Recovery	60,000
9	A	Network Upgrade, Server Consolidation, Security	50,000
10	A	CAD System Planning/Design & Replacement	899,084
11	A	Incident Reporting Application Replacement	2,615,801
12	A	Community Risk Reduction Automation-IFP Replacement - FP Fee-funded	2,915,351
13	A	Microsoft Software Enterprise Agreement	230,000
14	A	HR Management/Payroll/Financial Systems Replacement	-
15	A	Intranet/Internet/Calendaring Development	50,000
16	A	800 MHz (CCCS) Countywide Coordinated Communications System Replacement	-
17	B	Audio Video Equipment Upgrades	50,000
18	B	Digital Ortho Photography	70,000
19	B	Personal Computer (PC)/Laptop/Printer Replacements	230,800
20	B	Geographic Information Systems Equipment Replacement	25,000
21	B	Base Station Radio Replacement	-
22	B	Fleet Services Fuel Management Tracking System	-
23	CY	911 Telephone System Replacement (cost recovered by 911 funds)	920,000
24	CY	Field Data Collection Devices	83,200
25	CY	Internet/Sharepoint & Organizational Calendaring	498,000
26	CY	Fire Station Alerting System	1,166,916
27	CY	Wireless Network to Apparatus from Stations	266,000
28	CY	MDC and Mobile Data Network Infrastructure Upgrade	1,690,000
		Total - Fund 124	**$12,708,617**

VEHICLE REPLACEMENT - FUND 133

1	A	Lease Purchase Financing: Principal & Interest	$2,531,723
2	A/B	Emergency Vehicles	7,983,668
3	A	Developer Funded Vehicles	643,106
4	B	Support Vehicles	358,986
5	B	Extended Warranty/Maintenance Contracts for Cardiac Defibrillator/Monitor	86,958
6	B	Defibrillator Replacements	
7	B	Helicopter Components	218,180
		Total - Fund 133	**$11,822,621**

		GRAND TOTAL - ALL CIP FUNDS	**$39,775,752**

Project Priority: A=Essential; B=Important; C=Could Defer CY=Current Fiscal Year project

*** Includes proposed mid-year budget adjustments**

Item No.	2014/15	2015/16	2016/17	2017/18	2018/19	5-Year TOTAL
1	$105,775	$76,450	$68,650	$54,750	$85,000	$390,625
2	52,000	52,000	52,000	52,000	52,000	260,000
3	594,700	146,000	110,000	283,000	297,400	1,431,100
4	90,000	90,000	90,000	90,000	90,000	450,000
5	126,000	75,000	75,000	460,000	460,000	1,196,000
6	53,600	39,600	26,400	22,000	19,500	161,100
7	75,000	60,000	60,000	75,000	60,000	330,000
8	65,000	65,000	65,000	60,000	20,000	275,000
9	226,000	250,000	50,000	200,000	50,000	776,000
10	140,000					140,000
11	150,000	150,000				300,000
12	150,000	150,000				300,000
13	260,000	260,000	285,000	285,000	285,000	1,375,000
14				5,000,000	500,000	5,500,000
15	50,000	50,000	50,000	50,000	50,000	250,000
16	261,014	429,005	6,534,080	6,855,845	2,925,000	17,004,944
17	113,000	77,000				190,000
18			70,000			70,000
19	200,000	225,000	425,600	425,600	425,600	1,701,800
20			25,000			25,000
21		60,000				60,000
22		601,394				601,394
23						-
24						-
25						-
26						-
27						-
28						-
	$2,712,089	**$2,856,449**	**$7,986,730**	**$13,913,195**	**$5,319,500**	**$32,787,963**

1	$2,531,723	$2,531,723	$2,531,723	$2,531,723	$1,265,862	$11,392,754
2	3,958,415	4,247,470	3,908,120	2,861,763	2,360,605	17,336,373
3			1,509,314	2,406,250		3,915,564
4	579,783	152,372	66,084	66,554		864,793
5	83,896	57,151				141,047
6			3,835,000			3,835,000
7	155,000	124,000	107,000	130,000	150,000	666,000
	$7,308,817	**$7,112,716**	**$11,957,241**	**$7,996,290**	**$3,776,467**	**$38,151,531**

	$11,295,404	**$11,271,287**	**$21,274,476**	**$23,269,154**	**$10,485,601**	**$77,595,922**

ORANGE COUNTY FIRE AUTHORITY

CAPITAL IMPROVEMENT PROGRAM

PROJECTS DEFERRED UNTIL FUNDING IS AVAILABLE

Project	2014/15	2015/16	2016/17	2017/18	2018/19	5-Year TOTAL

FACILITIES REPLACEMENT - FUND 123

FS18 (Trabuco Canyon) - Replc FS			$6,000,000			$6,000,000
FS9 (Mission Viejo) - Replc FS				6,000,000		6,000,000
FS10 (Yorba Linda) - Replc FS				6,000,000		6,000,000
FS25 (Midway City) - Replc FS					6,000,000	6,000,000
Total - Fund 123	**-**	**-**	**$6,000,000**	**$12,000,000**	**$6,000,000**	**$24,000,000**

COMMUNICATIONS & INFO. SYSTEMS REPLACEMENT - FUND 124

Enterprise Reporting & Business Intelligence		$125,000	$125,000			$250,000
Document Management Project		150,000				150,000
Field Data Collection Devices		627,500				627,500
Virtual Operations Center (VOC)		500,000				500,000
Total - Fund 124	**-**	**$1,402,500**	**$125,000**	**-**	**-**	**$1,527,500**

VEHICLE REPLACEMENT - FUND 133

Emergency Vehicles		$1,686,805	$43,734	$976,169	$749,916	$3,456,624
Support Vehicles		707,116		88,805		795,921
Total - Fund 133	**-**	**$2,393,921**	**$43,734**	**$1,064,974**	**$749,916**	**$4,252,545**

GRAND TOTAL	**-**	**$3,796,421**	**$6,168,734**	**$13,064,974**	**$6,749,916**	**$29,780,045**

Fund 122
Facilities Maintenance & Improvement

This fund is a special revenue fund used to account for financial activity associated with significant maintenance and improvement of facilities. This fund's primary sources of revenue are operating transfers from the Fire General Fund and $15,000 per station contribution from the cash contract member cities.

List of Fire Stations

Station #	Station Name	Address	Location
#2	Los Alamitos	3642 Green Ave.	Los Alamitos, 90720
#4	University	2 California Ave.	Irvine, 92612
#5	Laguna Niguel	23600 Pacific Island Dr.	Laguna Niguel, 92677
#6	Irvine	3180 Barranca Pkwy.	Irvine, 92606
#7	San Juan Capistrano	31865 Del Obispo	San Juan Capistrano, 92675
#8	Skyline	10631 Skyline Dr.	Santa Ana, 92705 (Unincorp.)
#9	So. Mission Viejo	9 Shops Blvd.	Mission Viejo, 92691
#10	Yorba Linda	18422 E. Lemon Dr.	Yorba Linda, 92886
#11	Emerald Bay	259 Emerald Bay	Laguna Beach, 92651 (Unincorp.)
#13 *	La Palma	7822 Walker St.	La Palma, 90623
#14	Silverado	29402 Silverado Canyon Rd. (P.O. Box 12)	Silverado, 92676 (Unincorp.)
#15 **	Silverado (USFS)	27172 Silverado Canyon Rd.	Silverado, 92676 (Unincorp.)
#16	Modjeska	28891 Modjeska Canyon Rd.	Silverado, 92676 (Unincorp.)
#17	Tri-Cities	4991 Cerritos Ave.	Cypress, 90630
#18 ***	Trabuco	30942 Trabuco Canyon Rd.	Trabuco Canyon, 92678 (Unincorp.)
#19	Lake Forest	23022 El Toro Rd.	Lake Forest, 92630
#20	Irvine	6933 Trabuco Rd.	Irvine, 92618
#21	Tustin	1241 Irvine Blvd.	Tustin, 92780
#22	Laguna Hills	24001 Paseo de Valencia	Laguna Hills, 92637
#23	Villa Park	5020 Santiago Canyon Rd.	Orange, 92869
#24	Mission Viejo	25862 Marguerite Pkwy.	Mission Viejo, 92692
#25	Midway City	8171 Bolsa Ave.	Midway City, 92655 (Unincorp.)
#26	Valencia	4691 Walnut Ave.	Irvine, 92604
#27	Portola Springs	12400 Portola Springs Rd.	Irvine, 92618
#28	Irvine Industrial	17862 Gillette Ave.	Irvine, 92614
#29	Doheny	26111 Victoria Blvd.	Dana Point, 92624
#30	Niguel	23831 Stonehill Dr.	Dana Point, 92629
#31	No. Mission Viejo	22426 Olympiad Rd.	Mission Viejo, 92692
#32	East Yorba Linda	20990 Yorba Linda Blvd.	Yorba Linda, 92887
#33 ***	Airport Crash (John Wayne Airport)	374 Paularino	Costa Mesa, 92626
#34 *	Placentia (Valencia)	1530 N. Valencia	Placentia, 92870
#35 *	Placentia (Bradford)	110 S. Bradford	Placentia, 92870
#36	Woodbridge	301 E. Yale Loop	Irvine, 92604
#37 *	Tustin	14901 Red Hill Ave.	Tustin, 92780
#38	Irvine	26 Parker	Irvine, 92618
#39	No. Laguna Niguel	24241 Avila Rd.	Laguna Niguel, 92677
#40	Coto de Caza	25082 Vista del Verde	Coto de Caza, 92679 (Unincorp.)
#41 **	Fullerton Airport	3900 Artesia Ave.	Fullerton, 92833
#42	Portola Hills	19150 Ridgeline Rd.	Lake Forest, 92679
#43 *	Tustin Ranch	11490 Pioneer Way	Tustin, 92782
#44 *	Seal Beach	718 Central Ave.	Seal Beach, 90740
#45	Santa Margarita	30131 Aventura	Rancho Santa Margarita, 92688
#46 *	Stanton	7871 Pacific St.	Stanton, 90680
#47	Shady Canyon	47 Fossil	Irvine, 92603
#48 *	Seal Beach	3131 N. Gate Road	Seal Beach, 90740
#49	Bear Brand	31461 St. of the Golden Lantern	Laguna Niguel, 92677
#50 *	San Clemente	670 Camino de los Mares	San Clemente, 92673
#51	Irvine Spectrum	18 Cushing	Irvine, 92618
#53	Yorba Linda	25415 La Palma Ave.	Yorba Linda, 92887
#54	Foothill Ranch	19811 Pauling Ave.	Lake Forest, 92610
#55	Irvine	4955 Portola Parkway	Irvine, 92620
#57	Aliso Viejo	57 Journey	Aliso Viejo, 92656
#58	Ladera Ranch	58 Station Way	Ladera Ranch, 92694
#59 *	San Clemente	48 Avenida La Pata	San Clemente, 92673
#60 *	San Clemente	121 Avenida Victoria	San Clemente, 92672
#61 *	Buena Park	8081 Western Ave.	Buena Park, 90620
#62 *	Buena Park	7780 Artesia Blvd.	Buena Park, 90621
#63 *	Buena Park	9120 Holder St.	Buena Park, 90620
#64 *	Westminster	7351 Westminster Blvd.	Westminster, 92683
#65 *	Westminster	6061 Hefley St.	Westminster, 92683
#66 *	Westminster	15061 Moran St.	Westminster, 92683
#70*	Santa Ana	2301 N. Old Grand St.	Santa Ana, 92701
#71*	Santa Ana	1029 W. 17th St.	Santa Ana, 92706
#72*	Santa Ana	1688 E. 4th St.	Santa Ana, 92701
#73*	Santa Ana	419 Franklin St.	Santa Ana, 92703
#74*	Santa Ana	1427 S. Broadway St.	Santa Ana, 92707
#75*	Santa Ana	120 W. Walnut St.	Santa Ana, 92701
#76*	Santa Ana	950 W. MacArthur Ave.	Santa Ana, 92707
#77*	Santa Ana	2317 S. Greenville St.	Santa Ana, 92707
#78*	Santa Ana	501 N. Newhope St.	Santa Ana, 92703
#79*	Santa Ana	1320 E. Warner Ave.	Santa Ana, 92705

* City-Owned Stations ** Other Leased Stations *** County-Owned

Repair and Replacement

Project Priority: A
Project Type: Facilities Maintenance/Improvements
Project Management: Property Management

Project Description: Repair and replacement includes programmed repair/replacement of facilities systems/components and unanticipated, immediate repairs needed to maintain safe, operational fire stations and facilities. The budget amounts include annual increases of 2.75% on the base 2014/15 budget.

Normal requirements include:

- Plumbing
- Apparatus doors
- Station furnishing and appliances
- HVAC/machinery
- Roof replacement and repair
- Structural inspection and repair
- Electrical systems repair
- Concrete and asphalt repair/replacement
- Building exteriors
- Grounds and landscape repair and maintenance
- Fire/life safety systems

Project Status: Programmed repair and replacement is ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost Maintenance – Buildings & Improvements	$289,536	$297,498	$305,679	$314,085	$322,722	$1,529,520
Total	$289,536	$297,498	$305,679	$314,085	$322,722	$1,529,520

Impact on Operating Budget: Planned repair and replacement of systems minimizes facility systems failures and related costs.

SCHEDULED MAINTENANCE, RENOVATION AND REPLACEMENT

Project Priority: A
Project Type: Facilities Maintenance/Improvements
Project Management: Property Management

Project Description: Scheduled maintenance provides scheduled, periodic inspection, service, and planned replacement of facilities systems including:

- HVAC/machinery
- Roof systems
- Plumbing systems
- Structural
- Fire/life safety systems
- Grounds and surfaces
- Apparatus doors
- Diesel exhaust extraction

Major system replacements/renovations include:

- Roof replacement
- Concrete and asphalt resurfacing
- Replacement of apparatus bay doors
- Interior/exterior painting
- Replace flooring
- Plumbing re-pipe
- Major electrical components/controls
- Interior renovation/upgrade

The budget amounts include annual increases of 2.75% on the base 2014/15 budget.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Maintenance – Buildings & Improvements	$511,514	$525,581	$540,034	$554,885	$570,144	$2,702,158
Total	$511,514	$525,581	$540,034	$554,885	$570,144	$2,702,158

Impact on Operating Budget: Scheduled maintenance, renovation and replacement extends the service life of major systems, reduces failure and the cost of emergency repair and replacement.

ALTERATIONS AND IMPROVEMENTS - OCFA FIRE STATIONS

Project Priority: B
Project Type: Facilities Maintenance/Improvements
Project Management: Property Management

Project Description: Maintenance may include service and repairs that were not anticipated or included in scheduled maintenance and repair with costs exceeding $1,000. Alterations and improvements are permanent upgrades to structures, grounds and building systems, necessary to maintain the readiness and serviceability of the fire stations. The budget amounts include annual increases of 2.75% on the base 2014/15 budget. Projects normally include:

- Structure replacement
- Surface replacement/addition
- Structure addition
- Machinery replacement
- Furniture replacement
- Space renovation/remodel
- Unique projects
- Crew bathroom upgrade/gender seperation

Project Status: To maximize cost containment efforts, maintenance, alterations and improvements will be limited to projects determined vital for readiness.

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Maintenance – Buildings & Improvements	$203,448	$209,043	$214,792	$220,699	$226,768	$1,074,750
Total	$203,448	$209,043	$214,792	$220,699	$226,768	$1,074,750

Impact on Operating Budget: Alterations and improvements upgrade facilities to current standards; reduce failures, repairs and operating costs.

ALTERATIONS AND IMPROVEMENTS-CASH CONTRACT FIRE STATIONS

Project Priority: B
Project Type: Facilities Maintenance/Improvements
Project Management: Property Management

Project Description: Maintenance and repair requirements over $1,000 are included in this budget. Alterations and improvements are permanent upgrades to structures, grounds and building systems necessary to maintain the readiness and serviceability of the fire stations. Under the OCFA's Amended Joint Powers Authority Agreement, cash contracts contribute up to $15,000 per station for alterations and improvements to their stations.

Project Status: To maximize cost containment efforts, maintenance, alterations and improvements are limited to projects determined vital for readiness.

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost Maintenance – Buildings & Improvements	$270,000	$270,000	$270,000	$270,000	$270,000	$1,350,000
Total	$270,000	$270,000	$270,000	$270,000	$270,000	$1,350,000

Impact on Operating Budget: Maintenance, alterations and improvements reduce failure, repairs, and operating costs and insure facilities meet OCFA standards.

Fund 124
Communications & Information Systems Replacement

This fund is a special revenue fund used for the replacement of specialized fire communications equipment and information systems. Its primary funding sources are the operating transfers from the Fire General Fund and the use of reserves.

800 MHz Radios

Project Priority: A
Project Type: Equipment Replacement
Project Management: IT – Communications & Workplace Support

Project Description: Mobile Radio replacement is required approximately every nine to eleven years due to wear and exposure factors. Generally new radios are installed in new apparatus, and the life of mobile radios corresponds to the life of the apparatus. Therefore, radios purchases coincide with the vehicle replacement plan. Additionally, as older portable radios experience wear, their replacements are added into the long term budget.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Special department expense	$105,775	$76,450	$68,650	$54,750	$85,000	$390,625
Total	**$105,775**	**$76,450**	**$68,650**	**$54,750**	**$85,000**	**$390,625**

Impact on Operating Budget: Ongoing replacement of radios will help control maintenance costs in the operating budget.

Audiovisual and Small Equipment Replacement

Project Priority: A
Project Type: Equipment Replacement
Project Management: IT – Communications & Workplace Support

Project Description: The OCFA utilizes about 1,375 pagers, 90 FAX machines, 250 personal communication devices, vehicle intercom headsets, portable radio lapel microphones, and several other related small equipment items. Replacement is required approximately every three to five years because of wear and exposure factors. The components in pagers break down over time and lose critical sensitivity capability needed for optimal performance. The OCFA reserve firefighter personnel use pagers as their primary alerting system for emergency incidents. Their responsibilities require that the pager be reliable 24 hours a day. The budget allows for the annual purchase of replacement equipment at a cost of about $200 each.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Office Expense	$52,000	$52,000	$52,000	$52,000	$52,000	$260,000
Total	**$52,000**	**$52,000**	**$52,000**	**$52,000**	**$52,000**	**$260,000**

Impact on Operating Budget: The timely replacement of 900 MHz pagers, fax machines, and other small equipment may result in fewer maintenance expenditures in the operating budget.

COMMUNICATIONS INSTALLATION/VEHICLE REPLACEMENT

Project Priority: A
Project Type: Equipment Replacement
Project Management: IT – Communications & Workplace Support

Project Description: This project provides funding for the installation of communication equipment including radios, mobile data computers, vehicle radio modems, cellular telephones, radio battery chargers, communications electrical systems and automatic vehicle location (AVL) devices in OCFA vehicles. The schedule and budget for this project parallels the Automotive Vehicle Replacement Plan, and mobile equipment replacement projects. Due to the number of vehicles scheduled for replacement annually, installation contractors are required to perform this work with direction and oversight by OCFA staff. New complex communications equipment including complex power management systems requires greater technical expertise for a high quality and functional installation.

In addition to new vehicle installations, upgrade of equipment in existing vehicles is required. In 2014/2015, mobile data computer replacements will be required for thirteen vehicles in Battalion 9. In 2017/18, a three-year replacement cycle for mobile data computers begins. Labor to cover these installation expenses is included. Unplanned complex installations for grant-funded command trailers purchased in 2013/2014 will occur in 2014/15; additional funding to cover those installations is included below.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Professional Services	$594,700	$146,000	$110,000	$283,000	$297,400	$1,431,100
Total	**$594.700**	**$146,000**	**$110,000**	**$283,000**	**$297,400**	**$1,431,100**

Impact on Operating Budget: None

FIRE STATION TELEPHONE/ALARM/SOUND SYSTEM UPGRADES

Project Priority: A
Project Type: Equipment Replacement
Project Management: IT – Communications & IT Infrastructure

Project Description: Acquisition and installation of new fire station alarm/sound systems and telephone systems are necessary as the equipment becomes old, out-dated, and parts are no longer available. In addition, replacement equipment is more "user-friendly" and more efficient to maintain.

The cost of the systems range from $10,000 to $30,000 per station. Cost varies depending upon the station size. The life of these systems is between twelve and fifteen years.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Equipment	$90,000	$90,000	$90,000	$90,000	$90,000	$450,000
Total	**$90,000**	**$90,000**	**$90,000**	**$90,000**	**$90,000**	**$450,000**

Impact on Operating Budget: The replacement of old equipment may help control maintenance costs included in the operating budget.

MOBILE DATA COMPUTER (MDC) SYSTEM

Project Priority: A
Project Type: Equipment Replacement
Project Management: IT – Communications & Workplace Support

Project Description: The MDCs are used for the delivery of emergency messages, including initial dispatch of fire and paramedic services. The service life for the various MDC components is as follows: the central processing unit (CPU), four to six years; screen and keyboard, three to five years; broadband modem, five to seven years. The total system cost including installation is $8,500. The cost to replace the CPU, screen, keyboard and related software is about $6,000.

This budget item reflects the cost to replace MDCs in Battalion 9 (Santa Ana) which will reach end-of-life in 2014 and 2015, to support the addition of MDCs to be used for rotational stock during installation in new apparatus, and for service and maintenance as the current MDCs age and repair and trade out of devices is required. It also allows for the first year of a three-year phased replacement of other existing MDCs as they reach end-of-life starting in 2017/18.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Special department expense	$126,000	$75,000	$75,000	$460,000	$460,000	$1,196,000
Total	**$126,000**	**$75,000**	**$75,000**	**$460,000**	**$460,000**	**$1,196,000**

Impact on Operating Budget: Replacement of the MDCs may help control maintenance costs included in the operating budget.

VHF RADIOS

Project Priority: A
Project Type: Equipment Replacement
Project Management: IT – Communications & Workplace Support

Project Description: This project is for the purchase and replacement of VHF mobile and portable radios. These radios are used for state and mutual aid communications with agencies not on the County 800 MHz radio system. Approximately 800 mobile and portable radios are installed fleet wide. Use of VHF radios ensures communication and enhances the safety of firefighters on automatic and mutual aid responses with the California Department of Forestry and Fire Protection (CAL FIRE) and the United States Forest Service (USFS) in state and federal responsibility areas as well as contracts with agencies outside Orange County. These radios have a useful life of nine years. Budgeted replacement costs are based on the useful life of the existing radio inventory.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Special department expense	$53,600	$39,600	$26,400	$22,000	$19,500	$161,100
Total	**$53,600**	**$39,600**	**$26,400**	**$22,000**	**$19,500**	**$161,100**

Impact on Operating Budget: The replacement of radios helps control maintenance costs included in the operating budget.

BUSINESS SYSTEMS SERVER REPLACEMENT

Project Priority: A
Project Type: Equipment Replacement
Project Management: IT – IT/Communication Infrastructure

Project Description: This item is an annual, ongoing project to upgrade and/or replace old and out-dated business systems computer servers. The OCFA currently has 120 servers that support all of the business systems including: Exchange (E-mail), Orange County Fire Incident Reporting System (OCFIRS), Training Records System (TRS), Integrated Fire Prevention (IFP), Automatic Vehicle Location (AVL), Intranet, etc. The servers also support organizational technology infrastructure such as storage area networks (SAN), security systems, and other essential facility systems. The useful life of servers can range from three to five years.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Equipment	$75,000	$60,000	$60,000	$75,000	$60,000	$330,000
Total	**$75,000**	**$60,000**	**$60,000**	**$75,000**	**$60,000**	**$330,000**

Impact on Operating Budget: The replacement of servers may help control maintenance costs in the operating budget and improve application performance.

CENTRALIZED DATA STORAGE, BACKUP AND RECOVERY

Project Priority: A
Project Type: New Technology
Project Management: IT – IT/Communication Infrastructure

Project Description: Expand the existing storage area network (SAN) to accommodate the planned move towards server-based centralized storage and backup of critical department information. Information that is currently created and stored on PCs will be stored on servers attached to the SAN centrally where the data is more easily shared and will be backed up to disk and tape, making recovery more reliable. Estimated storage needs of GIS and other image-based data sets are included in this expansion. The upgrade includes multiple backup devices that can back up large volumes of data across multiple servers.

This project will also implement auto archiving of the email database to near line storage through group-based business rules, e-discovery support, and compliance support. Project costs also include associated contracted professional services.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Equipment	$65,000	$65,000	$65,000	$60,000	$20,000	$275,000
Total	**$65,000**	**$65,000**	**$65,000**	**$60,000**	**$20,000**	**$275,000**

Impact on Operating Budget: $30,000 is included annually in the operating budget for hardware/software maintenance costs.

Network Upgrade, Server Consolidation, Security

Project Priority: A
Project Type: Equipment Replacement/New Technology
Project Management: IT – IT/Communications Infrastructure

Project Description: Several core network components installed in 2004 are now at "end of life" for support and maintenance. These components will be replaced with technology that increases bandwidth, or network capacity necessary due to the expansion of applications including GIS, Records Management systems, centralized storage of departmental data, data collaboration across applications, and online training utilizing streaming media. We will replace core components in the Data Center and individual IDF's (Intermediate Distribution Facility – more commonly known as data/phone connection closets).

Implementation of wireless network functionality in key locations on the RFOTC campus such as classrooms and select conference rooms as well as information kiosks for the public are additional components of the RFOTC Network Upgrade. An extension of this project is the implementation of wireless networking technology for Command Post support during major incidents.

Implementation of this software tool will support management, and will audit system access and security.

Continue to implement virtualization to support server consolidation. Phased approach includes test environment, migration to pilot, and then to production. Supports long range goal of virtual environment utilization as a component for Disaster Recovery. Project costs also include associated contracted professional services.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Professional Services	$226,000	$250,000	$50,000	$200,000	$50,000	$776,000
Total	**$226,000**	**$250,000**	**$50,000**	**$200,000**	**$50,000**	**$776,000**

Impact on Operating Budget: Increase of up to $20,000 in 2015/16 growing to $40,000 annually in 2017/18 for hardware/software maintenance costs. These costs are included in the Five-Year Financial Forecast.

CAD SYSTEM PLANNING/DESIGN AND REPLACEMENT

Project Priority: A
Project Type: Application Replacement
Project Management: IT – Systems Development & Support

Project Description: This project is to fund the initial purchase and supplemental or 'surge' professional services necessary to replace the existing out-of-date 911 Computer Aided Dispatch (CAD) System. Primary purchase of the CAD system is part of the overall Public Safety Systems Replacement. The contract for the new CAD system was signed in September 2012, and installation and configuration will take approximately 18 months. The go-live is expected in June 2014. After go-live, there will be a twelve-month post go-live period where the system will be frequently adjusted as Dispatcher and Operations staff gain experience on the system. 'Surge' expense is expected to be approximately 20% of system purchase price and is spread across the 18-month installation and the 12-month post go-live period.

Replacement of the system allows the OCFA to implement a map-based CAD system, as well as provide the capability for other functionality such as response recommendations based on Automatic Vehicle Location (AVL). The Orange County Fire Incident Reporting (OCFIRS) and Integrated Fire Prevention (IFP) systems are also being replaced and are collectively referred to as the Records Management System (RMS). The RMS systems will be closely integrated with the new CAD system. OCFA is also upgrading the Fire Station Alerting Systems, which requires new control systems be installed at the RFOTC and all of the Fire stations which is necessary to integrate with the new CAD system. These four projects are referred to as the Public Safety System.

Project Status: Contract awarded to TriTech Software Systems in September 2012. Implementation began in November 2012. Go-live milestone projected for 18 months after start of implementation (June 2014). Total project completion will occur when new CAD is integrated with new RMS systems (Incident Reporting, IFP Replacement). The project was initiated in 2008/09.

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost Professional Services	$140,000					$140,000
Total	**$140,000**	-	-	-	-	**$140,000**

Impact on Operating Budget: Application Maintenance/License Costs will have an annual impact on the operating budget starting in 2015/16 of approximately $480,000. These anticipated costs are included in our Five-Year Financial Forecast.

INCIDENT REPORTING APPLICATION REPLACEMENT

Project Priority: A
Project Type: Application Replacement
Project Management: IT – Systems Development & Support

Project Description: This project is to fund the initial purchase and supplemental or 'surge' professional services necessary to replace the Incident Reporting Application (OCFIRS). This project combined with replacing the Integrated Fire Prevention (IFP) application comprises the Records Management System (RMS) component of the overall Public Safety Systems (PSS) replacement project. CAD replacement is the other major component of the PSS replacement project. Implementation is expected to take two to three years and includes integration with the new CAD system. 'Surge' expense is expected to be approximately 20% of system purchase price spread across the implementation period.

The IT Strategic Plan study conducted by Gartner Inc. evaluated all of the OCFA's applications based on their technical stability and how well they were meeting the OCFA's business needs. The OCFIRS Incident Reporting application was rated poorly in both areas and was recommended for replacement. Gartner Inc. also recommended that the OCFA consider going to bid for an application that would be integrated with either CAD, IFP, or both to improve overall data management within the organization. This budgetary amount is a preliminary estimate and may need revision as requirements are developed.

Project Status: RFP review, onsite demos, and vendor finalist selection are completed and negotiations started with FDM Software in December 2012. The contract award is anticipated in the second quarter of 2014/15. A rebudget from 2013/14 will be required.

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Professional Services	$150,000	$150,000				$300,000
Total	**$150,000**	**$150,000**		-	-	**$300,000**

Impact on Operating Budget: Application Maintenance/License Costs will have an annual impact on the operating budget starting in 2016/17 of approximately $225,000. These anticipated costs are included in our Five-Year Financial Forecast.

COMMUNITY RISK REDUCTION AUTOMATION – IFP REPLACEMENT

Project Priority: A
Project Type: Application Replacement
Project Management: IT – Systems Development & Support

Project Description: This project is to fund the initial purchase and supplemental or 'surge' professional services necessary to replace the Integrated Fire Prevention (IFP) application. This project combined with replacing the Incident Reporting Application (OCFIRS) comprises the Records Management System (RMS) component of the overall Public Safety Systems (PSS) replacement project. CAD replacement is the other major component of the PSS replacement project. Implementation is expected to take two to three years and includes integration with the new CAD system. 'Surge' expense is expected to be approximately 20% of system purchase price spread across the implementation period.

The Integrated Fire Prevention (IFP) application has been scheduled for replacement following a detailed needs assessment and business plan analysis that was conducted in 2005/06. The current application was also evaluated based on the quality of its technology and how well the application was meeting business needs; the application scored poorly in both areas. It was recommended that the OCFA proceed with replacement of the application; however, concurrent replacement with the Orange County Fire Incident Reporting System (OCFIRS) and the Computer Aided Dispatch (CAD) System was recommended in order to take advantage of opportuities to move to a shared data platform. Preliminary analysis indicates the replacement cost for this application will be between \$2.0 million and \$3.0 million.

Fire Prevention fees include funding for this project.

Project Status: RFP review, onsite demos, and vendor finalist selection are completed and negotiations were started with FDM Software in December 2012. The contract award is anticipated in the second quarter of 2014/15. A rebudget from 2013/14 will be required.

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Professional Services	\$150,000	\$150,000				\$300,000
Total	**\$150,000**	**\$150,000**		**-**	**-**	**\$300,000**

Impact on Operating Budget: Application Maintenance/License Costs will have an annual impact on the operating budget starting in 2016/17 of approximately \$225,000. These anticipated costs are included in our Five-Year Financial Forecast.

MICROSOFT SOFTWARE ENTERPRISE AGREEMENT

Project Priority: A
Project Type: Software Upgrade
Project Management: IT – Communications & Workplace Support

Project Description: OCFA uses Microsoft software throughout the organization, both at the desktop and to support systems and infrastructure. Software products at the desktop include: Windows, Office Applications (Word, Excel, Access, Outlook, PowerPoint), Visio, and Project. Infrastructure includes operating system software on most OCFA servers and enterprise products such as Outlook and Exchange, and an assortment of infrastructure management and security systems. Enterprise systems such as SharePoint and all Structured Query Language (SQL) Server Databases used by core applications are also Microsoft products. All of these applications are fully covered for upgrades as they become available and for maintenance and support through a Microsoft Enterprise Agreement.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Office Equipment	$260,000	$260,000	$285,000	$285,000	$285,000	$1,375,000
Total	**$260,000**	**$260,000**	**$285,000**	**$285,000**	**$285,000**	**$1,375,000**

Impact on Operating Budget: None

HR Management/Payroll/Financial Systems Replacement

Project Priority: A
Project Type: Application Replacement
Project Management: IT – Systems Development & Support

Project Description: The OCFA is seeking replacement of the Human Resources Management (HRMS) / Payroll and Finance system with integrated, local government software applications and services including implementation services, ongoing training, and technical support. The current HRMS / Payroll Finance system was installed over 15 years ago. It is central to the widely integrated business, financial, human resources, and safety systems utilized at OCFA. It uses separate program modules for human resources, purchasing, accounts payable, general accounting, and account receivables. It is also used to manage and process the nearly $300,000,000 annual payroll with numerous different pay and earning codes for all employees, and reserve firefighters.

The OCFA desires a "Turn-Key" solution utilizing Commercial Off-The-Shelf (COTS) technology as much as possible including Microsoft SQL database and hardware/software virtualization. OCFA has standardized its core business and safety systems on these technologies. A replacement system that is compatible with OCFA's technology environment will allow in-house support staff to partner with the vendor on many of the support tasks eliminating current reliance on associated costs for third-party database consultants.

Core function requirements of the new system must include: General Ledger; Accounts Payable; Accounts Receivable / Cash Receipts; Budget Preparation and Management; Purchasing; Fixed Assets; Inventory; Payroll; Position Control; Human Resources; Project Management / Accounting.

The budgetary amount is a preliminary estimate and may need revision as requirements are developed. Implementation is expected to take two years starting in 2017/18. 'Surge' expense is expected to be approximately 20-25% of the system purchase price spread across the implementation period.

Project Status: The contract award is anticipated in the first quarter of 2017/18 after the Public Safety Systems project is completed. The project is anticipated to take two years to complete.

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost				$5,000,000	$500,000	$5,500,000
Total	-			**$5,000,000**	**$500,000**	**$5,500,000**

Impact on Operating Budget: Application Maintenance/License Costs will have an annual impact on the operating budget of approximately $600,000 beginning in 2019/20. These costs are included in our Five-Year Financial Forecast.

INTRANET/INTERNET/CALENDARING DEVELOPMENT

Project Priority: A
Project Type: New Application/Replacement
Project Management: IT – Systems Development & Support

Project Description: This is a multi-year, ongoing project to continually enhance and improve both our public-facing Internet site as well as OCFA Intranet ("insideocfa") applications. The Intranet upgrade will incorporate additional functionality including improved mobile accessibility, improved maintenance tools, better aggregation to line of business applications, dashboard and reporting, eDiscovery, document management, collaboration and superior search capabilities. SharePoint provides the infrastructure for the Intranet that enables a single point of access to multiple functions including document storage and management, project collaboration and management, business intelligence (reporting) as well as the integration of the Outlook/Exchange E-mail systems into a single collaboration point for the OCFA staff.

The Internet upgrade will include improved design, usability and accessibility to the public as well as integration and data exchange with in-house applications to provide public access to real-time information. The internet upgrade will also include tools to offload many of the day-to-day maintenance tasks to individuals outside of our IT section.

Project Status: Multi-year project, plus ongoing enhancements

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Professional Services	$50,000	$50,000	$50,000	$50,000	$50,000	$250,000
Total	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$250,000**

Impact on Operating Budget: No impact.

800 MHz Countywide-Coordinated Communications (CCCS) System Replacement

Project Priority: A
Project Type: Equipment Replacement
Project Management: IT – Communications & Infrastructure/ECC

Project Description: The current 800 MHz Countywide-Coordinated Communications System (CCCS) was implemented from 1999 to 2001 with an expected operational life expectancy through 2015. The system is administered by the Orange County Sheriffs' Department/Communications staff. OCSD/Communications staff was directed in 2009 to develop the next generation system proposal, and has developed a four-phase upgrade/replacement plan for the CCCS. The upgrade includes implementation of a P25 system architecture, which is the FEMA and Department of Homeland Security recommended technology for public safety communications interoperability.

Phase – 1 $2,797,153 – funded by the Public Safety Interoperable Communications (PSIC) grant, was completed by OCSD/Communications staff in 2011 and included updating and replacing obsolete backbone and core equipment that extends the life of the CCCS to 2018.

Phases – 2, 3, 4 includes replacing dispatch consoles, core equipment, control equipment, mobile and portable radios, and reprogramming costs for existing P25 compatible 800MHz radios. Costs will be shared proportionately among all participating agencies in the CCCS. The replacement project is scheduled to begin in 2014/15 with backbone costs and equipment purchases each year thru 2018/19.

Total cost for OCFA is estimated at $17,004,944. This includes all partnership costs ($7,528,294) and OCFA equipment (purchase new radios, upgrading existing compatible radios, and new dispatcher console costs - $9,476,650).

Project Status: Phase - 1 complete; Phases 2 - 4 in planning stages

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Special Department Expense	$261,014	$429,005	$6,534,080	$6,855,845	$2,925,000	$17,004,944
Total	**$261,014**	**$429,005**	**$6,534,080**	**$6,855,845**	**$2,925,000**	**$17,004,944**

Impact on Operating Budget: Annual subscriber costs for new CCCS have not been determined. OCSD/Communications currently determines annual subscriber fees based on the total number of active radios times an annual subscription fee per radio.

AUDIO VIDEO EQUIPMENT UPGRADES

Project Priority: B
Project Type: Equipment Replacement
Project Management: IT – Communications and Workplace Support

Project Description: This item is to upgrade and replace the Audio Video equipment used in the RFOTC Board Room, Classrooms (3), and Training rooms (2).

The current Audio Video equipment including sound mixing boards, microphones, projectors, computers, controllers, and cabling has been in constant use since 2004. These rooms are used heavily and the multi-media equipment supporting training and presentations is outdated, no longer supported, failing and needs to be replaced.

The project will be completed in two phases over a two-year period. The first phase will be 2014/15 and repair the RFOTC Board Room and Classroom number 1. The second phase will be 2015/16 and repair Classrooms 2 and 3, and the two multi-media training rooms in the training grounds.

Project Status: Project completion scheduled for 2015/16

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Equipment	$113,000	$77,000	-	-	-	$190,000
Total	**$113,000**	**$77,000**	-	-	-	**$190,000**

Impact on Operating Budget: Ongoing annual maintenance costs are included in the General Fund.

DIGITAL ORTHO PHOTOGRAPHY

Project Priority: B
Project Type: New Application/Data
Project Management: IT - GIS

Project Description: Digital Ortho Photography (DOP) provides an accurate record of all physical data that exists in the County and area of service at a given point in time. DOP is important to the OCFA as a management tool for the effective and efficient operation of a number of business needs and for spatial data capture and verification. Some of the OCFA business needs supported by DOP are: Special Area Maps and preplans to guide first responders into difficult areas such as apartment complexes and shopping centers, to provide dispatchers a visual record to facilitate response assignments, to establish a default map viewing context for the Automatic Vehicle Location System (AVL), to facilitate vehicle routing to target locations, to assist in reconstructing and investigating crimes, to more effectively manage urban and wildland interfaces, to quality control addresses for run maps, and to verify pre-existing or non-conforming conditions for inspections.

Project Status: Purchased in 2013/14, and every third year afterwards

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Equipment			$70,000			$70,000
Total	-	-	**$70,000**	-	-	**$70,000**

Impact on Operating Budget: No Impact.

PERSONAL COMPUTER (PC)/LAPTOP/PRINTER REPLACEMENTS

Project Priority: B
Project Type: Equipment Replacement
Project Management: IT – Communications & Workplace Support

Project Description: An evaluation and analysis of the OCFA's Personal Computer (PC) inventory by Gartner Inc. during the Information Technology Strategic Plan study a few years ago recommended that desktop computers be replaced on a four-year rotation plan. Due to current fiscal constraints, computers that do not support emergency response have been moved to a five-year replacement schedule. The PC replacement budget is based on $1,500 per unit, which includes adequate funding to replace associated printers and peripherals at the same time. It also includes replacement of department-authorized, mission-critical laptop computers on an as-needed basis. Starting in 2012/13, portable computer tablets were added to the fleet for regional on-scene patient care record entry. Most of the initial devices were grant-funded; however, starting in 2016/17, funding has been added for ongoing replacement at a rate of 59 tablets each year (33.3% of the total). Semi-rugged tablets cost about $3,400 per unit, and have a three-to-four year life expectancy. In 2018/19, replacement of computers and printers for stations added for the City of Santa Ana begin to impact the budget as they reach their life expectancy and require replacement.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Equipment	$200,000	$225,000	$425,600	$425,600	$425,600	$1,701,800
	$200,000	**$225,000**	**$425,600**	**$425,600**	**$425,600**	**$1,701,800**

Impact on Operating Budget: Deferral of PC and tablet replacements beyond four years will increase repair and maintenance costs. The one-time three-year warranty cost of $600 per tablet in included in the General Fund.

GEOGRAPHIC INFORMATION SYSTEMS EQUIPMENT REPLACEMENT

Project Priority: B
Project Type: Equipment Replacement
Project Management: IT – GIS

Project Description: Geographic Information Systems (GIS) and mapping activities use large plotters, printers and non-standard output devices. These devices are used to print large wall maps used at fire stations, in the Emergency Command Center (ECC) and during emergency incident planning. These devices require replacement about every three to four years.

Project Status: Purchase to occur in 2016/17

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Equipment			$25,000			$25,000
Total	-	-	**$25,000**	-	-	**$25,000**

Impact on Operating Budget: No impact.

Base Station Radio Replacement

Project Priority: B
Project Type: Equipment Replacement
Project Management: IT – IT/Communication Infrastructure

Project Description: OCFA owns fifty base station radios that are used by the dispatchers to communicate with field personnel and other operational agencies during day-to-day and emergency operations. These base station radios have a nine to twelve-year life. The current cost for these radios is $5,000 each. Twelve radios purchased in 2004 will need to be replaced starting 2015/16.

Project Status: Replacement to occur every nine to twelve years

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Equipment		$60,000				$60,000
Total	-	**$60,000**		-	-	**$60,000**

Impact on Operating Budget: None

Fleet Services Fuel Management Tracking System

Project Priority: B
Project Type: Application Replacement
Project Management: IT – Systems Development & Support

Project Description: This item is to add Fuel Module functionality to the Fleet Management system.

The current Fleet Management system has the capability to track fuel usage of all OCFA vehicles and all OCFA fuel dispensing locations. It requires adding an additional software module to the Fleet system as well as additional hardware to the fuel 'islands' and tracking devices on each OCFA vehicle. Professional services for installation and testing are included in the budget.

The implementation of this module to the Fleet application for the Fleet Services Section will improve accountability for consumable assets, pump control, card lockout, less shrinkage of inventory, and overall fuel consumption savings.

Project Status: Project completion scheduled for 2015/16

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Equipment	-	$601,394	-	-	-	$601,394
Total	-	$601,394	-	-	-	$601,394

Impact on Operating Budget: Application Maintenance/License Costs are expected to be 20% - 25% of the new software costs, or $60,000 annually which is included in our Five-Year Financial Forecast beginning in 2016/17.

FIRE

ORANGE COUNTY

CALIFORNIA

AUTHORITY

Est. 1995

Fund 133

Vehicle Replacement

This fund is a special revenue fund used for the planned replacement of fire apparatus and vehicles. Funding sources for this fund include operating transfers from the Fire General Fund, contributions from cash contract member cities, and proceeds from lease purchase agreements.

ORANGE COUNTY FIRE AUTHORITY

FUND 133 - VEHICLE REPLACEMENT

LIST OF VEHICLES TO BE REPLACED

Existing Vehicle Number	Current Vehicle Type	Section Assigned to:	2014/15	2015/16	2016/17	2017/18	2018/19
EMERGENCY VEHICLES							
Ambulance							
TBD	Ambulance	Operations				$152,970	
Battalion Chief Command							
2255	BC Command Vehicle	Operations			92,882		
2256	BC Command Vehicle	Operations			92,882		
2257	BC Command Vehicle	Operations			92,882		
Brush Chipper							
3465	Brush Chipper			36,000			
Compact Track Loader							
7139	Compact Track Loader	Operations	136,000				
Crew Cab Dozer Tender							
3036	Crew Cab Dozer Tender	Operations					81,886
3037	Crew Cab Dozer Tender	Operations					81,886
Engine - Type 1							
5207	Engine - Type 1	Operations	559,399				
5156	Engine - Type 1	Operations	559,399				
5157	Engine - Type 1	Operations	559,399				
5244	Engine - Type 1	Operations	559,399				
5245	Engine - Type 1	Operations	559,399				
5203	Engine - Type 1	Operations		576,181			
5212	Engine - Type 1	Operations		576,181			
5128	Engine - Type 1	Operations		576,181			
5133	Engine - Type 1	Operations		576,181			
5205	Engine - Type 1	Operations			593,466		
5206	Engine - Type 1	Operations			593,466		
5208	Engine - Type 1	Operations			593,466		
5213	Engine - Type 1	Operations			593,466		
5249	Engine - Type 1	Operations			593,466		
5209	Engine - Type 1	Operations				611,270	
5210	Engine - Type 1	Operations				611,270	
5214	Engine - Type 1	Operations				611,270	
5247	Engine - Type 1	Operations				611,270	
5211	Engine - Type 1	Operations					629,608
5247	Engine - Type 1	Operations					629,608
5217	Engine - Type 1	Operations					629,608
Full-Size 4-Door							
2365	Full-Size 4-Door	Corp. Comm.	52,167				
2366	Full-Size 4-Door	Operations	52,167				
2367	Full-Size 4-Door	Operations	52,167				
2368	Full-Size 4-Door	Operations	52,167				
2369	Full-Size 4-Door	Operations	52,167				
2374	Full-Size 4-Door	Operations				57,004	

ORANGE COUNTY FIRE AUTHORITY

FUND 133 - VEHICLE REPLACEMENT

LIST OF VEHICLES TO BE REPLACED

Existing Vehicle Number	Current Vehicle Type	Section Assigned to:	2014/15	2015/16	2016/17	2017/18	2018/19
Leased Vehicles							
2348	Full-Size - Leased	Exec. Mgmt		11,440	11,440	11,440	12,470
2349	Full-Size - Leased	Exec. Mgmt		11,440	11,440	11,440	12,470
2370	Full-Size - Leased	Exec. Mgmt		11,440	11,440	11,440	12,470
2371	Full-Size - Leased	Exec. Mgmt			11,783	11,783	11,783
2372	Full-Size - Leased	Exec. Mgmt			11,783	11,783	11,783
2373	Full-Size - Leased	Exec. Mgmt			11,783	11,783	11,783
Mid-Size 4x4 4-Door							
2159	Mid-Size 4x4 4-Door	Operations	41,224				
2162	Mid-Size 4x4 4-Door	Operations	41,224				
2164	Mid-Size 4x4 4-Door	Operations	41,224				
2165	Mid-Size 4x4 4-Door	Operations	41,224				
2166	Mid-Size 4x4 4-Door	Operations	41,224				
2167	Mid-Size 4x4 4-Door	Operations		42,460			
2168	Mid-Size 4x4 4-Door	Operations		42,460			
2169	Mid-Size 4x4 4-Door	Operations		42,460			
2170	Mid-Size 4x4 4-Door	Operations		42,460			
Paramedic Squad							
3801	Paramedic Squad	Operations	111,693				
3804	Paramedic Squad	Operations	111,693				
4027	Paramedic Squad	Operations	111,693				
4028	Paramedic Squad	Operations	111,693				
4029	Paramedic Squad	Operations	111,693				
4105	Paramedic Squad	Operations		115,044			
4106	Paramedic Squad	Operations		115,044			
4107	Paramedic Squad	Operations		115,044			
4108	Paramedic Squad	Operations		115,044			
4109	Paramedic Squad	Operations		115,044			
4110	Paramedic Squad	Operations			118,495		
4111	Paramedic Squad	Operations			118,495		
4112	Paramedic Squad	Operations			118,495		
4113	Paramedic Squad	Operations			118,495		
4114	Paramedic Squad	Operations			118,495		
Pick-Up Utility 3/4 Ton							
3201	Pick-Up Utility 3/4 Ton	Operations				45,680	
3202	Pick-Up Utility 3/4 Ton	Operations				45,680	
3207	Pick-Up Utility 3/4 Ton	Operations				45,680	
3336	Pick-Up Utility 3/4 Ton	Operations					47,050
3337	Pick-Up Utility 3/4 Ton	Operations					47,050
3338	Pick-Up Utility 3/4 Ton	Operations					47,050
3340	Pick-Up Utility 3/4 Ton	Operations					47,050
3341	Pick-Up Utility 3/4 Ton	Operations					47,050
Truck - 75' Quint							
5132	Truck - 75' Quint	Operations		1,127,366			
Total Emergency Vehicles			**$3,958,415**	**$4,247,470**	**$3,908,120**	**$2,861,763**	**$2,360,605**

ORANGE COUNTY FIRE AUTHORITY

FUND 133 - VEHICLE REPLACEMENT

LIST OF VEHICLES TO BE REPLACED

Existing Vehicle Number	Current Vehicle Type	Section Assigned to:	2014/15	2015/16	2016/17	2017/18	2018/19
DEVELOPER FUNDED VEHICLES							
Engine - Type1							
Station 67	Engine - Type 1	Operations				729,608	
Paramedic Squad							
Station 67	Paramedic Squad	Operations				122,049	
TDA 100' Quint							
Station 20	TDA 100' Quint	Operations			1,509,314		
Station 67	TDA 100' Quint	Operations				1,554,593	
Total Developer Funded Vehicles			-	-	**$1,509,314**	**$2,406,250**	-
SUPPORT VEHICLES							
Full-Size Cargo Van							
4335	Full-Size Cargo Van	Audio Visual	41,641				
4337	Full-Size Cargo Van	Comm/Workplace	41,641				
4338	Full-Size Cargo Van	Comm/Workplace	41,641				
4339	Full-Size Cargo Van	Comm/Workplace	41,641				
Mid-Size 4-Door							
2160	Mid-Size 4-Door	Fire Prevention	35,404				
2161	Mid-Size 4-Door	EMS	35,404				
Mid-Size Pickup - 1/2 Ton							
3109	Mid-Size Pickup - 1/2 Ton	Fire Prevention	31,146				
3150	Mid-Size Pickup - 1/2 Ton	Fire Prevention	31,146				
3225	Mid-Size Pickup - 1/2 Ton	Fire Prevention	31,146				
3227	Mid-Size Pickup - 1/2 Ton	Fire Prevention	31,146				
2340	Mid-Size Pickup - 1/2 Ton	Community Educ.	31,146				
2341	Mid-Size Pickup - 1/2 Ton	Community Educ.	31,146				
2175	Mid-Size Pickup - 1/2 Ton	Fire Prevention		32,080			
2176	Mid-Size Pickup - 1/2 Ton	Fire Prevention		32,080			
2171	Mid-Size Pickup - 1/2 Ton	Fire Prevention			33,042		
2173	Mid-Size Pickup - 1/2 Ton	Fire Prevention			33,042		
Minivan Passenger							
4100	Minivan Passenger	Corp. Comm.		27,863			
Pickup General - 1/2 Ton							
2208	Pickup General - 1/2 Ton	Fleet Services	41,527				

ORANGE COUNTY FIRE AUTHORITY
FUND 133 - VEHICLE REPLACEMENT
LIST OF VEHICLES TO BE REPLACED

Existing Vehicle Number	Current Vehicle Type	Section Assigned to:	2014/15	2015/16	2016/17	2017/18	2018/19
Service Truck - Light							
3007	Service Truck - Light	Comm/Workplace		60,349			
Service Truck - Heavy							
5389	Service Truck - Heavy	Fleet Services				66,554	
Step Van							
4303	Step Van	Materiel Mgmt.	57,004				
4304	Step Van	Materiel Mgmt.	57,004				
Total Support Vehicles			**$579,783**	**$152,372**	**$66,084**	**$66,554**	**-**
TOTAL VEHICLES			**$4,538,198**	**$4,399,842**	**$5,483,518**	**$5,334,567**	**$2,360,605**

ORANGE COUNTY FIRE AUTHORITY

FUND 133 - VEHICLE REPLACEMENT

LIST OF VEHICLES TO BE DEFERRED UNTIL FUNDING IS AVAILABLE

Vehicle Number	Current Vehicle Type	Section Assigned to:	2014/15	2015/16	2016/17	2017/18	2018/19
EMERGENCY VEHICLES							
Air Utility							
5415	Air Utility	Operations					$483,084
Mid-Size 4x4 4-Door							
2157	Mid-Size 4X4 4-Door	Operations		42,460			
2158	Mid-Size 4X4 4-Door	Operations		42,460			
2163	Mid-Size 4X4 4-Door	Operations			43,734		
Crew Cab- Swift Water Vehicle							
3008	Crew Cab - Swift Water Vehicle	Operations		72,200			
3041	Crew Cab - Swift Water Vehicle	Operations		72,200			
3043	Crew Cab - Swift Water Vehicle	Operations		72,200			
3044	Crew Cab - Swift Water Vehicle	Operations		72,200			
Crew Carrying Vehicle							
5402	Crew Carrying Vehicle	Operations					266,832
Dozer Transport Tractor							
5063	Transport Tractor	Operations				201,188	
5064	Transport Tractor	Operations				201,188	
Dozer Transport Trailer							
6146	Trailer-Dozer Transport	Operations				59,985	
Dump Truck							
5387	Dump Truck	Operations				134,283	
Grader							
7208	Grader	Operations				249,718	
Pickup Utility - 3/4 Ton							
3204	Pickup Utility - 3/4 Ton	Operations				43,269	
3205	Pickup Utility - 3/4 Ton	Operations				43,269	
3206	Pickup Utility - 3/4 Ton	Operations				43,269	
Type 3 Engine							
New	Type 3 Engine	Operations		437,695			
New	Type 3 Engine	Operations		437,695			
New	Type 3 Engine	Operations		437,695			
Total Emergency Vehicles			-	**$1,686,805**	**$43,734**	**$976,169**	**$749,916**

ORANGE COUNTY FIRE AUTHORITY

FUND 133 - VEHICLE REPLACEMENT

LIST OF VEHICLES TO BE DEFERRED UNTIL FUNDING IS AVAILABLE

Vehicle Number	Current Vehicle Type	Section Assigned to:	2014/15	2015/16	2016/17	2017/18	2018/19
SUPPORT VEHICLES							
Fuel Tender							
5313	Fuel Tender	Fleet Services		214,632			
Stakeside							
5388	Stakeside	Materiel Mgmt				88,805	
Mid Size 4x4 4-Door							
2267	Mid Size 4x4 4-Door	Materiel Mgmt		37,722			
3101	Mid Size 4x4 4-Door	Fire Prevention		37,722			
Mid Size Pickup - 1/2 Ton							
2261	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
2262	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
2263	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
2301	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
2302	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
2303	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
2304	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
2317	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
2318	Mid Pickup-1/2 Ton	Property Mgmt		32,080			
2319	Mid Pickup-1/2 Ton	Property Mgmt		32,080			
3009	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
3110	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
3230	Mid Pickup-1/2 Ton	Fire Prevention		32,080			
Total Support Vehicles			-	**$707,116**	-	**$88,805**	-
TOTAL DEFERRED VEHICLES			-	**$2,393,921**	**$43,734**	**$1,064,974**	**$749,916**

AMBULANCE

Project Priority: A
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The ambulances are used to transport injured or sick persons to the closest receiving hospital. This project is for the replacement of one ambulance in 2017/18.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for ambulances are four years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in 2017/18

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)				$152,970		$152,970
Total	-	-	-	$152,970	-	$152,970

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

BATTALION CHIEF (BC) COMMAND VEHICLES

Project Priority: A
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: Each of the nine battalions is assigned a command vehicle. Approximately forty percent of the vehicle cost is for equipment which includes cell phones, Mobile Data Computers (MDCs), and a slide-out working station to manage any large incident. This project is for the replacement of three command vehicles in 2016/17.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for BC command vehicles are five years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in 2016/17

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)			$278,646			$278,646
Total	-	-	$278,646	-	-	$278,646

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

BRUSH CHIPPER

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The brush chipper is used for weed abatement, landscaping, tree care, and wood waste processing. This apparatus is operated by Crews and Equipment or Hand Crews for brush and tree removal. This project is for the replacement of one brush chipper in 2015/16.

Replacement evaluation is based on the following criteria:

- Actual hours of operation of the brush chipper
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and hour targets for brush chipper are 20 years and/or 5,000 hours. The projections for the replacement of this vehicle are based on age. However, hours will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in 2015/16

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)		$36,000				$36,000
Total	-	$36,000	-	-	-	$36,000

Impact on Operating Budget: The replacement of older vehicles with high hours recorded reduces downtime and maintenance costs in the operating budget

COMPACT TRACK LOADER

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The compact track loader is a small maneuverable piece of equipment that will allow the Pre-Fire Management Section to more effectively meet their mission throughout the county. Examples include fuels maintenance, fire roads, and a variety of miscellaneous projects throughout the organization. This project is for the purchase of one compact track loader and attachments, including a grappling bucket, mulcher, brush cutter, and stump grinder to replace an older and larger track loader and dozer in the current fleet. The goal is to reduce the size of the current heavy equipment fleet and better focus on the changing pre-fire environment. With the variety of attachments, the heavy equipment operators will be able to address projects currently requiring the hand crew, allowing their re-assignment to more suitable projects thereby increasing productivity. The purchase is scheduled for 2014/15.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The projection for the replacement of this vehicle is based on age. The age target for compact track loaders is 20 years. However, the service and repair costs will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in 2014/15

Description	2014/15	2015/16	20116/17	2017/18	208/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)	$136,000					$136,000
Total	$136,000	-	-	-	-	$136,000

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

CREW CAB DOZER TENDER

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: Crew cab dozer tenders have a multitude of uses for the Crews and Equipment. The primary use is to support, fuel, oil, and carry repair materials needed for the department's bull dozers, graders and other miscellaneous off- road equipment. These units are also sent out of the county to support the section on large campaign fires. Approximately thirty percent of the cost of this vehicle is for equipment. This project is for the replacement of two dozer tenders in 2018/19.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for service trucks are 10 years and/or 120,000 miles. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in 2018/19

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Support)					$163,772	$163,772
Total	-	-	-	-	$163,772	$163,772

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

ENGINE – TYPE 1

Project Priority: A
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The Type 1 engine carries hose, water, and a pump used primarily for structure fires. Most fire stations contain one or more of these units. This project is for the replacement of twenty-one Type 1 engines as follows: five in 2014/15, four in 2015/16, five in 2016/17, four in 2017/18 and three in 2018/19.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for Type 1 engines are 15 years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur annually

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost Vehicles (Emergency)	$2,796,995	$2,304,724	$2,967,330	$2,445,080	$1,888,824	$12,402,953
Total	$2,796,995	$2,304,724	$2,967,330	$2,445,080	$1,888,824	$12,402,593

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

FULL-SIZE 4-DOOR VEHICLES

Project Priority: A
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The full-size 4-door vehicle is used by all staff Battalion Chiefs and Division Chiefs. These vehicles are frequently used in Battalion Command situations similar to BC Command Vehicles. This project is for the replacement of six full-size 4-door vehicles with six new full-size 4-door vehicles as follows: five vehicles scheduled in 2014/15 and one in 2017/18.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for full-size 4-door vehicles are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in 2014/15 and 2017/18

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5- Yr. Total
Project Cost						
Vehicles (Emergency)	$260,835			$57,004		$317,839
Total	$260,835	-	-	$57,004	-	$317,839

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

LEASED VEHICLES

Project Priority: A
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The monthly lease payments for six vehicles are based on the following agreements:

- 36 month leases to replace six vehicles, of which four were donated.

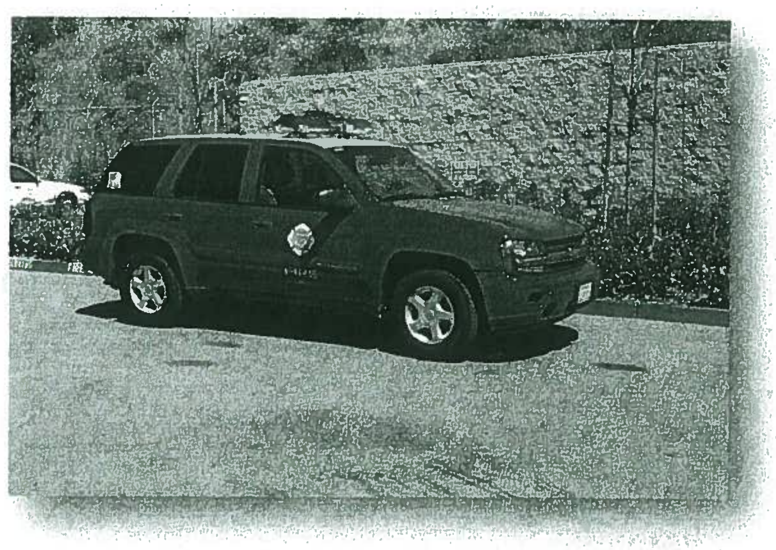
Project Status: New leases to begin in 2015/16 for three vehicles and 2016/17 for three additional vehicles; deferred from 2012/13. New lease agreement is projected to start again in 2018/19.

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)		$34,320	$69,669	$69,669	$72,759	$246,417
Total	-	$34,320	$69,669	$69,669	$72,759	$246,417

Impact on Operating Budget: Because the vehicles are new, many of the repairs would be covered under warranty and therefore may help control maintenance costs in the operating budget.

MID-SIZE 4X4 4-DOOR VEHICLES

Project Priority: A
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager



Project Description: The mid-size 4x4 4-door vehicles are used by staff in the Operations Department who needs the versatility of a 4x4 to complete their specific assignments (e.g. safety officers). This project is for the replacement of nine mid-size 4x4 4-door vehicles with five in 2014/15, and four in 2015/16.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for mid-size 4x4 4-door vehicles are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur 2014/15 and 2015/16

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)	$206,120	$169,840				$375,960
Total	$206,120	$169,840	-	-	-	$375,960

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

PARAMEDIC SQUAD

Project Priority: A
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The paramedic van platform will be changing from a van to a pickup truck with a utility body. This platform change will increase storage capability while reducing vehicle cost. This unit carries a full complement of paramedic equipment. This project is for the replacement of fifteen paramedic vans with five new paramedic squads in 2014/15, five new paramedic squads in 2015/16 and five new paramedic squads 2016/17.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for paramedic squads are five years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in 2014/15, 2015/16 and 2016/17

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)	$558,465	$575,220	$592,475			$1,726,160
Total	$558,465	$575,220	$592,475	-	-	$1,726,160

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

PICKUP UTILITY – ¾ TON VEHICLES

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The pickup utility – ¾ ton units are located at each one of the nine battalions in the department. These vehicles are used for a variety of miscellaneous transportation needs. The units are also used as BC Command vehicles on occasion. This project is for the replacement of eight pickup utility – ¾ ton vehicles with three new pickup utility – ¾ ton vehicles in 2017/18 and five in 2018/19.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for pickup utility – ¾ ton vehicles are eight years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in 2017/18 and 2018/19

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)				$137,040	$235,250	$372,290
Total	-	-	-	$137,040	$235,250	$372,290

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

TRUCK – 75' QUINT

Project Priority: A
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The 75' quint apparatus is more maneuverable than the 90' quint and is utilized in tighter communities. The 75' quint is used to provide search and rescue, roof ventilation, elevated water streams, salvage, overhaul operations, and carry all the applicable tools needed for these tasks. This apparatus also has a 75' aerial platform, 300-gallon water tank, and a fire pump similar to a fire engine. This project is for the replacement of one 75' quint in 2015/16.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for trucks - 75' quints are 17 years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase deferred from 2012/13 to 2015/16

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)		$1,127,366				$1,127,336
Total	-	$1,127,366	-	-	-	$1,127,336

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

Engine-Type 1/ Developer Funded

Project Priority: A
Project Type: New Vehicle
Project Management: Fleet Services Manager

Project Description: The Type 1 engine carries hose, water, and a pump used primarily for structure fires. Most fire stations contain one or more of these units. This apparatus is the same as our replacement Type I engines; however, this apparatus is funded by a local developer including hose and other equipment. This project is for the purchase of one Type 1 engine in FY 2017/18 for station 67 (Rancho Mission Viejo).

Project Status: Purchase to occur in 2017/18

Description	2014/15	2015/16	2016/17	2017/18	2018/19	Project Total
Project Cost						
Vehicles (Emergency)				$729,608		$729,608
Total	-	-	-	$729,608	-	$729,608

Impact on Operating Budget: The addition of a Type 1 engine to the vehicle fleet is considered a significant, non-recurring expenditure, which will increase annual service and maintenance costs in the operating budget by approximately $3,500 per year during the five-year warranty period. After the warranty period, the annual service and maintenance costs are expected to increase to approximately $7,000 per year. These costs are included in the Five-Year Financial Forecast.

PARAMEDIC SQUAD - DEVELOPER FUNDED

Project Priority: A
Project Type: New Vehicle
Project Management: Fleet Services Manager

Project Description: The paramedic van platform will be changing from a van to a pickup truck with a utility body. This platform change will increase storage capability while reducing vehicle cost. This unit carries a full complement of paramedic equipment. This project is for the addition of one paramedic squad that will be funded by a local developer including all the advanced life support equipment (ALS) needed for the unit to go into service. Purchase of this one paramedic squad will be made in 2017/18 for fire station 67 (Rancho Mission Viejo).

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for paramedic squads are five years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in 2017/18

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)				$122,049		$122,049
Total	-	-	-	$122,049	-	$122,049

Impact on Operating Budget: The addition of a paramedic squad is considered a significant, non-recurring expenditure, which will increase annual service and maintenance costs in the operating budget by approximately $1,500 per year during the three-year warranty period. After the warranty period, the annual service and maintenance costs are expected to increase to approximately $2,500 per year. These costs are included in the Five-Year Financial Forecast.

Tractor-Drawn Aerial (TDA) Quint-100' / Developer Funded

Project Priority: A
Project Type: New Vehicle
Project Management: Fleet Services Manager

Project Description: The TDA apparatus is used to provide search and rescue, roof ventilation, elevated water streams, salvage, overhaul operations and carry all the applicable tools needed for these tasks. This apparatus also has a 100' aerial ladder, 300-gallon water tank, and a fire pump similar to a fire engine. This apparatus, including hose and other equipment is funded by local developers. This project is for the addition of two new 100' tractor drawn aerial quints with one in 2016/17 for FS20 (Irvine) and one in 2017/18 for FS67 (Rancho Mission Viejo).

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for trucks – TDA 100' quints are 17 years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in 2016/17 and 2017/18

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Emergency)			$1,509,314	$1,554,593		$3,063,907
Total	-	-	$1,509,314	$1,554,593	-	$3,063,907

Impact on Operating Budget: The addition of a TDA Quint to the vehicle fleet is considered a significant, non-recurring expenditure, which will increase annual service and maintenance costs in the operating budget by approximately $3,500 per year during the five-year warranty period. After the warranty period, the costs are expected to increase to approximately $7,000 per year. These costs are included in the Five-Year Financial Forecast.

FULL-SIZE CARGO VANS

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: These vehicles are used in a number of OCFA's sections such as Information Systems. Depending on the vehicle's application, it can be used for transportation and storage of components specific to each section's needs (i.e., computer components, miscellaneous tools to facilitate repairs or haul specific equipment). This project is for the replacement of four full-size cargo vans in 2014/15.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for full-size cargo vans are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in 2014/15

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Support)	$166,564					$166,564
Total	$166,564	-	-	-	-	$166,564

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

MID-SIZE 4-DOOR VEHICLES

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The mid-size 4-door vehicles are used by management and supervisory staff in a variety of support staff positions that need the versatility of a 4-door vehicle to complete their specific assignments and support the operations of their specific sections. This project is for the replacement of two mid-size 4-door vehicles in 2014/15.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for mid-size 4-door vehicles are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in 2014/15

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Support)	$70,808					$70,808
Total	$70,808	-	-	-	-	$70,808

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

Mid-Size Pickup-1/2 Ton Vehicles

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: These vehicles are primarily used by the Fire Prevention Department to conduct off-site inspections. This project is for the replacement of ten mid-size pickup-1/2 ton vehicles with six new mid-size pickup-1/2 vehicles in 2014/15, two in 2015/16, and two in 2016/17.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for mid-size pickup–1/2 ton vehicles are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in 2014/15, 2015/16, and 2016/17

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Support)	$186,876	$64,160	$66,084			$317,120
Total	$186,876	$64,160	$66,084	-	-	$317,120

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

MINIVAN - PASSENGER

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: Minivan-passenger vehicles are used in sections such as Community Relations and Education Services. These units are utilized by staff to carry educational materials, and also to transport people to and from functions. Project costs include the replacement of one minivan-passenger vehicle in 2015/16.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for minivan-passenger vehicles are seven years and/or 120,000 miles. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in 2015/16

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Support)		$27,863				$27,863
Total	-	$27,863	-	-	-	$27,863

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces maintenance costs in the operating budget.

PICKUP GENERAL – 1/2 TON VEHICLES

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: These units are utilized by sections that need adequate cargo space. This project is for the replacement of one pickup general – 1/2 ton vehicle in 2014/15.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for pickup general – 1/2 ton vehicles are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in 2014/15; deferred from 2011/12

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Support)	$41,527					$41,527
Total	$41,527	-	-	-	-	$41,527

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

Service Truck - Light Vehicle

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: Service trucks – light vehicles are used for field service throughout the department for both heavy and light apparatus in the fleet for fleet services and communication services. These units are also sent out of county if technicians are requested on large campaign fires. This project is for the replacement of one service truck - light vehicle in 2015/16.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for service truck - light vehicles are 10 years and/or 120,000 miles. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in 2015/16

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Support)		$60,349				$60,349
Total	-	$60,349	-	-	-	$60,349

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

SERVICE TRUCK – HEAVY VEHICLE

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: The service truck – heavy vehicles carries large quantities of oil and a welder, providing the ability to service vehicles at fire stations or on large fires. This project is for the replacement of one service truck – heavy vehicle in 2017/18.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for service truck – heavy vehicles are 18 years and/or 120,000 miles. The projection for the replacement of this vehicle is based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchase to occur in 2017/18

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Support)				$66,554		$66,554
Total	-	-	-	$66,554	-	$66,554

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

STEP VAN

Project Priority: B
Project Type: Vehicle Replacement
Project Management: Fleet Services Manager

Project Description: These vehicles are used by the Materiel Management section for the interdepartmental mail delivery and pick-up. Project costs include the replacement of two step vans in 2014/15.

Vehicle replacement evaluation is based on the following criteria:

- Actual miles of the vehicles
- Actual years of operation compared to expected years
- Evaluation of mechanical condition by the Fleet Services Manager
- Evaluation of the maintenance costs by the Fleet Services Manager

The age and mileage targets for step vans are seven years and/or 120,000 miles. The projections for the replacement of these vehicles are based on age. However, mileage will be reviewed before a purchase is made, and the purchase may be deferred if warranted.

Project Status: Purchases to occur in 2014/15

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Vehicles (Support)	$114,008	-				$114,008
Total	$114,008	-	-	-	-	$114,008

Impact on Operating Budget: The replacement of older vehicles with high mileage reduces downtime and maintenance costs in the operating budget.

DEFIBRILLATOR REPLACEMENTS

Project Priority: B
Project Type: Defibrillator Replacement
Project Management: Emergency Medical Services

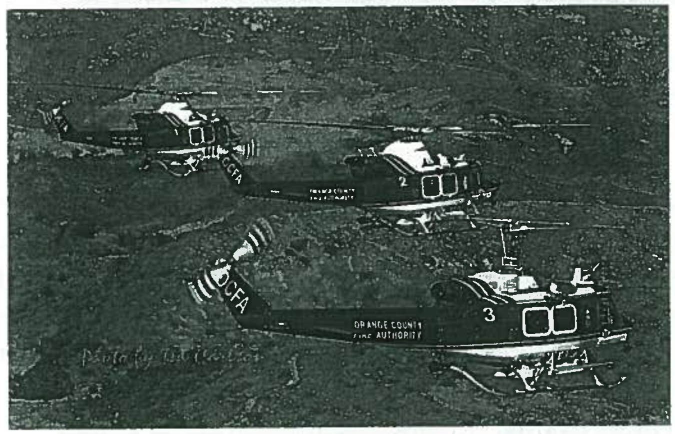
Project Description: This significant, non-routine project is the planned replacement of approximately 100 defibrillators every sixth year. Defibrillators are automated devices that deliver a strong electric shock to patients with abnormal heart rhythm in order to restore a normal heart rhythm. The scheduled replacement of defibrillators will be necessary to maintain compliance with projected changes in Treatment Guideline regulations, as well as provide improved technology.

Project Status: Replacements to begin in 2016/17

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Defibrillator Replacement			$3,835,000			$3,835,000
Total	-	-	$3,835,000	-	-	$3,835,000

Impact on Operating Budget: There is no impact to the operating budget, which already includes $20K for repairs that are not covered by the warranty.

HELICOPTER COMPONENTS



Project Priority: B
Project Type: Helicopter Component Replacement
Project Management: Air Operations

Project Description: This project will serve two purposes. First, it will purchase an aircraft enhancement in the form of Flight Directors. The Flight Director Control System will improve helicopter handling and augment stability during rescue and firefighting operations. It also reduces pilot workload in poor visibility conditions.

Included in this funding is the second part of this project which is to develop an inventory of vital helicopter replacement components such as critical instruments required for flight operations, cross and skid tubes and tail rotor blades.

The role of the OCFA helicopters is to provide rescue and firefighting capability within the boundaries of Orange County. Helicopters are essential tools in remote rescue situations, wildland response, and flood emergencies.

Project Status: Ongoing

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5-Yr. Total
Project Cost						
Helicopter Components	$155,000	$124,000	$107,000	$130,000	$150,000	$666,000
Total	$155,000	$124,000	$107,000	$130,000	$150,000	$666,000

Impact on Operating Budget: The purchase of the enhancements will lower maintenance costs through reduced airframe fatigue, which will also reduce fuel consumption. The scheduled replacement and immediate availability of helicopter components will ensure immediate aircraft readiness and control of the maintenance costs in the operating budget.

DISCUSSION CALENDAR - AGENDA ITEM NO. 8
BOARD OF DIRECTORS MEETING
May 22, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: **Approval of 2014 Tax and Revenue Anticipation Notes (TRANs)**

Summary:
This agenda item is submitted for authorization to issue 2014-2015 Tax and Revenue Anticipation Notes (TRANs), for approval of the related TRANs documents and approval of temporary intrafund borrowing to cover a projected cashflow shortfall in the General Fund.

Committee Action:
At its May 14, 2014, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

Recommended Actions:
1. Adopt the submitted resolution authorizing the issuance of the 2014-2015 Tax and Revenue Anticipation Notes, substantially in the form attached.
2. Authorize the temporary transfer of up to $9 million from Fund 123 (Facilities Replacement) to Fund 121 (General Fund) to cover a projected cash flow shortfall for FY 2014/15.
3. Authorize the repayment of $9 million borrowed funds from Fund 121 to Fund 123 along with interest, when General Fund revenues become available in FY 2014/15.

Background:
The Authority's Amended Joint Powers Agreement allows issuance of short-term tax and revenue anticipation notes with a one-year term (or shorter) upon a majority vote of the Board of Directors. The TRAN issuance is also in compliance with the Authority's Short Term Debt Policy adopted by the Board of Directors on March 22, 2007. (Attachment 1)

The purpose of TRANs is to provide cash liquidity in anticipation of property tax revenue and cash contract revenues to be received later in the year. The TRANs cover temporary cashflow deficits in the General Fund that result from timing differences between the receipt of revenues and disbursements.

The Authority receives about 64% of its revenue from property tax collections. California's property tax collections are concentrated in December and April, per State Board of Equalization procedures. In addition, the Authority receives 27% of its revenue from cash contracts, with those funds received at the end of each quarter except for Santa Ana which pays monthly. Thus, the Authority's two major revenue streams have an uneven pattern throughout the fiscal year.

However, the Authority's operations require ongoing monthly expenditures such as payroll, employee benefits and purchase of supplies, with these expenditures having a fairly level pattern throughout the fiscal year.

Summary of Prior TRAN Issuances

The Authority has successfully issued twelve prior TRANs in the years 1997 through 2008. TRANs sizings have ranged from $8,715,000 in FY 98/99 to $28,000,000 in FY 08/09. TRANs were not issued from 2009-2013, due to the Authority's ability to use intrafund borrowing for cashflow needs during those years. Cashflow projections for the upcoming year indicate that intrafund borrowing will be insufficient to cover all cashflow needs, as further described below.

Sizing of the 2014 TRANs

OCFA is projecting a temporary cash flow shortfall in the General Fund. The shortfall is expected to occur at various intervals during the fiscal year, with the maximum amount of shortfall projected to occur mid-November totaling $44.4 million. General Fund cash balances are projected to replenish when property tax allocations are received at the end of November, and in December.

In order to finance the cash shortfalls with TRANs, OCFA must comply with Federal tax laws. These laws provide guidelines to ensure that the interest earned by investors on TRANs is exempt from gross income for purposes of federal income taxation. Following these rules, the "sizing" of a TRANs issuance equals the maximum cumulative cash deficit ($44.4 million) less available fund outside the General Fund ($9 million, as discussed in the next paragraph), plus **the lesser of** (a) 5% of the cumulative prior years' expenditures and (b) the average monthly beginning or ending cash balances for the prior fiscal year. Based on preliminary cash flow projections using this sizing methodology, OCFA's TRANs issuance would be $45 million. (Attachment 2)

While reviewing OCFA's non-General Fund reserves, tax counsel determined that $9 million of non-General Fund reserves are considered legally available to fund a portion of the maximum cumulative cash flow deficit. The reserve fund that Tax Counsel determined to be available for this purpose is one of the Capital Improvement Program reserves: Fund 123 - Facilities Replacement. While the $45 million TRANs size is currently expected to cover the maximum cumulative cash deficit ($44.4 million) without needing to borrow any funds from Fund 123, it is prudent to establish authorization to borrow temporarily from Fund 123 in the event unforeseen events cause the maximum cumulative cash flow deficit to be greater than $45 million.

When sufficient funds are subsequently received in the General Fund, any temporary borrowings or cash transfers are repaid to the fund from which they were borrowed, plus interest. Interest will be repaid in Fiscal Year 2014/15 based on the rate the funds would have earned in OCFA's Investment Portfolio. This temporary borrowing process between OCFA funds represents an efficient internal funding mechanism at no additional cost.

Failure to meet the deficit as projected would require the Authority to rebate positive investment earnings over the note yield to the federal government. OCFA has never had to rebate any such earnings.

All-in Net Interest Cost
Note: Net investment earnings will change as a result of any changes in market yields between the time this report was prepared and the date of formal TRANs pricing in June.

Depending on market conditions, OCFA may achieve interest earnings by borrowing TRANs at a tax-exempt yield and reinvesting the proceeds in the taxable market. At current market yields, it is estimated that the all-in TRANs yield will be about 0.40%, representing net interest cost of $179,040 (including the costs of issuance of $90,000). Assuming the TRANs proceeds will earn a yield of 0.18% in the OCFA portfolio (which is the one year Federal Agency note yield); approximately $81,831 of interest earnings on the TRANs will be received. Thus, the **all-in** net interest cost on the TRANs is about $97,218 as shown in the table below:

TRANs Net Interest	$179,050
Less: Interest Earnings on the TRANs	(81,832)
All-in Net Interest Cost	$97,218

Financing Schedule
Subject to Board approval of the TRANs on May 22, 2014, the TRANs are scheduled to price on or about June 11 depending on market conditions. The Authority will actually receive the TRANs proceeds on the closing date which is currently scheduled for July 1, 2014.

Impact to Cities/County:
Not Applicable.

Fiscal Impact:
FY 2014/15 Revenues: Based on preliminary cash flows, gross earnings from the 2014 TRANs are estimated at $81,832 reflecting reinvestment earnings at an average yield of 0.18%.

FY 2014/15 Expenses: The net interest cost of the TRANs (including the costs of issuance of $90,000) is estimated to be $179,040.

Net Effect: Based on the above estimates, the net effect of the 2014 TRANs is an increase in expenses of $97,218 for FY 2014/15. Issuance of the TRANs will assure that the Authority has sufficient cash resources for the General Fund.

Staff Contacts for Further Information:

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Attachments:

1. OCFA’s Short Term Debt Policy
2. Cash Flow Worksheet
3. TRANs FAQs
4. TRANs Documents:
   a. Proposed Resolution
   b. Notice of Intention to Sell
   c. Notice of Sale
   d. Preliminary Official Statement and Appendix A

Orange County Fire Authority
Treasury & Financial Planning

SHORT TERM DEBT POLICY

1. PURPOSE

The purpose of the Short Term Debt Policy of the Orange County Fire Authority (the Authority) is to enhance the Board's ability to manage the Authority's cash flow in a fiscally conservative and prudent manner and to establish guidelines for the issuance and management of its debt. Property taxes represent over 70% of the Authority's General Fund revenues and are received primarily twice a year in December and April. However, the timing of expenditures is often beyond the Authority's control and must be paid prior to receipt of property taxes. As a result, the Authority experiences negative cash balances from July through mid-December pending receipt of these revenues. This creates a need for the Authority to have an interim financing mechanism in order to operate without an interruption in service. To ensure the Authority's continued access to the capital markets, the Board has established a "Short Term Debt Policy" to provide guidelines for the Authority's financing activity.

1.1. Make use of capital reserves when reserves are funded in excess of planned capital expenditures and as recommended by Tax Counsel.

1.2. Utilize short term borrowing for temporary funding of operational cash flow deficits when economically beneficial to the Authority.

1.3. Short term debt may include issuance of Tax and Revenue Anticipation Notes (TRANs) with a maturity of one year or less.

1.4. Effectively manage resources to maintain the highest possible credit ratings and to demonstrate fiscal responsibility to the communities that we serve.

1.5. Strive to achieve the lowest cost of borrowing.

1.6. Preserve future financial flexibility.

2. ADOPTION AND REVIEW

2.1. This policy shall be reviewed periodically for recommended revisions in order to maintain the policy in a manner that reflects the ongoing financial goals of the Authority. Staff shall revise the policy upon approval by the Board of Directors.

2.2. Each year, the Budget and Finance Committee shall conduct a review of any proposed TRAN financing for consistency with the Short Term Debt Policy.

2.3. All short term debt shall be approved by the Board of Directors.

3. POLICY

3.1. The Treasurer may ascertain the need to fund internal working capital cash flow. Before issuing TRANs, cash flow projections shall be prepared by the Treasury and Financial Planning staff and be reviewed by the Budget and Finance Committee. The Committee shall provide a recommendation to the Board of Directors which may then take action, as appropriate.

3.2. TRANs and other forms of short term debt financing will only be issued to meet cash flow needs and will not be issued for investment purposes solely to capitalize on the favorable difference between the interest cost of issuing TRANs and the sometimes higher reinvestment rate.

3.3. TRANs will not be issued for a period longer than 12 months.

3.4. The Authority is committed to full and timely repayment of its debt obligations.

3.5. Tax counsel will analyze the size of the borrowing which will be calculated based on the Authority's maximum projected deficit for the fiscal year. Bond counsel will issue an opinion as to the legality and tax-exempt status of all obligations.

3.6. Any cash flow deficit above the size of the TRAN will be financed with interfund borrowing to be repaid in the same fiscal year with interest.

3.7. The Authority may seek the advice of an independent financial advisor on the structuring of the obligations to be issued, the timing of the sale, the various options and how the choices will affect the marketability of the obligations, and other services as required.

3.8. Both negotiated and competitive methods of sale shall be considered for any debt offerings.

3.9. The Authority will obtain a credit rating on any debt offering from at least one of the three national firms and will maintain good communications with the bond rating agencies.

3.10. The Authority is committed to providing continuing disclosure of financial and pertinent credit information relevant to the Authority's outstanding debt and will abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosure.

3.11. The investment of TRAN proceeds that are placed in the OCFA Portfolio will be governed by the Authority's Investment Policy and in compliance with the TRANs' legal documents.

Orange County Fire Authority

Projected General Fund Cash Flows (Fund 121)

Fiscal Year 2014-15 (without TRANs)

	Projected **July**	*Projected* **August**	*Projected* **September**	*Projected* **October**	*Projected* **November**	*Projected* **December**	*Projected* **January**	*Projected* **February**	*Projected* **March**	*Projected* **April**	*Projected* **May**	*Projected* **June**	**Total**
Balance From Prior Month	$30,607,850	($1,343,549)	($22,410,007)	($25,235,697)	($37,342,334)	($37,987,336)	$40,050,300	($7,625,114)	($21,075,685)	($17,919,742)	$31,793,543	$18,252,364	$30,607,850
Receipts:													
Property Taxes	3,770,189	711,192	4,616,875	618,853	14,369,655	82,035,481	7,060,810	568,794	9,935,577	64,091,179	2,395,885	5,297,477	195,471,965
Intergovernmental	341,942	1,013,552	1,608,942	583,546	731,119	1,967,889	240,253	2,642,432	385,338	366,115	1,016,717	239,713	11,137,559
Charges for Current Services	5,033,144	7,428,970	12,022,228	7,353,271	4,787,809	14,717,757	5,284,601	4,099,845	14,117,533	6,053,695	4,885,062	14,232,572	100,016,486
Bankruptcy Loss Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of Money and Property	3,040	(2,512)	(4,887)	(6,637)	(7,727)	(2,917)	5,798	(2,678)	(4,056)	1,461	5,301	13,017	(2,797)
Other	58,894	31,928	192,259	21,340	370,223	51,759	18,792	78,115	26,902	6,157	55,626	88,706	1,000,700
TRANs Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Temporary Interfund Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Receipts	$9,207,208	$9,183,130	$18,435,416	$8,570,373	$20,251,079	$98,769,969	$12,610,253	$7,386,507	$24,461,293	$70,518,608	$8,358,591	$19,871,485	$307,623,913
Expenditures:													
Salary & Employee Benefits	19,220,460	28,830,691	19,220,460	19,220,460	19,220,460	19,220,460	28,830,691	19,220,460	19,220,460	19,220,460	19,220,460	19,220,460	$249,865,986
OCERS Prepayment (Routine)							30,000,000						30,000,000
Services & Supplies	3,063,317	1,418,898	2,040,645	1,456,550	1,675,621	1,511,872	1,454,976	1,616,617	2,084,890	1,584,863	2,679,309	2,980,583	23,568,142
JEAPs	0	0	0	0	0	0	0	0	0	0	0	0	0
OCERS Prepayment (Special)	18,290,238	0	0	0	0	0	0	0	0	0	0	0	18,290,238
Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid on Interfund Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Transfers Out (est)	584,592	0	0	0	0	0	0	0	0	0	0	0	584,592
Total Disbursements	$41,158,608	$30,249,588	$21,261,105	$20,677,010	$20,896,082	$20,732,333	$60,285,667	$20,837,078	$21,305,351	$20,805,323	$21,899,770	$22,201,044	$322,308,958
Excess / (Deficiency)	(31,951,399)	(21,066,458)	(2,825,689)	(12,106,638)	(645,002)	78,037,636	(47,675,414)	(13,450,571)	3,155,943	49,713,285	(13,541,179)	(2,329,559)	(14,685,045)
Month End Balance Forward	($1,343,549)	($22,410,007)	($25,235,697)	($37,342,334)	($37,987,336)	$40,050,300	($7,625,114)	($21,075,685)	($17,919,742)	$31,793,543	$18,252,364	$15,922,805	$15,922,805

Attachment 2

Orange County Fire Authority

Projected General Fund Cash Flows (Fund 121) - Fiscal Year 2014-15 (With TRANs)

	Projected **July**	*Projected* **August**	*Projected* **September**	*Projected* **October**	*Projected* **November**	*Projected* **December**	*Projected* **January**	*Projected* **February**	*Projected* **March**	*Projected* **April**	*Projected* **May**	*Projected* **June**	**Total**
Balance From Prior Month	30,607,850	44,469,501	23,410,142	20,591,324	8,491,787	7,853,655	85,898,391	38,230,077	24,785,919	27,948,962	55,169,118	18,240,039	30,607,850
Receipts:													
Property Taxes	3,770,189	711,192	4,616,875	618,853	14,369,655	82,035,481	7,060,810	568,794	9,935,577	64,091,179	2,395,885	5,297,477	195,471,965
Intergovernmental	341,942	1,013,552	1,608,942	583,546	731,119	1,967,889	240,253	2,642,432	385,338	366,115	1,016,717	239,713	11,137,559
Charges for Current Services	5,033,144	7,428,970	12,022,228	7,353,271	4,787,809	14,717,757	5,284,601	4,099,845	14,117,533	6,053,695	4,885,062	14,232,572	100,016,486
Bankruptcy Loss Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of Money and Property	816,090	4,588	1,984	463	(856)	4,183	12,898	3,735	3,044	8,332	12,401	19,888	886,749
Other	58,894	31,928	192,259	21,340	370,223	51,759	18,792	78,115	26,902	6,157	55,626	88,706	1,000,700
TRANs Principal	45,000,000	0	0	0	0	0	0	0	0	0	0	0	45,000,000
Temporary Interfund Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Receipts	55,020,258	9,190,230	18,442,287	8,577,473	20,257,950	98,777,069	12,617,353	7,392,920	24,468,393	70,525,479	8,365,691	19,878,356	353,513,459
Expenditures:													
Salary & Employee Benefits	19,220,460	28,830,691	19,220,460	19,220,460	19,220,460	19,220,460	28,830,691	19,220,460	19,220,460	19,220,460	19,220,460	19,220,460	249,865,986
OCERS Prepayment (Routine)	0	0	0	0	0	0	30,000,000	0	0	0	0	0	30,000,000
Services & Supplies	3,063,317	1,418,898	2,040,645	1,456,550	1,675,621	1,511,872	1,454,976	1,616,617	2,084,890	1,584,863	2,679,309	2,980,583	23,568,142
JEAPs	0	0	0	0	0	0	0	0	0	0	0	0	0
OCERS Prepayment (Special)	18,290,238	0	0	0	0	0	0	0	0	0	0	0	18,290,238
Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	22,500,000	22,500,000	0	45,000,000
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	895,000	0	895,000
Interfund Borrowing Repayment (in	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Transfers Out (est)	584,592	0	0	0	0	0	0	0	0	0	0	0	584,592
Total Disbursements	41,158,608	30,249,588	21,261,105	20,677,010	20,896,082	20,732,333	60,285,667	20,837,078	21,305,351	43,305,323	45,294,770	22,201,044	368,203,958
Excess / (Deficiency)	13,861,650	(21,059,359)	(2,818,818)	(12,099,538)	(638,131)	78,044,736	(47,668,314)	(13,444,158)	3,163,042	27,220,156	(36,929,079)	(2,322,688)	(14,690,499)
Month End Balance Forward	44,469,501	23,410,142	20,591,324	8,491,787	7,853,655	85,898,391	38,230,077	24,785,919	27,948,962	55,169,118	18,240,039	15,917,351	15,917,351
Debt Service Coverage Calculations:													
Note Debt Service Coverage	-	-	-	-	-	-	-	-	-	3.45	1.78	-	1.35
Note Debt Service Coverage (Including Intrafund Borrowing Capacity)				-	-	-	-	-	-	7.70	5.86	-	3.43

Tax and Revenue Anticipation Notes ("TRANs")
Frequently Asked Questions

1. Why does the Authority have cash flow deficits?

Answer. The Authority receives about 64% of its revenue from property tax collections. California's property tax collections are concentrated in December and April, per State Board of Equalization procedures. In addition, the Authority receives 27% of its revenue from cash contracts, with those funds received at the end of each quarter, except for Santa Ana which pays monthly. Thus, the Authority's two major revenue streams have an uneven pattern throughout the fiscal year. However, the Authority's operations require ongoing monthly expenditures such as payroll, employee benefits and purchase of supplies, with these expenditures having a fairly level pattern throughout the fiscal year. Thus, the Authority's cash flow shows monthly deficits that grow until the large December property tax revenue and December cash contract revenue are received. The Authority's cash flow also weakens after December until the large April tax collections are available. The Authority has no control over the process used to collect property taxes and cannot legally change the monthly expenditure schedules for payroll and benefits that comprise about 92% of expenditures.

2. Do other California public agencies have cash flow deficits?

Answer. Yes, a wide variety of California public agencies have cash flow deficits in the July to December timeframe. School districts, counties, cities and special districts rely on property tax revenues just as the Authority does. The higher an agency's dependence on property taxes, the more severe will be the cash flow deficits. The Authority is among the agencies with the highest proportion of its revenues coming from property taxes, so our cash deficits occur earlier and tend to be deeper than those of other agencies.

In FY 2013-14, over 300 agencies in California issued TRANs in a combined amount of $12.9 billion to finance cash flow deficits. For Fiscal Year 2014-15, the volume of notes is expected to decline by about 20%, reflecting the fact the State has significantly reduced school district cash deferrals. In prior years, the State used that technique to manage severe cash pressures on its own General Fund during the recession.

3. How have agencies financed cash flow deficits in the past?

Answer. Cash flow deficits have been financed in one of three ways: (1) from bank lines of credit (which are not always available), (2) intrafund borrowing (which can disrupt the operations of the Authority's non-General Funds lending the money) and (3) tax and revenue anticipation notes (TRANs). TRANs is typically the lowest-cost method of financing the deficits.

4. How did TRANs come about?

Answer. Many years ago, the U.S. Treasury Department, the IRS and bond counsel experts established the TRANs program for local agencies as a means to provide a cost-effective way to finance cash flow deficits. This was the result of banks – in California – leaving the business of providing short-term lines of credit for agencies such as cities, counties and school districts, thereby creating a need for a financing vehicle that did not rely on bank lending. It was determined that a new type of security (TRANs) could be sold to investors to provide short-term funding. Importantly, so long as TRAN issuers obey all of the IRS rules regarding TRANs, they are allowed to borrow at tax-exempt rates and to earn interest on the borrowed funds as a way to offset all or a portion of the cost of borrowing. This is meant to hold the agency harmless for having to fund cash deficits that an external force (such as Board of Equalization procedures) created.

While allowing agencies to issue tax-exempt TRANs means less tax revenue to the U.S. Treasury than if the interest were taxable, the concept is that taxpayers benefit from the fact the services provided by public agencies are not disrupted because of imposed periodic cash flow deficits. The IRS and U.S. Treasury acknowledge that California's property tax system results in tax receipts that are received primarily in December and April each year, and not in regular monthly installments. This makes it difficult for public agencies to run smooth operations, especially agencies such as the Authority that receives about 64% of its revenues from property taxes. The IRS and U.S. Treasury do not consider TRANs to be a "taxpayer ripoff". As mentioned above, these agencies helped to create TRANs in the first place.

5. Why should the Authority issue TRANs instead of securing a bank line of credit or using intrafund borrowing?

Answer. Each year, the Treasury section evaluates the relative costs of the three types of borrowing along with other considerations to determine which borrowing method is preferred. In some years (1997/98 through 2008/09), the Authority issued TRANs where in other years (prior to 1997/98 and from 2009/10 through 2013/14), the Authority used intrafund borrowing. Generally, intrafund borrowing was selected when the Authority had very significant amounts of cash held outside the General Fund that could be borrowed temporarily and timely repaid, with no disruption of the operations of the funding source (capital project funds and other funds). The Authority has never borrowed through a line of credit, as that approach is always more costly than the other two methods and, importantly, is not always available from commercial banks.

Below is a table showing the economics of the three alternatives based upon current market conditions. You'll see that the net cost of the TRANs ($97,218) is about $71,000 higher than the cost of intrafund borrowing ($25,398), but the latter approach could be disruptive to operations outside the General Fund this year, as available amounts are deployed to fund capital projects and improve the confidence level in the workers compensation fund. Note as well that the net cost of a bank line of credit is significantly higher than that of a TRANs.

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6. Why do we need the TRAN? Is it essential?

Answer. The TRANs itself is not "essential". What is "essential" is the Authority's cash flow deficits have to be financed so that payroll and operating expenditures are not disrupted. It turns out that TRANs is the most prudent option this year.

7. What is the implication of not doing the TRAN?

Answer. If the Authority did not issue TRANs, the cash flow deficits in the General Fund would have to be financed either (a) from a bank loan, which is more expensive than TRANs, or (b) from borrowing from non-General funds, which means we lose the interest earnings on those funds during the time we need to use them in the General Fund and we risk disrupting the operations of the fund lending the money. The latter concern is significant this year. Thus, the TRAN is desirable because it is an "external" way to finance the deficits rather than using the more disruptive method of intrafund borrowing from non-General fund sources.

8. How long have we been doing TRANs?

Answer. The Authority has issued TRANs annually from Fiscal Year 1997-98 to FY 2008/09.

9. Don't the cash flow deficits mean that we are running into trouble because we are overspending? Why don't we live within our means?

Answer. It is important to distinguish between the Authority's budget and the Authority's cash flow patterns. The budget is a snapshot of the entire fiscal year as it ends on June 30, 2015. When viewed this way, it is not only balanced but also shows an operating surplus. Cash flow patterns, on the other hand, reflect the underlying ups and downs of every component of the budget as we move through time from July 1, 2014 through June 30, 2015. When we get to June 30, 2015, the overall cash result is the same as what the budget shows. It's just the path to that result is not smooth.

The Authority is not overspending. To the contrary, the Authority's historical operating results show consistent operating surpluses for the year as a whole. The Authority is living within its means. The issue is that California's property taxes are distributed primarily in December and April rather than on a monthly basis, and we receive cash contract revenues at the end of each quarter. There is a timing mismatch between revenues and expenditures during the year, even though they are matched at the end of the year. Thus, the Authority cannot avoid cash flow deficits and must manage them on the most prudent basis. This is also true of counties, cities, school districts and the State itself, many of whom experience cash deficits.

It is unlikely that California's property tax system will change from its present pattern to one with monthly property tax distributions. For that to happen, every property owner would have to pay their property taxes monthly. The Authority expects the current property tax pattern to remain in place, meaning we will need to manage the deficits each year. The IRS and U.S. Treasury have provided for public agencies to issue TRANs for this purpose.

10. Why are we operating this organization on a negative cash flow basis? Why don't we work to have positive cash flows throughout the year and avoid issuing TRANs?

Answer. The Authority is not running its operations on a negative cash flow basis on purpose. To the contrary, the Authority's historical operating results show consistent operating surpluses for the year as a whole. The issue is that California's property taxes are distributed primarily in

December and April rather than on a monthly basis, and we receive cash contract revenues at the end of each quarter. Thus, the Authority cannot avoid cash flow deficits and must manage them on the most cost-effective basis.

It is unlikely that California's property tax system will change from its present features to monthly property tax distributions. For that to happen, every property owner would have to pay their property taxes monthly. This would be the only way that the Authority could have positive cash flow every month.

We note the Authority's 2001 Revenue Bonds were rated AA by Standard & Poor's Corporation. This is only two notches below a pure triple-A rating. Very few agencies have ratings as high as ours when we had outstanding bonds. If there were some fundamental credit problem with the Authority, we would not have had such high ratings. In fact, in the past, OCFA has received the highest rating on its TRANs as well (SP-1+) reflecting our balanced budgets and prudent use of the TRANs vehicle.

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Any questions regarding the Authority's cash flow management should be referred to Tricia Jakubiak, Treasurer, and (714) 573-6301.
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RESOLUTION NO. 2014-XX

A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY BOARD OF DIRECTORS AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED $50,000,000 ORANGE COUNTY FIRE AUTHORITY 2014-2015 TAX AND REVENUE ANTICIPATION NOTES; AUTHORIZING THE SALE OF THE NOTES AS DESCRIBED HEREIN; APPROVING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT, AN OFFICIAL STATEMENT, OFFICIAL NOTICE OF SALE, AND PURCHASE AGREEMENT; AND AUTHORIZING TAKING OF NECESSARY ACTIONS AND EXECUTION OF NECESSARY DOCUMENTS

WHEREAS, funds are needed by the Orange County Fire Authority, California (the "Authority") for the purposes authorized by Section 53852 of the California Government Code; and

WHEREAS, the Authority may borrow for said purposes, such indebtedness to be represented by a note or notes issued pursuant to Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Government Code Sections 53850 through 53858, inclusive, as amended and supplemented to the date of this Resolution (the "Act"); and

WHEREAS, such indebtedness is to be evidenced by the Orange County Fire Authority 2014-2015 Tax and Revenue Anticipation Notes (the "Notes") in a principal amount not to exceed $50,000,000; and

WHEREAS, the Authority reasonably estimates that the amount of the uncollected taxes, income, revenue, cash receipts and other moneys of the Authority that will be lawfully available to the Authority between July 1, 2014, and June 30, 2015, for repayment of the Notes and interest thereon when and as they shall become due and payable will exceed $50,000,000.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Orange County Fire Authority as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 101. <u>Definitions</u>. The following terms shall for all purposes of this Resolution have the following meanings:

"**Act**" shall mean Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being California Government Code Sections 53850 through 53858, inclusive, as amended and supplemented to the date of this Resolution.

“**Assistant Chief**” shall mean the Assistant Chief of Business Services of the Authority.

“**Auditor**” shall mean the Auditor of the Authority.

“**Authority**” shall mean the Orange County Fire Authority.

“**Authorized Newspaper**” shall mean a newspaper or newspapers, customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, published in the English language and of general circulation in Orange County, California.

“**Authorized Representatives**” shall mean the Assistant Chief, the Auditor and the Treasurer.

“**Board**” shall mean the Board of Directors of the Authority.

“**Bond Counsel**” shall mean Hawkins Delafield & Wood LLP.

“Business Day” shall mean any day other than (a) a Saturday or Sunday, (b) a day on which the Authority or the Paying Agent is required by law to close, or (c) a day on which banks located in New York, New York or Los Angeles, California are required by law to close.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended, including the applicable final treasury regulations promulgated thereunder.

“**Designated Revenues**” shall mean the revenues referenced in Section 401 hereof.

“**DTC**” shall mean The Depository Trust Company and its successors and assigns.

“**Fiscal Year**” shall mean the fiscal year of the Authority from July 1, 2014 through June 30, 2015.

“**General Fund**” shall mean the General Fund of the Authority.

“**Issue Date**” shall mean the date on which the Notes are executed and delivered.

“**Maturity Date**” shall mean the maturity date of the Notes as determined by the Treasurer, provided that such date shall not be later than thirteen (13) months following the Issue Date.

“**Nominee**” shall mean the nominee of DTC, as determined from time to time pursuant hereto.

“**Note Purchase Agreement**” shall mean an agreement by and between the Authority and the underwriter of the Notes, together with any amendments thereto duly executed by the Authority and the underwriter of the Notes.

“**Note Register**” shall mean the books referred to in Section 305 hereof.

“**Notes**” shall mean, collectively, the Authority’s 2014-2015 Tax and Revenue Anticipation Notes issued under and pursuant to this Resolution.

“**Notice of Sale**” shall mean the Official Notice of Sale with respect to the Notes.

"**Official Statement**" shall mean the "final official statement," as defined in paragraph (f)(3) of Rule 15c2-12, relating to the Notes as described in Section 204 hereof.

"**Other Designated Revenues**" shall mean the revenues referenced in Section 401 hereof.

"**Outstanding**" when used with reference to the Notes, shall mean, as of any date, the Notes theretofore issued under this Resolution except:

(i) Notes canceled at or prior to such date;

(ii) Notes in lieu of or in substitution for which other Notes shall have been delivered pursuant to Article III hereof; and

(iii) Notes paid or deemed to have been paid as provided in Section 801 hereof.

"**Owner**" shall mean the registered owner of any Note as shown in the Note Register.

"**Participants**" shall mean those (i) direct participants of DTC which includes securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations and (ii) indirect participants, of DTC which includes banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with DTC participants, for which DTC may hold Notes as securities depository.

"**Paying Agent**" shall mean the Treasurer or any other Paying Agent appointed pursuant to this Resolution.

"**Permitted Investments**" shall mean any of the following:

(1) United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest ("United States Treasury Obligations");

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board (FHLB); (b) the Federal Home Loan Mortgage Corporation (FHLMC); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm Credit Bank (FFCB); (e) Government National Mortgage Association (GNMA); (f) Student Loan Marketing Association (SLMA); Federal Agricultural Mortgage Association and (g) guaranteed portions of Small Business Administration (SBA) notes;

(3) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as banker's acceptances. Purchases of banker's acceptances may not exceed a maturity of 180 days. The financial institution must have a minimum short-term rating of "A-1" by S&P, and a long-term rating of no less than "A";

(4) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by S&P ("A-1"). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars ($500,000,000). Purchases of eligible commercial paper may not exceed a maturity of 270 days;

(5) Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank in each case which has, or which is a subsidiary of a parent company which has, the highest letter and numerical rating from S&P ("A-1");

(6) Investments in repurchase agreements of any securities listed in (1) through (4) above. Investments in repurchase agreements may be made with financial institutions having a rating of "Aa" or "AA" or better from S&P and when the term of the agreement does not exceed 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above;

(7) Deposits in the State of California Treasurer's Local Agency Investment Fund; and

(8) The Orange County Fire Authority Investment Portfolio.

"**Preliminary Official Statement**" shall mean the "Preliminary Official Statement" as defined in paragraph (f)(6) of Rule 15c2-12, relating to the Notes as described in Section 204 hereof.

"**Repayment Account**" shall mean the Repayment Account established in Section 402 hereof.

"**Resolution**" shall mean this Resolution "Resolution Authorizing The Issuance And Sale of Not To Exceed $50,000,000 Orange County Fire Authority 2014-2015 Tax and Revenue Anticipation Notes; Authorizing the Sale of the Notes as Described Herein; Approving the Execution and Delivery of a Disclosure Certificate; Authorizing The Preparation And Distribution of a Preliminary Official Statement, an Official Statement, Notice of Sale, And Purchase Agreement; and Authorizing Taking of Necessary Actions and Execution of Necessary Documents" as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms of this Resolution.

"**Rule 15c2-12**" shall mean Rule 15c2-12(b)(5) of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended.

"**S&P**" shall mean Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating organization for any reason, the term "S&P" shall be deemed to refer to any other nationally recognized securities rating organization selected by the Authority.

"**Supplemental Resolution**" shall mean any resolution of the Board supplementing or amending this Resolution, adopted by the Board in accordance with Article VII hereof.

"**Tax Certificate**" shall mean the Tax Certificate provided to the Authority by Bond Counsel on the date of issuance and delivery of the Notes.

"**Total Debt**" shall have the meaning given such term in Section 501 hereof.

"**Treasurer**" shall mean the Treasurer of the Authority.

"**Underwriter**" shall mean the purchaser of the Notes selected in accordance with this Resolution.

"**Unrestricted Revenues**" shall mean all taxes, income, revenues, cash receipts and other moneys of the Authority, including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from said Notes is set aside for and used for said special purpose) received or accrued by the Authority during the Fiscal Year that are lawfully available for payment of the Notes and the interest thereon.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Except when the context otherwise requires, words importing the singular number shall exclude the plural number and vice versa, and words importing persons shall include firms, associations and corporations.

Section 102. Authority for Resolution. This Resolution is adopted pursuant to the provisions of the Act.

Section 103. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Notes authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Notes; and the pledge made in this Resolution and the covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Owners of any and all of the Notes.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF THE NOTES

Section 201. Authorization; Form and Date of Notes.

(a) An issue of Notes entitled to the benefit, protection and security of this Resolution is hereby authorized in the principal amount not to exceed $50,000,000. Such Notes shall be issued in anticipation of the receipt by the Authority of Unrestricted Revenues. Such Notes shall be designated as, shall be distinguished from all other notes and securities by the title "Orange County Fire Authority 2014-2015 Tax and Revenue Anticipation Notes".

(b) The Notes shall be dated the Issue Date and shall mature on the Maturity Date. Interest on the Notes shall be determined, with respect to Notes sold pursuant to a public sale, at the time of the award of the Notes, and with respect to Notes sold pursuant to a negotiated sale, as provided in the Note Purchase Agreement.

(c) The Notes shall be issued in fully registered form in the denominations of $5,000 and any integral multiple of $5,000 in excess thereof and shall be numbered consecutively from 1 upward. The form of the Notes shall be substantially in the form set forth in Exhibit A hereto. There shall be included in each of the Notes a certification and recital to the effect that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to the issuance of such Notes, exist, have happened and have been performed in due time, form and manner, as required by applicable law.

(d) The Notes shall not be subject to redemption prior to maturity.

Section 202. Sale of the Notes. The Chair of the Board and the Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to determine the principal amount of the Notes to be issued pursuant to the terms of this Resolution; provided, however, that the actual principal amount of the Notes shall not exceed $50,000,000. The interest rate on the Notes shall not exceed five percent (5.00%) per annum.

Pursuant to a determination by the Assistant Chief, based upon the advice of the financial advisor and the results of other comparable sales of short-term obligations, all the Notes shall be (i) offered for public sale in accordance with the Notice of Sale attached hereto, as Exhibit B-1 and by reference incorporated herein, which Notice of Sale is hereby approved, or (ii) sold by negotiated basis to an Underwriter in accordance with the Note Purchase Agreement attached hereto as Exhibit B-2 and by reference incorporated herein, which Note Purchase Agreement is hereby approved. The Authority's financial advisor is hereby authorized and directed to distribute copies of such Notice of Sale and Note Purchase Agreement to persons whom the Authority's financial advisor determines in its sole discretion might be interested in the purchase of the Notes. The Authorized Representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the Authority, to sell the Notes in accordance with the conditions and terms of such Notice of Sale or Note Purchase Agreement, as provided in this Resolution.

The publication of a copy of the Notice of Intention to Sell once at least five (5) days prior to the date of sale of the Notes in *The Bond Buyer* in the event the Notes are offered for public sale, in substantially the form attached hereto, as Exhibit C and by reference incorporated herein, is hereby approved and ratified by the Board.

The Chair of the Board and the Authorized Representatives shall be, and each of them acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution, and all actions heretofore taken by such officers with respect to the sale and issuance of the Notes are hereby approved, confirmed and ratified.

Section 203. Approval of Disclosure Certificate. The Chair of the Board and the Authorized Representatives and such other officers of the Authority as may be authorized by the Board shall be, and each of them acting alone hereby is, authorized and directed to execute a Disclosure Certificate on behalf of the Authority, substantially in the form attached hereto as Exhibit E, with such changes therein as may be necessary or as the officer executing the same on behalf of the Authority approves, in such officer's discretion, as being in the best interests of the Authority, such approval to be evidenced conclusively by such officer's execution thereof.

Section 204. Authorization of Official Statement. The Authority's financial advisor hereby is authorized to distribute the Preliminary Official Statement related to the Notes, substantially in the form attached hereto as Exhibit D, to persons who may be interested in the purchase of the Notes. Such Preliminary Official Statement shall be deemed final as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12. The Chair of the Board and the Authorized Representatives and such other officers of the Authority as may be authorized by the Board shall be, and each acting alone is, hereby authorized, for and in the name and on behalf of the Authority, to execute (i) a certificate deeming such Preliminary Official Statement final for purposes of Rule 15c2-12, and (ii) a final Official Statement for the Notes authorized hereby, in substantially the form of said Preliminary Official Statement, with such insertions and changes therein as such person may require or approve, in such person's discretion, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF NOTES

Section 301. Medium of Payment. The Notes shall be payable with respect to interest and principal in immediately and lawfully available funds in lawful money of the United States of America.

Section 302. Execution of Notes. The Authorized Representatives, jointly and severally, are hereby authorized to execute the Notes by use of manual or facsimile signature, and the Clerk of the Board is hereby authorized to countersign, by manual or facsimile signature, the Notes. In case any one or more of the officers who shall have signed any of the Notes shall cease to hold such office before the Notes so signed shall have been issued, such Notes may, nevertheless, be issued, as herein provided, as if the persons who signed such Notes had not ceased to hold such offices. Any of the Notes may be signed on behalf of the Authority by such persons as at the time of the execution of such Notes shall be duly authorized to hold or shall hold the proper office in the Authority, although at the date borne by the Notes such persons may not have been so authorized or have held such office.

Only such of the Notes as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Notes so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution. In the case of Notes executed by facsimile signature of both an Authorized Representative and the Clerk of the Board, the Notes shall not be valid unless and until the Paying Agent or her designee shall have manually authenticated such Notes.

Section 303. Transfer of Notes. The registration of any Note may be transferred upon the Note Register upon surrender of such Note to the Paying Agent. Such Note shall be endorsed or accompanied by delivery of a written instrument of transfer, duly executed by the Owner or the Owner's duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Note or Notes, for the same outstanding principal amount, maturity and interest rate and in authorized denominations, will be issued to the transferee in exchange therefor.

The Authority and the Paying Agent may treat the person in whose name any Outstanding Note shall be registered upon the Note Register as the absolute Owner of such Note, whether such Notes shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Owner or upon such Owner's order shall be valid and effective to satisfy and discharge the liability upon such Notes to the extent of the sum or sums so paid, and neither the Authority nor any Paying Agent shall be affected by any notice to the contrary.

Section 304. Notes Mutilated, Destroyed, Stolen or Lost. If any Note shall become mutilated, the Paying Agent shall thereupon deliver a new Note of like tenor bearing a different number in exchange and substitution for the Note so mutilated, but only upon surrender to the Paying Agent of the Note so mutilated. Every mutilated Note so surrendered to the Paying Agent shall be canceled and destroyed by the Paying Agent who immediately thereafter shall deliver a certificate of destruction to the Authority. If any Note shall be lost, destroyed or stolen, evidence of the ownership thereof and of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence shall be satisfactory to the Paying Agent an indemnity satisfactory to the Paying Agent shall be given, the Paying Agent thereupon shall deliver a new Note of like tenor bearing a different number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof). The Paying Agent may require payment of a sum not exceeding the actual cost of preparing each new Note issued under this Section 304 and of the related expenses. Any Note issued under the provisions of this Section 304 in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Note alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes secured by this Resolution.

Section 305. Note Registration. The Paying Agent shall keep or cause to be kept at its principal office sufficient books for the registration and registration of transfer of the Notes.

Section 306. Book-Entry System; Limited Obligation. The Notes initially shall be issued in the form of a single fully registered Note (which may be typewritten) in the name of Cede & Co., as Nominee of DTC. Except as provided in Section 303 hereof, all the Outstanding Notes shall be registered in the Note Register in the name of the Nominee.

With respect to the Notes registered in the Note Register in the name of the Nominee, neither the Authority nor the Paying Agent shall have any responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in the Notes. Without limiting the immediately preceding sentence, neither the Authority nor the Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy or completeness of the records of DTC, the Nominee or any Participant with respect to any ownership interest in the Notes, (ii) the delivery to any Participant or any other person, other than a Note Owner, of any notice with respect to the Notes, or (iii) the payment to any Participant or any other person, other than a Note Owner, of any amount with respect to the principal of or interest on the Notes. The Authority and the Paying Agent may treat and consider the person in whose name each Note is registered in the Note Register as the absolute Owner of such Note for the purpose of payment of principal and interest with respect to such Note, for the purpose of giving notices of any matters with respect to such Note, for the purpose of transfers with respect to such Note, and all other purposes whatsoever.

The Paying Agent shall pay all principal of and interest with respect to the Notes only to or upon order of the respective Note Owners, as shown in the Note Register, or their respective attorneys duly authorized in writing and all such payments shall be valid and effective to fully satisfy and discharge the obligations hereunder with respect to payment of principal of and interest on the Notes to the extent of the sum or sums so paid. No person other than a Note Owner, as shown in the Note Register, shall receive a Note evidencing the obligation of the Authority to make payments of principal and interest pursuant to this Resolution. Upon delivery by DTC to the Authority of a written notice to the effect that DTC has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein, the word “Nominee” in this Resolution shall refer to such new nominee of DTC.

Section 307. Representation Letter. In order to qualify the Notes for DTC book-entry system, the Treasurer and such other officers of the Authority as may be authorized by the Board shall be, and each of them acting alone is, hereby authorized to execute from time to time, a letter to DTC from the Authority representing such matters as shall be necessary to so qualify the Notes (the “Representation Letter”). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 306 hereof or in any way impose upon the Authority any obligation whatsoever with respect to persons having an interest in the Notes, other than any Note Owner, as shown in the Note Register. In addition to the execution and delivery of the Representation Letter, the Authority shall take any other actions, not inconsistent with this Resolution, to qualify the Notes for DTC’s book-entry system.

Section 308. Transfers Outside DTC Book-Entry System. In the event (i) DTC determines not to continue to act as securities depository for the Notes or (ii) the Authority determines that continuation of the book-entry system would adversely affect the interest of the beneficial owners of the Notes, the Authority shall discontinue the book-entry system with DTC. In such a case, the Notes no longer shall be restricted to being registered in the Note Register in the name of the Nominee but shall be registered in whatever name or names DTC or its Nominee shall designate, in accordance with the provisions of Section 303 hereof. If the Authority does replace DTC with another qualified securities depository, the word "DTC" in this Resolution shall refer to such newly qualified securities depository.

Section 309. Payments and Notices to Nominee. Notwithstanding any other provision of this Resolution to the contrary, so long as any Note is registered in the name of the Nominee, all payments with respect to principal of and interest on such Note and all notices with respect to such Note shall be made and given, respectively, as provided in the Representation Letter or as the Authority may be otherwise reasonably instructed in writing by DTC.

ARTICLE IV

REPAYMENT ACCOUNT AND APPLICATION THEREOF

Section 401. Payment and Security for Notes. As provided in the Act, the Notes and the interest thereon shall be general obligations of the Authority. Pursuant to the Act, the Authority hereby pledges from the Unrestricted Revenues lawfully available for the payment of principal of and interest on the Notes as security for the Notes, and the Treasurer is hereby directed to deposit into the Repayment Account (defined below): (i) an amount equal to fifty percent (50%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues received by the Authority during the accounting period commencing on April 1, 2015 and ending April 30, 2015, inclusive (the "First Designation Period"), and (ii) an amount equal to fifty percent (50%) of the principal amount of Notes from the first Unrestricted Revenues received by the Authority during the accounting period commencing on May 1, 2015 and ending May 31, 2015, inclusive (the "Second Designation Period"), together with an amount sufficient to (net of anticipated earnings on moneys in the Repayment Account) satisfy and make up any deficiency in the Repayment Account with respect to the First Designation Period and pay the interest accrued and to accrue on the Notes to the maturity thereof, plus an amount, if any, equal to the rebate amount calculated pursuant to Section 502 hereof to be due to the United States Treasury. The aforesaid amounts required to be deposited in the Repayment Account pursuant to this Section 401 and the dates on which such amounts are required to be deposited, may be modified as designated in writing by the Treasurer prior to the public sale of the Notes pursuant to the Notice of Sale or prior to the negotiated sale of the Notes pursuant to the Note Purchase Agreement. The amounts designated by the Authority for deposit into the Repayment Account from the Unrestricted Revenues received during each indicated accounting period are hereinafter called the "Designated Revenues." As provided in the Act, the Notes and the interest thereon shall be a lien and charge against and shall be payable from the first moneys to be received by the Authority from the Designated Revenues.

In the event that there have been insufficient Unrestricted Revenues received by the Authority by the third business day prior to the end of any such Designation Period to permit the deposit into the Repayment Account of the full amount of the Designated Revenues required to be deposited with respect to such Designation Period, then the amount of any deficiency in the Repayment Account shall be satisfied and made up from any other moneys of the Authority lawfully available for the payment of the principal of the Notes and the interest thereon (all as provided in Sections 53856 and 53857 of the Government Code) (the "Other Designated Moneys") on such date or thereafter on a daily basis, when and as such Designated Revenues and Other Designated Moneys are received by the Authority.

Section 402. Repayment Account. There is hereby established by the Authority, a Repayment Account to be held in trust by the Paying Agent and all Designated Revenues shall be deposited into the Repayment Account as required by Section 401 hereof (or at such other times as may be designated by the Treasurer in accordance with Section 401 hereof). Moneys in the Repayment Account shall be invested in Permitted Investments that provide sufficient liquidity so that moneys will be available no later than the Maturity Date. Moneys in the Repayment Account shall be used to pay the Notes and the interest thereon when and as they shall become due and payable, and amounts necessary to pay any rebate requirement as provided in Section 502, and may not be used for any other purposes; provided, however, that any proceeds of any such investments not needed for such purposes may, upon the request of the Treasurer, if the Treasurer is not the Paying Agent, be transferred promptly by the Paying Agent to the General Fund. Any balance in the Repayment Account on the final Maturity Date in excess of the amounts needed to pay the principal of and interest on the Notes shall be transferred to the General Fund.

Section 403. Disposition of Proceeds of Notes. The Authority shall, immediately upon receiving the proceeds of the sale of the Notes, place in the General Fund maintained in the Authority's Treasury all amounts received from such sale. Such amounts held in the General Fund shall be invested as permitted by Section 53601 or Section 53635 of the Government Code provided that no such investments shall consist of reverse repurchase agreements. Such amounts may be commingled with other funds of the Authority.

Amounts in the General Fund attributable to the sale of the Notes shall be withdrawn and expended by the Authority for any purpose for which the Authority is authorized to expend funds from the General Fund.

ARTICLE V

CERTAIN COVENANTS

Section 501. General Covenants.

(a) The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and this Resolution.

(b) Upon the date of issuance of the Notes, all conditions, acts and things required by law and this Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Notes, shall exist, shall have happened and shall have been performed and the issue of such Notes, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by the Constitution and laws of the State of California.

(c) The Authority covenants that during the Fiscal Year it will not borrow any amount under the authority of the Act such that such borrowed amount plus (i) the interest on such borrowed amount, (ii) the amount of all notes and other evidences of indebtedness of the Authority issued under the authority of the Act then outstanding, and (iii) the interest on such notes and other evidences of indebtedness issued under the authority of the Act then outstanding (collectively, the "Total Debt"), shall exceed an amount equal to eighty-five percent (85%) of the amount estimated at the time of such borrowing of the then uncollected taxes, income, revenue, cash receipts and other moneys received or accrued by the Authority during the Fiscal Year that lawfully will be available for payment of the Total Debt.

Section 502. Tax Covenants. The Authority hereby covenants that it will not knowingly take any action, omit to take any action or permit the taking or omission of any action (including, without limitation, making or permitting any use of Note proceeds) if taking or omitting to take such action would cause the Notes to be arbitrage bonds, private activity bonds or federally-guaranteed obligations within the meaning of the Code, or would otherwise cause interest on the Notes to be included in the gross income of the registered owner and/or the Beneficial Owners thereof for federal income tax purposes.

ARTICLE VI

PAYING AGENT

Section 601. Paying Agent; Appointment and Acceptance of Duties. The Treasurer is hereby appointed Paying Agent for the Notes; provided, however, that the Treasurer and such other officers of the Authority as may be authorized by the Board shall be, and each of them acting alone is, hereby authorized to appoint another Paying Agent to undertake the Treasurer's duties hereunder as Paying Agent in the event the Treasurer is not able to accept, or after determining it to be in the best interest of the Authority, does not accept its appointment hereunder and enter into a Paying Agent Agreement. In such event, all references to Paying Agent herein shall refer to such newly appointed Paying Agent. Should the Paying Agent be other than the Treasurer, the Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the Authority a written acceptance thereof under which the Paying Agent will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority at all reasonable times.

Section 602. Liability of Paying Agent. The Paying Agent shall not be required to make any representation as to the validity or sufficiency of this Resolution or of any of the Notes issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect thereof. Notwithstanding the foregoing, no provision of this Resolution shall be construed as to relieve any Paying Agent from liability for its own actions, its own failure to act or its own misconduct or that of its officers or employees.

Section 603. Evidence on Which Paying Agent May Act. The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance herewith.

Section 604. Compensation. Should the Paying Agent be other than the Treasurer, the Authority shall pay the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, attorneys' fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution.

Section 605. Ownership of Notes Permitted. The Paying Agent, should the Paying Agent be other than the Treasurer, may become an Owner of any Notes.

Section 606. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) The Treasurer may at any time resign and be discharged of the duties and obligations of the Paying Agent created by this Resolution. Should the Paying Agent be other than the Treasurer, the Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) days' written notice to the Authority. Should the Paying Agent be other than the Treasurer, the Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the Authority. Any such resignation or removal shall become effective only upon the appointment of a successor Paying Agent. Such successor Paying Agent shall be appointed by the Authority and shall be a bank, trust company or other financial institution organized under the laws of any state of the United States, or a national banking association, having capital stock and surplus aggregating at least $150,000,000, willing and able to accept the office on reasonable and customary terms, and authorized by law to perform all the duties imposed upon it by this Resolution.

(b) In the event of the resignation or removal of the Paying Agent, it shall pay over, assign and deliver any moneys held by it as Paying Agent to its successors and shall hold all moneys in trust pursuant to the provisions of this Resolution.

(c) If no successor Paying Agent shall have been appointed and have accepted such appointment within thirty (30) days of the Paying Agent giving notice of resignation or, in the event that the Authority is not the Paying Agent, the Authority giving notice of removal as aforesaid, the Paying Agent resigning or being removed or any Owner of the Notes (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Paying Agent, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Paying Agent.

(d) Any successor Paying Agent appointed under this Resolution, shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Paying Agent a written acceptance thereof, and thereupon such successor Paying Agent, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Paying Agent pursuant to the provisions of this Resolution, with like effect as if originally named Paying Agent herein; but nevertheless at the request of the Authority or the request of the successor Paying Agent, such predecessor Paying Agent shall execute and deliver any and all instruments of conveyance of further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Paying Agent all the right, title and interest of such predecessor Paying Agent in and to any property held by it under this Resolution, and shall pay over, transfer, assign and deliver to successor Paying Agent any money or other property subject to the trust and conditions herein set forth. Upon acceptance by a successor Paying Agent as provided in this subsection, the Authority shall give written notice to all Owners of the succession of such Paying Agent hereunder and the principal office of such Paying Agent.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

Section 701. Supplemental Resolutions Effective Without Consent of Owners.

(a) Supplemental Resolutions of the Authority may be adopted by this Board for any purpose set forth therein prior to the Issue Date.

(b) For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Authority may be adopted by this Board that, without the requirement of consent of Owners, shall be fully effective in accordance with its terms:

(i) To add to the covenants and agreements of the Authority in this Resolution, other covenants and agreements to be observed by the Authority that are not contrary to or inconsistent with this Resolution as theretofore in effect;

(ii) To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Authority that are not contrary to or inconsistent with this Resolution as theretofore in effect;

(iii) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(iv) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(v) To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not adversely affect the interests of the Owners.

Section 702. Supplemental Resolutions Effective With Consent of Owners. Any modification or amendment of this Resolution and of the rights and obligations of the Authority and of the Owners of the Notes, in any particular, may be made by a Supplemental Resolution adopted by this Board, with the written consent of the Owners of at least a majority in aggregate principal amount of the Notes Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of, or maturity of the principal of, any Outstanding Notes or the payment of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon or a change in the date or amounts of the pledge set forth in Section 401 hereof without the consent of the Owner of such Notes, or shall reduce the percentage of the Notes the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

Section 703. Exclusion of Notes. The Notes owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Notes provided for in this Article VII, and the Authority shall not be entitled with respect to such Notes to give any consent provided for in this Article VII.

ARTICLE VIII

MISCELLANEOUS

Section 801. Moneys Held in Trust for One Year. Anything in this Resolution to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the Notes and interest thereon that remain unclaimed for a period of one (1) year after the date when such Notes have become due and payable, if such moneys were so held at such date, or for one (1) year after the date of deposit of such moneys if deposited after the date when such Notes became due and payable, shall be repaid to the General Fund of the Authority, as its absolute property and free from trust of this Resolution, and the Owners shall thereafter look only to the Authority for the payment of such Notes and interest thereon, and such Notes no longer shall be deemed Outstanding; provided, however, that before any such payment is made to the Authority, the Authority shall cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

Section 802. General Authorization. The Assistant Chief, the Auditor, the Treasurer, the Chair of the Board and the Clerk to the Board and the other officers of the Authority are, and each of them acting alone is, hereby authorized to execute in connection with the Notes any and all other documents not specifically authorized hereunder and to do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purposes.

Section 803. Use of Deputies. Any agreement or document (including the Notes) which pursuant to the terms of this Resolution is to be executed and delivered by a named official of the Authority may be executed and delivered by any deputy or other person designated by such Authority official to act on his or her behalf and in his or her place and stead.

Section 804. Effective Date. This Resolution shall take effect immediately.

PASSED, APPROVED, AND ADOPTED this 22nd day of May 2014.

STEVEN WEINBERG, CHAIR
Board of Directors

ATTEST

SHERRY A.F. WENTZ, CMC
Clerk of the Authority

EXHIBIT A

FORM OF NOTE

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
ORANGE COUNTY FIRE AUTHORITY
2014-2015 TAX AND REVENUE ANTICIPATION NOTE

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AS DEFINED IN THE RESOLUTION REFERENCED HEREIN) TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE OF THIS 2014-2015 TAX AND REVENUE ANTICIPATION NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER OF THIS 2014-2015 TAX AND REVENUE ANTICIPATION NOTE, CEDE & CO., HAS AN INTEREST HEREIN.

R-__	CUSIP No. ________________
Registered Owner: Cede & Co.	Interest Rate:_____%
Principal Amount: $______________	Maturity Date: ________, 2015

The Orange County Fire Authority, a political subdivision of the State of California (the "Authority"), acknowledges itself indebted to, and for value received hereby promises to pay to, the registered owner identified above, or registered assigns, on the Maturity Date stated above, upon presentation and surrender of this Note (as defined in the Resolution referenced herein) the principal amount identified above in immediately and lawfully available funds of the United States of America and to pay interest as due at maturity on such principal sum in like coin or currency from the date of this Note (defined herein), at the Interest Rate per annum stated above computed on the basis of a 360-day year of twelve 30-day months. Payment of principal of and interest on this Note to such registered owner shall be made by wire, check or draft mailed thereto, at the address as it appears on the registration books kept by the Treasurer of the Authority, as Paying Agent (the "Paying Agent") or the Paying Agent's successors or assigns.

This Note is one of a duly authorized issue of notes of the Authority designated as the "Orange County Fire Authority 2014-2015 Tax and Revenue Anticipation Notes" (the "Notes"), in the principal amount set forth above, issued under and in full compliance with the Constitution and statutes of the State of California, particularly Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Government Code Sections 53850 through 53858, inclusive, as amended and supplemented to the date of this Note (the "Act"), and under and pursuant to the resolution of the Board of Directors of the Authority adopted [Resolution Date] (as such resolution may be amended in accordance with its terms, the "Resolution"). This Note and the payment and security of this Note are subject to the terms and conditions of the Resolution, copies of which are on file at the office of the Clerk to the Board of Directors of the Authority, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a complete statement of such terms and conditions. All capitalized terms used herein without definition shall have the meanings set forth in the Resolution.

This Note is being issued under the Act and is a general obligation of the Authority, but is payable as to principal and interest only out of taxes, income, revenues, cash receipts and other moneys of the Authority, including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from said Notes is set aside for and used for said special purpose) received or accrued by the Authority during Fiscal Year 2014-15 that are lawfully available for payment of the Notes and the interest thereon (the "Unrestricted Revenues"). Pursuant to the terms of the Resolution, certain Unrestricted Revenues to be received by the Authority have been pledged to the payment of the Notes and the interest thereon (including this Note and the interest hereon) (the "Designated Revenues"). The Notes and the interest thereon create a first lien and charge on the Designated Revenues.

This Note shall not be redeemable by the Authority prior to the Maturity Date stated above.

Registration of this Note is transferable by the registered owner of this Note, in person at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution upon surrender and cancellation of this Note. Upon such registration of transfer, a new Note or Notes, of like tenor will be issued to the transferee in exchange of this Note. The Authority and the Paying Agent may treat the registered owner of this Note as the absolute owner of this Note, whether this Note shall be overdue or not, for the purpose of receiving payment of this Note and for all purposes, and all such payments so made to any such registered owner or upon such registered owner's order shall be valid and effective to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid, and neither the Authority nor the Paying Agent shall be affected by any notice to the contrary.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Authority; provided, however, that no such modification or amendment shall permit a change in the terms of maturity of the principal of any outstanding Note or any installment of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon or a change in the date or amount of the pledge set forth in the Resolution without the consent of the owner of such Note, or shall reduce the percentage of the Notes the consent of the owners of which is required to effect any such modification or amendment.

It is hereby certified and recited that all acts, conditions and things required by law and the Resolution to exist, to have happened and to have been performed precedent to the issuance of this Note, do exist, have happened and have been performed, in due time, form and manner, as required by law, and that the issue of the Notes of which this is one, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by the Constitution and the laws of the State of California.

IN WITNESS WHEREOF, THE ORANGE COUNTY FIRE AUTHORITY has caused this Note to be signed in its name and on its behalf by the manual or facsimile signature of the Treasurer of the Authority and attested to by the Clerk to the Board of Directors of the Authority as of the __ day of July, 2014.

[SEAL]

ORANGE COUNTY FIRE AUTHORITY

By: ________________________________
Treasurer

Countersigned:

By: ____________________________________
Clerk of the Board of Directors

CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-mentioned Resolution of the Orange County Fire Authority.

DATE: ______, 2014

By: ____
Paying Agent

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto:

Name of Transferee:
Address for Payment of Interest:

Tax Identification No.:

The within-mentioned Note and hereby irrevocably constitutes and appoints ______________________ attorney, to transfer the same on the books of the Paying Agent with full power of substitution.

Date:

____
Registered Owner

NOTICE: The signature to this Assignment must correspond with the name as written on the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed

____

Bank, Trust Company or Firm

____
Authorized Representative

EXHIBIT B-1

[See attached Form of Notice of Sale]

EXHIBIT B-2

[See attached Form of Note Purchase Agreement]

EXHIBIT C

[See attached Form of Notice of Intention to Sell]

EXHIBIT D

[See attached Form of Preliminary Official Statement]

EXHIBIT E

[See attached Form of Disclosure Certificate]

CLERK'S CERTIFICATE

The undersigned Clerk of the Board of Directors of the Orange County Fire Authority, hereby certifies as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of said Authority duly and regularly and legally held at the regular meeting place thereof on [Resolution Date], of which meeting all of the members of the Board of Directors of said Authority had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

Ayes:

Noes:

Absent:

The foregoing is a full, true and correct copy of the original resolution adopted at said meeting.

I further certify that an agenda of said meeting was posted at least 72 hours prior to the date of the meeting in a place in the City of Irvine, California, freely accessible to members of the public and that a short description of said resolution appeared on said agenda.

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: ___________________________

____
Clerk of the Board of Directors
Orange County Fire Authority

[SEAL]

NOTICE OF INTENTION TO SELL NOTES

$45,000,000*
ORANGE COUNTY FIRE AUTHORITY
2014-2015 TAX AND REVENUE ANTICIPATION NOTES

NOTICE IS HEREBY GIVEN that the Orange County Fire Authority (the "Authority"), intends to offer for public sale on

[Pricing Date]

$45,000,000* principal amount of notes of the Authority designated "Orange County Fire Authority 2014-2015 Tax and Revenue Anticipation Notes" subject to the terms and conditions of the Official Notice of Sale (including the Form of Bidder's Certificate attached as Exhibit A thereto). Electronic bids shall be submitted only through the Ipreo LLC's BiDCOMPTM/PARITY® System ("Parity") as the approved electronic bidding system. Hand-delivered sealed bids shall be submitted only at the offices of Tamalpais Advisors, Inc., 3030 Bridgeway, Suite 340, Sausalito, California 94965. **Bids must be submitted no later than 9:00 a.m. Pacific Time (or on such other date and time as may be determined by the Authority as provided below).**

It is expected that copies of the Preliminary Official Statement and the Official Notice of Sale (including the Form of Bidder's Certificate attached thereto) relating to the sale of the Notes will be furnished on or about [POS Date]. When available, an electronic copy of the Preliminary Official Statement can be obtained at __________________ or upon request to Tamalpais Advisors, Inc., 3030 Bridgeway, Suite 340, Sausalito, California 94965, Financial Advisor to the Authority (telephone (415) 331-4473, fax (415) 331-4479); email: jbuckley@tamadvisors.com.

Any of the sale date, time of sale or terms of the Notes may be changed by the Authority by notice thereof through Parity and/or Thompson Financial (the "News Services") no later than 1:00 p.m., Pacific Time, on the business day prior to the then-scheduled date for receipt of bids or, if no legal bid or bids are received, at such time specified on such other date set forth in said News Service notice.

Dated: ______, 2014

/s/ Lori Zeller
Assistant Chief, Business Services,
Orange County Fire Authority

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* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

**$45,000,000*
ORANGE COUNTY FIRE AUTHORITY
2014-2015 TAX AND REVENUE ANTICIPATION NOTES**

NOTICE IS HEREBY GIVEN that bids will be received by the Treasurer (the "Treasurer") of the Orange County Fire Authority (the "Authority") no later than 9:00 a.m. Pacific Time (unless extended in accordance herewith as described under "Submission of Bids"), on [Pricing Date] as described below, for the purchase of all, but not less than all, of $45,000,000* principal amount of Orange County Fire Authority 2014-2015 Tax and Revenue Anticipation Notes (the "Notes").

In the case of electronic bids, bids may only be submitted electronically through the Ipreo LLC's BiDCOMPTM/PARITY® System ("Parity") in the manner described below. Hand-delivered bids must be delivered to Tamalpais Advisors, Inc., 3030 Bridgeway, Suite 340, Sausalito, CA 94965. No other method of submitting bids will be accepted.

Within 26 hours, the Treasurer will consider the bids received and, if acceptable bids are received, award the sale of the Notes on the basis of the lowest true interest cost of the bids, as described herein. In the event that no bid is awarded by the designated time, the Authority will reschedule the sale to another date or time by providing notification through Parity and/or Thompson Financial (the "News Services"). As an accommodation to bidders, telephonic or fax notice of the modifications will be given to any bidder requesting such notice by request directed to Tamalpais Advisors, Inc., the Authority's financial advisor (the "Financial Advisor"), Attention: Jean Buckley, telephone (415) 331-4473; fax (415) 331-4479. Failure of any bidder to receive such electronic, telephonic or facsimile notice shall not affect the legality of the sale.

The Authority reserves the right, prior to the date of the sale, to modify or amend this Official Notice of Sale (this "Notice of Sale") in any respect, including changing the principal amount of Notes offered for sale, the time or date of the sale and any other terms. Any such modifications will be announced through the News Services not later than 24 hours prior to the date and time on which bids may be submitted. The Authority may, with prior notice, withdraw the Notes for sale.

This Notice of Sale will be submitted to Ipreo LLC for posting at its website address (www.i-dealprospectus.com) and in the Parity bid delivery system. In the event the summary of the terms of sale of the Notes posted by Ipreo LLC conflicts with this Notice of Sale in any respect, the terms of this Notice of Sale shall control, unless a notice of an amendment is given as described herein.

TERMS OF THE NOTES

Authority and Purpose

The Notes will be issued pursuant to the provisions of Article 7.6 (commencing with section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act")and the provision of a resolution of the Board of Directors of the Authority, dated May 22, 2014 (the "Resolution").

The Notes are being issued for the purpose of providing operating cash for any purpose for which the Authority is authorized to use and expend moneys, including, but not limited to current expenses,

* Preliminary, subject to change.

capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the Authority.

Preliminary Official Statement

The terms of issuance, principal and interest repayment, redemption, security, tax exemption and all other information regarding the Notes and the Authority are described in the Preliminary Official Statement for the Notes, dated [POS Date] (the "Preliminary Official Statement"). Such Preliminary Official Statement, together with any supplements thereto, is in form "deemed final" by the Authority for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final official statement (the "Official Statement"). The Authority will make available the Preliminary Official Statement, an electronic copy of which, along with related documents, will be furnished upon request made by telephone to the Financial Advisor, at (415) 331-4473. Each bidder must have obtained and reviewed the Preliminary Official Statement prior to bidding for the Notes. Bidders must read the entire Preliminary Official Statement to obtain information essential to the making of an informed decision to bid. This Notice of Sale contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the Notes.

Date of the Notes

The Notes will be dated the dated of issuance thereof, which is expected to be July 1, 2014.

Interest Rate and Calculation of Interest

The interest rate to be borne by the Notes will be specified by the bidder in its bid and shall not exceed three percent (3.00%) per annum. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

No Redemption

The Notes are **not** subject to redemption prior to maturity.

Payment and Maturity Date

The principal of and interest on the Notes are payable on June 30, 2015, the maturity date therefor (the "Maturity Date"). Principal of and interest on the Notes are payable in lawful money of the United States of America upon the surrender thereof at the offices of the Paying Agent, initially the Treasurer of the Authority, in Irvine, California.

Registration

The Notes will be issued only in fully registered book-entry form, registered in the name of "Cede & Co.," as nominee of The Depository Trust Company. See "Book-Entry Only System" in the Preliminary Official Statement.

Security

The Notes shall be general obligations of the Authority payable only out of taxes, income, revenues, cash receipts and other moneys of the Authority, including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from said Notes is set aside for and used for said special purpose) received or accrued by the Authority during Fiscal Year 2014-15 that are lawfully available for payment of the Notes and the interest thereon (the "Unrestricted Revenues"), as provided in Section 53856 of the Act.

As provided in the Act, the Notes and the interest thereon shall be general obligations of the Authority. Pursuant to the Act, the Authority hereby pledges from the Unrestricted Revenues lawfully available for the payment of principal of and interest on the Notes as security for the Notes, and the Treasurer is hereby directed to deposit into the Repayment Account: (i) an amount equal to fifty percent (50%) of the aggregate principal amount of the Notes from the first Unrestricted Revenues received by the Authority during the accounting period commencing on April 1, 2015 and ending April 30, 2015, inclusive (the "First Designation Period"), and (ii) an amount equal to fifty percent (50%) of the principal amount of Notes from the first Unrestricted Revenues received by the Authority during the accounting period commencing on May 1, 2015 and ending May 31, 2015, inclusive (the "Second Designation Period"), together with an amount sufficient to (net of anticipated earnings on moneys in the Repayment Account) satisfy and make up any deficiency in the Repayment Account with respect to the First Designation Period and pay the interest accrued and to accrue on the Notes to the maturity thereof, plus an amount, if any, equal to the rebate amount calculated pursuant to the Resolution to be due to the United States Treasury. The aforesaid amounts required to be deposited in the Repayment Account pursuant to the Resolution and the dates on which such amounts are required to be deposited, may be modified as designated in writing by the Treasurer prior to the public sale of the Notes pursuant to the Notice of Sale The amounts designated by the Authority for deposit into the Repayment Account from the Unrestricted Revenues received during each indicated accounting period are hereinafter called the "Designated Revenues."

As provided in the Act, the Notes and the interest thereon shall be a lien and charge against and shall be payable from the first moneys to be received by the Authority from the Designated Revenues.

In the event that there have been insufficient Unrestricted Revenues received by the Authority by the third business day prior to the end of any such Designation Period to permit the deposit into the Repayment Account of the full amount of the Designated Revenues required to be deposited with respect to such Designation Period, then the amount of any deficiency in the Repayment Account shall be satisfied and made up from any other moneys of the Authority lawfully available for the payment of the principal of the Notes and the interest thereon (all as provided in Sections 53856 and 53857 of the Government Code) on such date or thereafter on a daily basis, when and as such Designated Revenues and Other Designated Moneys are received by the Authority. See "The Notes - Security and Sources of Payment for the Notes" in the Preliminary Official Statement.

Repayment Account

A Repayment Account is established under the Resolution to be held in trust by the Paying Agent into which all Designated Revenues will be deposited. Moneys in the Repayment Account will be invested in Permitted Investments that provide sufficient liquidity so that moneys will be available no later than the Maturity Date. Moneys in the Repayment Account will be used to pay the Notes and the interest thereon when and as they will become due and payable, and amounts necessary to pay any rebate requirement as provided in the Resolution, and may not be used for any other purposes; provided, however, that any proceeds of any such investments may, upon the request of the Treasurer, if the Treasurer is not the Paying Agent, be transferred promptly by the Paying Agent to the General Fund. Any balance in the Repayment Account on the Maturity Date in excess of the amounts needed to pay the principal of and interest on the Notes will be transferred to the General Fund.

Paying Agent

The Treasurer has been appointed the paying agent for the payment of principal and interest and for the registration of the Notes and to hold the funds and accounts established pursuant to the Resolution.

TERMS OF THE SALE

Submission of Bids

Each bid for the Notes must be: (1) for not less than all of the Notes; (2) unconditional; and (3) submitted (i) on the Official Bid Form attached as Exhibit A hereto (the "Official Bid Form") no later than 9:00 a.m. Pacific Time on the date of sale or (ii) electronically via Parity no later than 9:00 a.m. Pacific Time on the date of sale. For purposes of submitting all bids, the time as maintained on Parity shall constitute the official time.

Each bid, other than bids submitted electronically, must be enclosed in a separate sealed envelope addressed to the Authority, endorsed "Proposal for 2014-2015 Tax and Revenue Anticipation Notes" and timely delivered to the Authority c/o Jean Buckley at the address on the cover of this Notice of Sale.

No other provider of internet bidding services and no other means of delivery (i.e. telephone, e-mail or facsimile delivery) will be accepted. The sale of the Notes will end at 9:00 a.m., Pacific Time, on [Pricing Date]. For purposes of submitting all bids, the time as maintained on Parity shall constitute the official time.

In submitting an electronic bid for the Notes through Parity, each bidder agrees to the following terms and conditions: (1) if any provision in this Notice of Sale with respect to the Notes conflicts with information or terms provided or required by Parity, this Notice of Sale, including any amendments or modifications issued through the News Services, will control; (2) each bidder will be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale; (3) the Authority will not have any duty or obligation to provide or assure access to Parity to any bidder, nor will the Authority be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by the use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (4) the Authority is permitting use of Parity as a communication mechanism, and not as an agent of the Authority, to facilitate the submission of electronic bids for the Notes; Parity is acting as an independent contractor, and is not acting for or on behalf of the Authority; (5) the Authority is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity; (6) information that is transmitted electronically through Parity will form a contract, and the bidder will be bound by the terms of such contract; and (7) information provided by Parity to bidders will form no part of any bid or of any contract between the successful bidder (the "Underwriter") and the Authority unless that information is included in this Notice of Sale. All costs and expenses incurred by prospective bidders in connection with their submission of bids through Parity are the sole responsibility of the bidders, and the Authority is not responsible for any of such costs or expenses. See "Information Regarding Bids" herein.

This Notice of Sale will be submitted to Ipreo LLC for posting at its website address (www.i-dealprospectus.com) and in the Parity bid delivery system. In the event the summary of the terms of sale of the Notes posted by Ipreo LLC conflicts with this Notice of Sale in any respect, the terms of this Notice of Sale shall control, unless a notice of an amendment is given as described herein.

For purposes of the Internet bidding process, the time as displayed on Parity's website (www.i-dealprospectus.com) and in the Parity bid delivery system shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Notice of Sale.

For further information about Parity, potential bidders may contact the Financial Advisor at (415) 331-4473 or Parity at (212) 849 5021.

NEITHER THE AUTHORITY, THE FINANCIAL ADVISOR, NOR BOND COUNSEL SHALL BE RESPONSIBLE FOR, AND THE BIDDER EXPRESSLY ASSUMES THE RISK FOR ANY INCOMPLETE, INACCURATE OR UNTIMELY BID SUBMITTED VIA PARITY BY SUCH BIDDER, INCLUDING, WITHOUT LIMITATION, BY REASON OF GARBLED TRANSMISSION, MECHANICAL FAILURE, ENGAGED TELEPHONE OR TELECOMMUNICATIONS LINES, OR ANY OTHER CAUSE ARISING FROM DELIVERY VIA PARITY.

THE USE OF PARITY SHALL BE AT THE BIDDER'S RISK AND EXPENSE, AND NEITHER THE AUTHORITY, THE BOARD OF DIRECTORS OF THE AUTHORITY, THE FINANCIAL ADVISOR (AS DEFINED HEREIN), NOR BOND COUNSEL (AS DEFINED HEREIN), SHALL HAVE ANY LIABILITY WHATSOEVER WITH RESPECT THERETO.

Information Regarding Bids

Bidders are required to submit unconditional bids specifying the rate of interest and premium, if any, at which the bidder will purchase all of the Notes. Each interest rate must be a multiple of 1/20th of one percent or 1/8th of one percent. Bidders shall specify (i) the interest rate to be borne by the Notes, (ii) the amount of premium, if any, that they will pay, in addition to the principal amount, to purchase the Notes, and (iii) the total purchase price, which price shall not be less than the principal amount of the Notes for which they have bid. No bid to purchase the Notes at a price less than 100% of the principal amount thereof will be accepted. All bids must be made in accordance with the requirements prescribed herein. Each bid submitted through Parity shall be deemed an irrevocable offer to purchase all of the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder.

Estimate of True Interest Cost

Each bidder is requested, but not required, to state in its Official Bid Form the true interest cost of its bid to the Authority, which shall be considered as informative only and neither conclusive nor binding on either the bidder or the Authority.

Award and Delivery

Unless all bids are rejected, the Treasurer will award the Notes to the qualified bidder offering the lowest true interest cost ("TIC") to the Authority for the principal amount of Notes to be awarded considering the interest rate specified, and the premium, if any. The TIC will be the nominal annual discount rate which, when compounded semi-annually and used to discount the debt service on the Notes to the maturity date, calculated using the interest rate specified in the bid, results in an amount equal to the principal amount of the Notes and the premium, if any, specified in the bid. The Treasurer will not award any bid with a TIC in excess of 5.00% for the Notes. If two or more bids have the same TIC, the first bid submitted, as determined by reference to the time displayed on Parity, shall be deemed to be the leading bid. Delivery of the Notes will be made to the Underwriter through DTC on or about July 1, 2014 (the "Closing"), upon payment in immediately available funds to the Treasurer.

Verification

All bids are subject to verification and approval by the Authority. The Authority shall have the right to deem each final bid reported on Parity immediately after the deadline for receipt of bids to be accurate and binding on the bidder. Information or calculations provided by Parity other than the information required to be provided by the bidder in accordance with this Notice of Sale is for informational purposes only and shall not be binding on any of the bidder, the Authority.

Right of Rejection; Cancellation

The Treasurer reserves the right in her discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence. The successful bidder shall have the right, at of its option, to cancel the contract of purchase if the Authority shall fail to tender the Notes for delivery within 60 days from the date of sale thereof.

Prompt Award

The Treasurer, or the designee of such officer, will take action awarding Notes or rejecting all bids not later than 26 hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of award is waived by the Underwriter.

Confirmation of Bids

The successful bidder for the Notes must deliver a certificate confirming the terms of its bid to the Authority within one hour after the bidding deadline. The certificate shall be sent by facsimile transmission to Tamalpais Advisors, Inc., Attention: Jean Buckley, telephone (415) 331-4473; fax (415) 331-4479 or by e-mail to jbuckley@tamadvisors.com.

OTHER TERMS AND CLOSING PROCEDURES

CUSIP, CDIAC and Other Expenses of the Successful Bidder

A CUSIP number will be applied for by the Underwriter and will be printed on the executed Notes, but the Authority will assume no obligation for the assignment or printing of such number on said Notes or for the correctness of such number, and neither the failure to print such number on said Notes nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter thereof to accept delivery of and make payment for said Notes The cost for the assignment of a CUSIP number to the Notes will be the responsibility of the Underwriter.

In addition, the Underwriter will be required, pursuant to State law, to pay all fees due to the California Debt and Investment Advisory Commission ("CDIAC"). CDIAC will separately invoice the Underwriter for Notes. The Underwriter will also be responsible for payment of other fees incurred in connection with the issuance of the Notes, including fees of DTC, the Municipal Securities Rulemaking Board, Securities Industry and Financial Markets Association and similar underwriting fees and charges, if any.

Legal Opinions

The Notes are sold with the understanding that the Purchaser will be furnished with the approving opinion of Hawkins Delafield & Wood LLP ("Bond Counsel"), the form of which is included in the Preliminary Official Statement and will be included in the final Official Statement. Said attorneys have been retained by the Authority as Bond Counsel, respectively, and in such capacity Bond Counsel is to render its opinion to the Authority upon the legality of the Notes under California law and on the exclusion from gross income of the interest on the Notes for purposes of federal and State of California income taxes. The fees and expenses of Bond Counsel will be paid from the proceeds of the Notes.

Tax Status

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with tax covenants described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California. See "Tax Matters" in the Preliminary Official Statement.

Reoffering Price

The Underwriter shall, within one (1) hour after being notified of the award of the Notes, advise the Financial Advisor by electronic transmission or writing by facsimile transmission of the initial public offering price of the Notes. The Underwriter shall also be required, prior to delivery of the Notes, to furnish to the Authority a certificate (the "Reoffering Price Certificate"), acceptable to Bond Counsel which states, among other things, that: (A) (1) on the date of award, such bidder made a bona fide public offering of the Notes at an initial offering price corresponding to the price or yield indicated in the information furnished in connection with the successful bid, and (2) as of such date, the first price at which an amount equal to at least ten percent (10%) of the Notes was sold to the public was a price not higher or a yield not lower than indicated in the information furnished with the successful bid (the "first price rule"). For the purposes of the Reoffering Price Certificate, the "public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers. In making such representations, the Underwriter must reflect the effect on the offering prices of any "derivative products" (e.g., a tender option) used by the Underwriter in connection with the initial sale of the Notes.

Continuing Disclosure

In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), the Authority will undertake, pursuant to a Disclosure Certificate, to provide notices of the occurrence of Listed Events (as defined in the Disclosure Certificate). A form of the Disclosure Certificate is included in the Preliminary Official Statement and will also be included in the final Official Statement.

Official Statement

Within seven business days after the date of award of the Notes, and in any event no later than one business day prior to Closing, up to 25 copies of the final Official Statement will be supplied to the Underwriter at the expense of the Authority.

Closing Certificates

At Closing, the Authority will deliver certificates signed by an Authorized Representative to the effect that:

(1) such Authorized Representative is authorized to execute the Notice of Sale, the Official Statement and the Disclosure Certificate;

(2) the representations, warranties and agreements of the Authority herein are true, complete and correct as of the date made and as of the Closing;

(3) the Authority has performed all its obligations required under or specified in the Resolution to be performed at or prior to the Closing;

(4) to the best of such official's knowledge, no litigation is pending (with service of process having been accomplished) or threatened (either in State of California or federal courts) against the Authority: (a) seeking to restrain or enjoin the execution, sale or delivery of any of the Notes, (b) in any way contesting or affecting the authority for the execution, sale or delivery of the Notes, the Disclosure Certificate or the Notice of Sale, or (c) in any way contesting the existence or powers of the Authority (but in lieu of or in conjunction with such certification the Underwriter may, in its sole discretion, accept from Bond Counsel their opinion to the effect that the issues raised in any such pending or threatened litigation are without substance and that the contentions of all plaintiffs therein are without merit);.

(5) the Official Statement and the Notes have been duly executed and delivered;

(6) the execution and delivery of the Notes and the approval of the Official Statement and compliance with the provisions on the Authority's part contained herein and therein will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as set forth in the Resolution;

(7) such official has reviewed the Official Statement and on such basis certifies that it does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(8) the Notes being delivered on the date of the Closing to the Underwriter substantially conform to the descriptions thereof contained in the Resolution;

Dated: _____, 2014

ORANGE COUNTY FIRE AUTHORITY

By: ______________________________

Patricia Jakubiak
Treasurer

PRELIMINARY OFFICIAL STATEMENT DATED [POS DATE]

NEW ISSUE - BOOK-ENTRY ONLY

Rating: S&P: "___"
See "Rating" herein.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with tax covenants described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California. See "Tax Matters" herein.

$45,000,000*
ORANGE COUNTY FIRE AUTHORITY
2014-2015 Tax and Revenue Anticipation Notes

Interest Rate: ____% **Reoffering Yield: ____%** **CUSIP No: 68424 ___**

Dated Date: July 1, 2014 **Maturity Date: June 30, 2015**

The Orange County Fire Authority (the "Authority") is issuing its $45,000,000* principal amount of 2014-2015 Tax and Revenue Anticipation Notes (the "Notes") for the purpose of financing seasonal cash flow requirements for its general fund expenditures during the fiscal year ending June 30, 2015. In accordance with California law, the Notes are general obligations of the Authority, but are payable only out of the taxes, income, revenue, cash receipts, or other moneys of the Authority (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the Authority during Fiscal Year 2014-15 that are lawfully available for payment of the Notes and the interest thereon (collectively, the "Unrestricted Revenues"). The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the Authority during certain periods in Fiscal Year 2014-15 ("Designated Revenues") and, in the event such amounts are insufficient to permit the deposit into the Repayment Account of the full amount of the Designated Revenues to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Repayment Account, as more particularly described herein. As provided in Article 7.6, Chapter 4, Part 1, Division 2, Title 5, Sections 53850 *et seq.* of the California Government Code (the "Act") and the Resolution of the Board of Directors of the Authority adopted on May 22, 2014 (the "Resolution"), the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the Authority from the Designated Revenues. The Resolution only authorizes the issuance of the Notes and does not authorize the issuance of additional tax and revenue anticipation notes. The Authority expects that the amounts required to be deposited in the Repayment Account from Designated Revenues will be sufficient to repay the Notes and accrued interest thereon. The Repayment Account is to be held in trust by the Authority's Treasurer, as paying agent (the "Paying Agent"). See "The Notes – Security and Sources of Payment for the Notes" herein.

The Notes will be delivered in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of $5,000 and integral multiples of $5,000 in excess thereof. Purchasers of the Notes (the "Beneficial Owners") will not receive certificates representing their interests in the Notes. The principal of and interest on the Notes will be paid on the Maturity Date by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See "Book-Entry Only System" herein.

The Notes are not subject to redemption prior to maturity. See "The Notes – General" herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

ELECTRONIC BIDS TO BE RECEIVED VIA IPREO LLC'S BIDCOMPTM/PARITY® SYSTEM AND HAND-DELIVERED BIDS TO BE RECEIVED VIA DELIVERY TO THE FINANCIAL ADVISOR NO LATER THAN 9:00 A.M., PACIFIC TIME, ON [JUNE 11, 2014] AS SET FORTH IN THE OFFICIAL NOTICE OF SALE FOR THE NOTES. SEE APPENDIX E TO THIS PRELIMINARY OFFICIAL STATEMENT FOR THE OFFICIAL NOTICE OF SALE, WHICH MAY BE CHANGED AS SET FORTH IN THE OFFICIAL NOTICE OF SALE.

The Notes are offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its counsel, Woodruff, Spradlin, & Smart, Costa Mesa, California, and its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Tamalpais Advisors, Inc., Sausalito, California is serving as Financial Advisor to the Authority in connection with the issuance of the Notes It is anticipated that the Notes in definitive form will be available for delivery through the facilities of DTC on or about July 1, 2014.

Date of the Official Statement: June __, 2014

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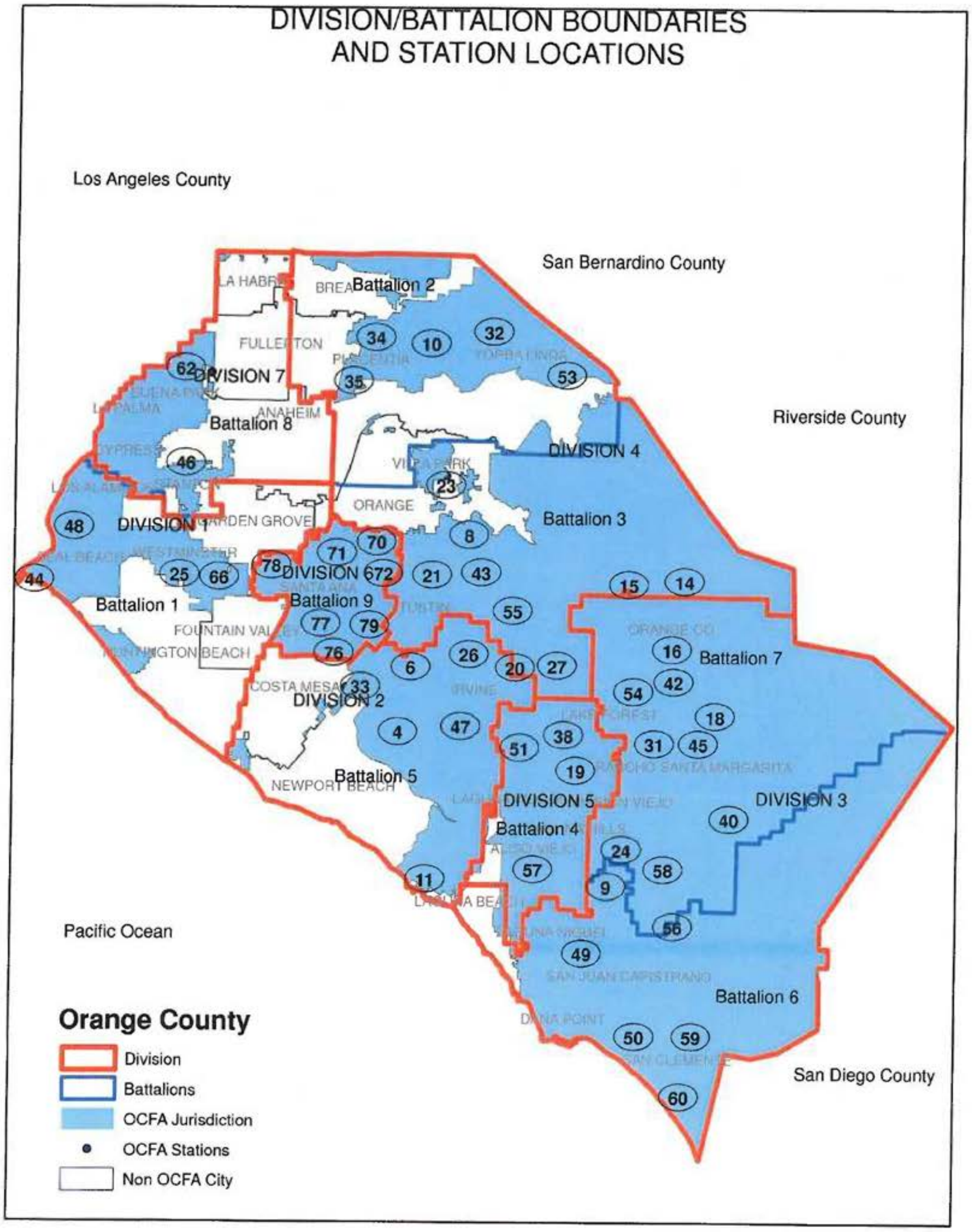
* Preliminary, subject to change.

ORANGE COUNTY FIRE AUTHORITY SERVICE AREA



ORANGE COUNTY FIRE AUTHORITY

BOARD OF DIRECTORS

Director	Member Agency	Director	Member Agency
Steven Weinberg, Chair	Dana Point	Chad Wanke	Placentia
Al Murray, Vice Chair	Tustin	Carol Gamble	Rancho Santa Margarita
Phillip Tsunoda	Aliso Viejo	Bob Baker	San Clemente
Elizabeth Swift	Buena Park	Sam Allevato	San Juan Capistrano
Rob Johnson	Cypress	Roman Reyna	Santa Ana
Jeffrey Lalloway	Irvine	David Sloan	Seal Beach
Randal Bressette	Laguna Hills	David John Shawver	Stanton
Jerry McCloskey	Laguna Niguel	Rick Barnett	Villa Park
Noel Hatch	Laguna Woods	Tri Ta	Westminster
Kathryn McCullough	Lake Forest	Gene Hernandez	Yorba Linda
Gerard Goedhart	La Palma	Pat Bates	County of Orange
Warren Kusumoto	Los Alamitos	Todd Spitzer	County of Orange
Trish Kelley	Mission Viejo		

AUTHORITY OFFICIALS

Keith Richter, Fire Chief
Craig Kinoshita, Deputy Fire Chief - Deputy Fire Chief
Lori Zeller, Assistant Fire Chief, Business Services Department
Brian Stephens, Assistant Fire Chief, Support Services Department
Dave Thomas, Assistant Fire Chief, Operations Department
Patricia Jakubiak, Treasurer
Jane Wong, Assistant Treasurer
Jim Ruane, Finance Manager/Auditor
David Kendig, General Counsel

PAYING AGENT

Treasurer of the Orange County Fire Authority
Irvine, California

BOND COUNSEL AND DISCLOSURE COUNSEL

Hawkins Delafield & Wood LLP
Los Angeles, California

GENERAL COUNSEL

Woodruff, Spradlin, & Smart
Costa Mesa, California

FINANCIAL ADVISOR

Tamalpais Advisors, Inc.
Sausalito, California

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Notes other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the Authority and sources which the Authority believes to be reliable. The information and expression of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or any other parties described herein since the date hereof. All summaries of the Resolution or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith.

In connection with the offering of the Notes, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Notes to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering price stated on the cover page hereof and said public offering price may be changed from time to time by the Underwriter.

The Authority maintains a website at http://www.ocfa.org. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Notes.

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OFFICIAL STATEMENT

$45,000,000*
ORANGE COUNTY FIRE AUTHORITY
2014-2015 TAX AND REVENUE ANTICIPATION NOTES

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Notes being offered, and a brief description of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

General

This Official Statement, including the cover and the Appendices attached hereto (the "Official Statement"), provides certain information concerning the sale and delivery of the 2014-2015 Tax and Revenue Anticipation Notes by the Orange County Fire Authority (the "Authority") in a principal amount of $45,000,000* (the "Notes"). The Notes are issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act") and a Resolution adopted by the Board of Directors of the Authority (the "Board of Directors") on May 22, 2014 (the "Resolution"). The Resolution only authorizes the issuance of the Notes and does not authorize the issuance of additional tax and revenue anticipation notes. The Notes are being issued for the purpose of financing seasonal cash flow requirements of the Authority for its General Fund (the "General Fund") expenditures during the fiscal year ending June 30, 2015. For additional information regarding General Fund expenditures, see "The Notes – Cash Flow Projections" herein and Appendix A – "Financial, Economic and Demographic Information Regarding the Authority - Financial and Economic Information" and Appendix B - "Excerpts from the Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013" attached hereto.

The Authority

The Authority was formed on March 1, 1995 to provide fire protection and related services to 18 member cities and the unincorporated area of County of Orange, California (the "County"). Subsequent to its formation, five additional cities have become members of the Authority. See Appendix A - "Financial, Economic and Demographic Information Regarding the Orange County Fire Authority" attached hereto. A map of the boundaries of the Authority is set forth on the inside front cover page of this Official Statement.

Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the Authority, but are payable only out of taxes, income, revenue, cash receipts, or other moneys of the Authority (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the

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* Preliminary, subject to change.

Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose) received or accrued by the Authority during Fiscal Year 2014-15 that are lawfully available for payment of the Notes and the interest thereon (collectively, the "Unrestricted Revenues"). The Notes and interest thereon are secured by a pledge of (i) Designated Revenues (as hereinafter defined) and, in the event such amounts are insufficient to permit the deposit into the Repayment Account (as hereinafter defined) of the full amount of the Designated Revenues to be deposited therein in any such period, (ii) Unrestricted Revenues available that have not been deposited previously into the Repayment Account, as more particularly described herein. As provided in the Act, the Notes and the interest thereon will be a first lien and charge against, and will be payable from the first moneys received by the Authority from the Designated Revenues. The Repayment Account is to be held in trust by the Authority's Treasurer, as Paying Agent for the Notes (the "Paying Agent"). The Authority expects that the aggregate amounts required to be deposited in the Repayment Account from Designated Revenues will be sufficient to repay the Notes and accrued interest thereon when due. See "The Notes – Security and Sources of Payment for the Notes" herein.

General Description of the Notes

The Notes will be delivered in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of $5,000 and integral multiples of $5,000 in excess thereof. Purchasers of the Notes (the "Beneficial Owners") will not receive certificates representing their interests in the Notes. The principal of and interest on the Notes will be paid on June 30, 2015 (the "Maturity Date") by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See "Book-Entry Only System" and "The Notes – General" herein.

The Notes are not subject to redemption prior to maturity.

Tax Matters

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with tax covenants described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California. See "Tax Matters" herein.

Continuing Disclosure

The Authority has covenanted in the Resolution to file notices of certain events (each, a "Listed Event") with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system or as otherwise directed by the MSRB or the Securities and Exchange Commission (the "SEC"). See "Continuing Disclosure" herein for a description of the specific nature of the notices of Listed Events. These covenants have been made in order to assist the Underwriter (as hereinafter defined) in complying with Rule 15c2-12(b)(5) (the "Rule") of the SEC. The Authority has not failed in the last five years to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of certain events set forth in its continuing disclosure undertakings.

Miscellaneous

The Notes will be offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Bond Counsel and certain other conditions. It is anticipated that the Notes in definitive form will be available for delivery to DTC on or about July 1, 2015.

The descriptions herein of the Resolution are qualified in their entirety by reference to such document, and the descriptions herein of the Notes are qualified in their entirety by the form thereof and the information with respect thereto included in the aforementioned documents. Copies of the Resolution are on file and available for inspection at the Authority from the office of the Treasurer at 1 Fire Authority Road, Irvine, California 92602, Attention: Treasurer and from the office of the Clerk of the Board of Directors at 1 Fire Authority Road, Irvine, California 92602, Attention: Clerk of the Board of Directors.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Authority. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

The Authority regularly prepares a variety of reports, including audits, budgets and related documents. Any owner of a Note may obtain a copy of any such report, as available, from the Authority. Additional information regarding this Official Statement may be obtained by contacting: Orange County Fire Authority Treasurer's Office, 1 Fire Authority Road, Irvine, California 92602, Attention: Treasurer.

THE NOTES

General

The Notes will be dated, will mature, and will bear interest at the rate per annum as shown on the cover page hereof computed on the basis of a 360-day year consisting of twelve 30-day months. Principal and interest on the Notes will be payable on June 30, 2015, the maturity date of the Notes (the "Maturity Date"). The Notes will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of $5,000 and in integral multiples of $5,000 in excess thereof. Beneficial Owners (as defined below) of the Notes will not receive physical certificates representing the Notes purchased. The principal of and interest on the Notes will be paid on the Maturity Date by the Paying Agent to DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the Beneficial Owners. See "Book-Entry Only System" herein.

The Notes are not subject to redemption prior to maturity.

Security and Sources of Payment for the Notes

In accordance with California law, the Notes are general obligations of the Authority, but are payable only out of Unrestricted Revenues received or accrued by the Authority during Fiscal Year 2014-15 that are lawfully available for payment of the Notes and the interest thereon. The Notes and interest thereon are secured by a pledge of (i) Unrestricted Revenues received by the Authority during certain periods in the Fiscal Year 2014-15 (collectively, the "Designated Revenues") and, in the event such amounts are insufficient to permit the deposit into the Repayment Account of the full amount of the Designated Revenues to be deposited therein in any such period and (ii) Unrestricted Revenues available that have not been deposited previously into the Repayment Account, as more particularly described herein. The Authority expects that the amounts required to be deposited in the Repayment Account from Designated Revenues will be sufficient to repay the Notes and accrued interest thereon. The Repayment Account is to be held in trust by the Paying Agent.

Designated Revenues are as follows: (i) an amount equal to fifty percent (50%) of the principal amount of the Notes from the first Unrestricted Revenues received by the Authority during the accounting period commencing on April 1, 2015 and ending April 30, 2015, inclusive (the "First Designation Period"), and (ii) an amount equal to fifty percent (50%) of the principal amount of Notes from the first Unrestricted Revenues received by the Authority during the accounting period commencing on May 1, 2015 and ending May 31, 2015, inclusive (the "Second Designation Period"), together with an amount sufficient to (net of anticipated earnings on moneys in the Repayment Account) satisfy and make up any deficiency in the Repayment Account with respect to the First Designation Period and pay the interest accrued and to accrue on the Notes to the maturity thereof, plus an amount, if any, equal to the rebate amount calculated pursuant to the Resolution to be due to the United States Treasury. As provided in the Act, the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys to be received by the Authority from the Designated Revenues.

In the event that there have been insufficient Unrestricted Revenues received by the Authority by the third business day prior to the end of any such Designation Period to permit the deposit into the Repayment Account of the full amount of the Designated Revenues required to be deposited with respect to such Designation Period, then the amount of any deficiency in the Repayment Account shall be satisfied and made up from any other moneys of the Authority lawfully available for the payment of the principal of the Notes and the interest thereon (all as provided in Sections 53856 and 53857 of the Government Code) (the "Other Designated Moneys") on such date or thereafter on a daily basis, when and as such Designated Revenues and Other Designated Moneys are received by the Authority

Available Sources of Payment

The Notes, in accordance with California law, are general obligations of the Authority, but are payable only out of the taxes, income, revenue, cash receipts and other moneys received for the General Fund of the Authority attributable to Fiscal Year 2014-15 and legally available for payment thereof. Under the Act, no obligations, including the Notes, may be issued thereunder if the principal thereof and interest thereon exceeds 85% of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys which will be available for payment of such principal and interest. The estimated principal amount of Notes and interest thereon equals $45.9 million which represents approximately 12% of the estimated sources available for payment of the Notes.

The Authority estimates that the total General Fund balance and Unrestricted Revenues available for payment of the Notes will be in excess of $384.1 million as indicated in the following Table 1. Except for Designated Revenues, these moneys will be expended during the remaining course of the fiscal year, and no assurance can be given that any moneys, other than the Designated Revenues, will be available to pay the Notes and the interest thereon.

Table 1
ORANGE COUNTY FIRE AUTHORITY
Estimated General Fund Balance and Revenues Available for Payment of the Notes
Fiscal Year 2014-15[(1)]
($ in thousands)

Source of Revenues	Amount
Beginning Balance	$ 30,607,850
Revenues	
Property Taxes	$ 195,471,965
Intergovernmental	11,137,559
Charges for Current Services	100,016,486
Use of Money and Property	886,749
Other	1,000,700
Proceeds of the Notes	45,000,000
Total	$ 384,121,309

(1) Based upon estimates contained in the Authority's adopted budget for Fiscal Year 2014-15.

Source: Orange County Fire Authority.

For detailed information regarding estimated debt service coverage on the Notes at each respective Pledge Date, see the table titled "Projected General Fund and Repayment Fund Cash Flow Fiscal Year 2014-15" in the section "The Notes - Cash Flows Projections for Fiscal Years 2012-13, 2013-14 and 2014-15" herein.

Intrafund Borrowing

The Authority does not invest its funds in the Orange County Treasury Pool. Therefore, it cannot temporarily borrow funds from the County. However, the Authority may fund General Fund cash flow deficits from its capital funds and other special funds and repay those funds from available amounts in its General Fund when such funds are received during the fiscal year. This temporary borrowing is referred to as "Intrafund Borrowing". During the period from Fiscal Year 1997-98 through Fiscal Year 2008-09, the Authority issued tax and revenue anticipation notes to fund cash flow deficits. Prior to Fiscal Year 2007-08 and during Fiscal Years 2009-10 through and including 2013-14, the Authority used Intrafund Borrowing to fund cash flow deficits. Pursuant to the Authority's Short-Term Debt Policy, any Intrafund Borrowing must be repaid within the same fiscal year with interest. The Authority has never used Intrafund Borrowing to make deposits to secure or pay any tax and revenue anticipation notes. The Authority has always made timely repayment of any Intrafund Borrowing.

The Authority regularly requests the Board of Directors to provide authorization for such Intrafund Borrowing. On May-22, 2014, the Board of Directors authorized the Authority to use Intrafund Borrowing during Fiscal Year 2014-15 if necessary. The Authority's Intrafund Borrowing capacity is estimated to be approximately $95.5 million as of June 30, 2015. The Authority does not expect to need to use Intrafund Borrowing to fund the Designated Revenues or pay the principal of or interest on the Notes on the Maturity Date. The following Table 2 sets forth the Authority's borrowable cash resources as of June 30 for Fiscal Years 2010-11 through 2014-15.

Table 2
ORANGE COUNTY FIRE AUTHORITY
Intrafund Borrowing Capacity
Fiscal Years ended June 30, 2011 through June 30, 2015

Fund	**Name and Purpose of Fund**	**Actual Fiscal Year 2010-11**	**Actual Fiscal Year 2011-12**	**Actual Fiscal Year 2012-13**	**Estimated Fiscal Year 2013-14**	**Projected Fiscal Year 2014-15**
Capital Fund 122	Facilities Maintenance and Improvement Fund	$ 4,156,617	$ 3,474,556	$ 2,761,858	$ 2,743,616	$ 1,772,967
Capital Fund 124	Communications/Information Systems Replacement Fund	23,679,433	22,180,446	19,165,539	10,019,018	7,914,629
Capital Fund 133	Vehicle Replacement Fund	35,540,888	34,057,794	30,622,213	22,839,701	16,962,003
Fund 171	Structural Fire Fund Entitlement Fund	806,890	1,396,867	1,296,620	600,351	601,847
Fund 190	Worker's Compensation Self Insurance Fund	35,366,708	34,242,717	53,649,000	56,141,565	59,224,255
Capital Projects Fund 123	Fire Capital Projects Fund	16,297,447	16,080,659	16,624,752	9,047,962	9,070,580
	Total	$115,847,983	$111,433,039	$124,119,982	$101,392,213	$95,546,281

(1) Fund is not eligible for temporary borrowing during Fiscal Years 2013-14 or 2014-15.

Source: Orange County Fire Authority.

Historical General Fund Cash Balances and Intrafund Borrowing Capacity

The following Table 3 sets forth the month-end cash balances in the General Fund for Fiscal Years 2010-11 through Fiscal Year 2014-15. The Authority's estimated and projected fiscal year-end Intrafund Borrowing Capacity is also presented in the following Table 2 herein. See " –Intrafund Borrowing and Cash Flow" herein for amounts available from the largest funds comprising Intrafund Borrowing Capacity.

Table 3
ORANGE COUNTY FIRE AUTHORITY
General Fund Month-End Cash Balances and Intrafund Borrowing Capacity(1)
Fiscal Years 2010-11 through 2014-15

Accounting Month	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14(2)	Fiscal Year 2014-15(3)
July	$ 50,103,680	$ 53,316,461	$ 63,080,411	$ 62,284,081	$43,656,451
August	37,284,652	40,187,922	43,026,561	39,684,544	22,589,993
September	32,504,825	30,824,485	39,554,071	33,169,364	19,764,303
October	19,877,599	16,709,543	27,215,384	18,537,102	7,657,666
November	18,280,728	13,141,827	36,846,123	14,860,504	7,012,664
December	87,123,741	85,568,035	98,129,458	95,050,306	85,050,300
January	57,521,801	51,294,050	63,194,420	47,466,905	37,374,886
February	44,906,534	38,258,308	47,863,957	32,524,870	23,924,315
March	47,146,021	33,673,957	43,843,432	36,223,096	27,080,258
April	95,091,268	85,472,447	82,670,550	86,334,109	54,293,543
May	33,536,170	36,997,021	34,907,452	36,442,816	17,357,364
June	26,857,969	32,637,673	32,548,172	29,930,441	15,027,805
Intrafund Borrowing Capacity at June 30:	$115,847,983	$111,433,039	$124,119,982	$101,392,213	$95,546,281

(1) Period-end balances for Fiscal Years 2010-11 through 2013-14 are net of any Intrafund Borrowing undertaken to finance cash flow deficits. The projected period-end balances for Fiscal Year 2014-15 are net of scheduled deposits to the Repayment Account for the Notes. See " – Intrafund Borrowing and Cash Flow" and Table 2 herein for information on Intrafund Borrowing and borrowable balances as of June 30 of each Fiscal Year.
(2) Reflects actual balances from July 2013 through March 2014 and estimated balances from April 2014 through June 2014.
(3) Projected.

Source: Orange County Fire Authority.

Cash Flows for Fiscal Years 2012-13, 2013-14 and 2014-15

The Authority has prepared the General Fund actual cash flows for Fiscal Year 2012-13 set forth in the following Table 4, the actual and projected General Fund cash flows for Fiscal Year 2013-14 set forth in the following Table 5, the variances between Fiscal Year 2013-14 and Fiscal Year 2012-13 set forth in the following Table 6 and explanations of such aggregate variances set forth in the following Table 7.

In addition, the Authority has prepared the projected General Fund cash flows for Fiscal Year 2014-15 in the following Table 8, the variances between Fiscal Year 2014-15 and Fiscal Year 2013-14 in the following Table 9 and explanations of such aggregate variances in the following Table 10. The Fiscal Year 2014-15 projected cash flows are based upon the Authority's Fiscal Year 2014-15 Adopted Budget. See Appendix A – "Financial, Economic and Demographic Information Regarding the Authority - Financial and Economic Information - Budgetary Process - Proposed 2014-2015 Authority Budget" attached hereto.

Table 4
ORANGE COUNTY FIRE AUTHORITY
Actual General Fund Cash Flow Fiscal Year 2012-13

	Actual July 2012	Actual August 2012	Actual September 2012	Actual October 2012	Actual November 2012	Actual December 2012	Actual January 2013	Actual February 2013	Actual March 2013	Actual April 2013	Actual May 2013	Actual June 2013	Actual 2012-13 Total
Balance From Prior Month	$32,637,671	$63,080,411	$43,026,561	$39,554,071	$27,215,384	$36,846,123	$98,129,458	$63,194,420	$47,863,957	$43,843,432	$82,670,550	$34,907,452	$32,637,671
Receipts:													
Property Taxes	$4,613,472	$25,994	$4,361,011	$89,747	$24,142,117	$64,653,919	$7,068,500	$394,555	$9,367,182	$61,223,376	$3,245,652	$1,680,867	$180,866,394
Intergovernmental	155,967	1,328,242	128,459	391,830	537,230	979,038	6,333,205	194,687	281,840	2,402,396	8,577,487	844,603	22,154,985
Charges for Current Services	5,033,904	7,430,093	12,024,044	7,354,382	4,788,532	14,719,981	5,285,399	4,100,464	14,119,666	6,054,610	4,885,800	14,234,723	100,031,597
Bankruptcy Loss Recovery	0	0	0	91,032									91,032
Use of Money and Property	17,166	12,844	14,123	9,224	5,117	12,319	28,680	12,861	13,191	16,134	14,402	(87,673)	68,389
Other	1,748,484	47,743	115,941	87,490	143,765	58,323	104,012	144,564	55,606	550,884	151,409	139,811	3,348,033
TRANs Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Temporary Intrafund Borrowing	43,500,000	0	0	0	0	0	0	0	0	0	(43,500,000)	0	0
Total Receipts	$55,068,994	$8,844,916	$16,643,579	$8,023,704	$29,616,761	$80,423,580	$18,819,796	$4,847,132	$23,837,485	$70,247,401	$(26,625,249)	$16,812,331	$306,560,430
Expenditures:													
Salary & Employee Benefits	$20,805,583	$24,801,428	$18,762,355	$18,602,494	$17,996,800	$17,432,316	$20,901,932	$18,544,127	$26,111,133	$19,363,376	$18,629,901	$17,865,098	$239,816,542
OCERS Prepayment (Routine)	0	0	0	0	0	0	25,564,031	0	0	0	0	0	25,564,031
Services & Supplies	3,820,672	4,097,337	1,353,714	1,759,898	1,989,221	1,707,929	2,048,871	1,633,469	1,746,876	1,670,891	2,392,011	1,306,513	25,527,403
JEAPs to City of Irvine	0	0	0	0	0	0	0	0	0	0	0	0	0
OCERS Prepayment (Special)	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid on Intrafund Borrowing	0	0	0	0	0	0	0	0	0	0	115,937	0	115,937
Operating Transfers Out	0	0	0	0	0	0	5,240,000	0	0	10,386,016	0	0	15,626,016
Total Disbursements	$24,626,255	$28,898,765	$20,116,069	$20,362,391	$19,986,021	$19,140,245	$53,754,833	$20,177,596	$27,858,010	$31,420,283	$21,137,849	$19,171,611	$306,649,929
Excess / (Deficiency)	$30,442,739	$(20,053,850)	$(3,472,490)	$(12,338,687)	$9,630,740	$61,283,334	$(34,935,037)	$(15,330,463)	$(4,020,525)	$38,827,118	$(47,763,098)	$(2,359,280)	$(89,499)
Month End Balance Forward	$63,080,411	$43,026,561	$39,554,071	$27,215,384	$36,846,123	$98,129,458	$63,194,420	$47,863,957	$43,843,432	$82,670,550	$34,907,452	$32,548,172	$32,548,172

Source: Orange County Fire Authority.

Table 5
ORANGE COUNTY FIRE AUTHORITY
Actual General Fund Cash Flow Fiscal Year 2013-14 from July 1, 2013 through March 31, 2014 and Projected General Fund Cash Flow Fiscal Year 2013-14 from April 1, 2014 through June 30, 2014

	Actual July 2013	Actual August 2013	Actual September 2013	Actual October 2013	Actual November 2013	Actual December 2013	Actual January 2014	Actual February 2014	Actual March 2014	Projected April 2014	Projected May 2014	Projected June 2014	Fiscal Year 2013-14 Total
Balance From Prior Month	$32,548,172	$62,284,081	$39,684,544	$33,169,364	$18,537,102	$14,860,504	$95,050,306	$47,466,905	$32,524,870	$36,223,096	$86,923,758	$37,177,547	$32,548,172
Receipts:													
Property Taxes	$3,667,661	$691,851	$4,491,322	$602,024	$13,978,883	$79,804,588	$6,868,796	$553,326	$9,665,386	$62,348,268	$2,330,731	$5,153,416	$190,156,251
Intergovernmental	185,206	1,362,312	600,627	674,460	296,347	685,944	5,696,450	1,251,812	401,536	1,515,785	4,209,396	992,457	17,872,333
Charges for Current Services	6,052,687	4,344,846	15,647,807	5,374,273	2,155,982	19,196,840	1,694,623	4,136,793	18,661,010	6,861,656	4,869,545	7,292,556	96,288,619
Bankruptcy Loss Recovery				79,745									79,745
Use of Money and Property	7,083	3,482	11,956	7,534	5,704	14,067	21,135	10,360	9,453	4,988	10,817	21,908	128,487
Other	660,740	81,034	345,795	76,686	92,327	42,436	366,057	157,329	126,436				1,948,841
TRANs Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Temporary Intrafund Borrowing	41,000,000	0	0	0	0	0	0	0	0	0	(41,000,000)	0	0
Total Receipts	$51,573,377	$6,483,525	$21,097,506	$6,814,722	$16,529,243	$99,743,875	$14,647,061	$6,109,621	$28,863,822	$70,730,696	$(29,579,511)	$13,460,338	$306,474,276
Expenditures:													
Salary & Employee Benefits	$21,121,872	$26,514,331	$20,189,657	$18,778,511	$16,693,014	$17,275,070	$27,770,400	$19,080,258	$19,520,745	$18,124,535	$18,124,535	$18,124,535	$241,317,464
OCERS Prepayment (Routine)	0	0	0	0	0	0	29,214,818	0	0	0	0	0	29,214,818
Services & Supplies	715,596	2,568,732	2,925,182	2,668,472	3,512,827	2,279,004	2,257,163	1,971,398	1,772,323	1,793,632	1,793,632	1,793,632	26,051,593
Irvine JEAPs	0	0	0	0	0	0	2,988,081	0	0	0	0	0	2,988,081
OCERS Prepayment (Special)	0	0	0	0	0	0	0	0	3,000,000	0	0	0	3,000,000
Equipment	0	0	0	0	0	0	0	0	0	111,867	111,867	111,867	335,600
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid on Intrafund Borrowing	0	0	0	0	0	0	0	0	0	0	136,667	0	136,667
Operating Transfers Out (est)	0	0	4,497,847	0	0	0	0	0	872,528	0	0	0	5,370,375
Total Disbursements	$21,837,468	$29,083,063	$27,612,686	$21,446,983	$20,205,841	$19,554,073	$62,230,462	$21,051,656	$25,165,596	$20,030,034	$20,166,701	$20,030,034	$308,414,598
Excess / (Deficiency)	$29,735,909	$(22,599,537)	$(6,515,180)	$(14,632,262)	$(3,676,598)	$80,189,802	$(47,583,401)	$(14,942,035)	$3,698,226	$50,700,662	$(49,746,212)	$(6,569,696)	$(1,940,322)
Month End Balance Forward	$62,284,081	$39,684,544	$33,169,364	$18,537,102	$14,860,504	$95,050,306	$47,466,905	$32,524,870	$36,223,096	$86,923,758	$37,177,547	$30,607,850	$30,607,850

Source: Orange County Fire Authority

Table 6
ORANGE COUNTY FIRE AUTHORITY
Changes from Fiscal Year 2013-14 Cash Flow from Fiscal Year 2012-13 Cash Flow

	Actual July 2013	Actual August 2013	Actual September 2013	Actual October 2013	Actual November 2013	Actual December 2013	Actual January 2014	Actual February 2014	Actual March 2014	Projected April 2014	Projected May 2014	Projected June 2014	Fiscal Year 2013-14 Total
Balance From Prior Month	$(89,499)	$(796,329)	$(3,342,017)	$(6,384,707)	$(8,678,281)	$(21,985,619)	$(3,079,151)	$(15,727,515)	$(15,339,087)	$(7,620,336)	$4,253,209	$2,270,095	$(89,499)
Receipts:													
Property Taxes	$(945,811)	$665,857	$130,311	$512,277	$(10,163,234)	$15,150,669	$(199,704)	$158,771	$298,204	$1,124,891	$(914,922)	$3,472,549	$9,289,857
Intergovernmental	29,238	34,070	472,168	282,630	(240,883)	(293,093)	(636,755)	1,057,125	119,696	(886,611)	(4,368,091)	147,855	(4,282,652)
Charges for Current Services	1,018,783	(3,085,247)	3,623,762	(1,980,109)	(2,632,550)	4,476,860	(3,590,776)	36,329	4,541,344	807,046	(16,254)	(6,942,166)	(3,742,978)
Bankruptcy Loss Recovery	0	0	0	(11,286)	0	0	0	0	0	0	0	0	(11,286)
Use of Money and Property	(10,083)	(9,362)	(2,167)	(1,691)	587	1,747	(7,545)	(2,501)	(3,737)	(11,147)	(3,585)	109,581	60,098
Other	(1,087,745)	33,291	229,854	(10,803)	(51,437)	(15,887)	262,045	12,765	70,830	(550,884)	(151,409)	(139,811)	(1,399,192)
TRANs Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Temporary Intrafund Borrowing	(2,500,000)	0	0	0	0	0	0	0	0	0	2,500,000	0	0
Total Receipts	$(3,495,617)	$(2,361,390)	$4,453,927	$(1,208,982)	$(13,087,518)	$19,320,295	$(4,172,735)	$1,262,489	$5,026,337	$483,296	$(2,954,262)	$(3,351,993)	$(86,154)
Expenditures:													
Salary & Employee Benefits	$316,289	$1,712,903	$1,427,302	$176,017	$(1,303,786)	$(157,246)	$6,868,469	$536,131	$(6,590,388)	$(1,238,841)	$(505,366)	$259,438	$1,500,922
OCERS Prepayment (Routine)	0	0	0	0	0	0	3,650,787	0	0	0	0	0	3,650,787
Services & Supplies	(3,105,076)	(1,528,605)	1,571,468	908,575	1,523,606	571,074	208,292	337,929	25,446	122,741	(598,379)	487,119	524,191
Irvine JEAPs	0	0	0	0	0	0	2,988,081	0	0	0	0	0	2,988,081
OCERS Prepayment (Special)	0	0	0	0	0	0	0	0	3,000,000	0	0	0	3,000,000
Equipment	0	0	0	0	0	0	0	0	0	111,867	111,867	111,867	335,600
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid on Intrafund Borrowing	0	0	0	0	0	0	0	0	0	0	20,730	0	20,730
Operating Transfers Out (estimated)	0	0	4,497,847	0	0	0	(5,240,000)	0	872,528	(10,386,016)	0	0	(10,255,641)
Total Disbursements	$(2,788,787)	$184,297	$7,496,617	$1,084,592	$219,820	$413,828	$8,475,629	$874,061	$(2,692,414)	$(11,390,249)	$(971,148)	$858,423	$1,764,669
Excess / (Deficiency)	$(706,830)	$(2,545,688)	$(3,042,690)	$(2,293,574)	$(13,307,337)	$18,906,467	$(12,648,364)	$388,428	$7,718,751	$11,873,544	$(1,983,114)	$(4,210,417)	$(1,850,823)
Month End Balance Forward	$(796,329)	$(3,342,017)	$(6,384,707)	$(8,678,281)	$(21,985,619)	$(3,079,151)	$(15,727,515)	$(15,339,087)	$(7,620,336)	$4,253,209	$2,270,095	$(1,940,322)	$(1,940,322)

Source: Orange County Fire Authority

Table 7
ORANGE COUNTY FIRE AUTHORITY
Explanation of Changes from Fiscal Year 2013-14 Cash Flow from Fiscal Year 2012-13 Cash Flow

	Variance Projected	Variance Explanation
BEGINNING BALANCE	$ (89,499)	Minor variance.
RECEIPTS		
Property Taxes	$ 9,289,857	Current Secured Property taxes are projected to increase by 2.99% from the Fiscal Year 2012-13 initial tax charge due to growth in the assessed valuation of property in the Authority's territory less an estimated refund factor of 1%. Supplemental taxes have increased significantly.
Intergovernmental	(4,282,652)	One-time payments of $10.7 million in Fiscal Year 2012-13 for the Low to Moderate Income Housing Fund and non-housing fund receipts were offset by higher State and federal reimbursements.
Charges for Current Services	(3,742,978)	Cash received in Fiscal Year 2012-13 includes a pre-payment of $2.9 million from the City of Santa Ana in July 2014
Bankruptcy Loss Recovery	(11,286)	Minor variance.
Use of Money and Property	60,098	Minor variance.
Other	(1,399,192)	Other revenue includes a one-time payment of $1.5 million from Orange County Professional Firefighters Assoc. ("OCPFA") medical trust in Fiscal Year 2012-13. No payment is expected from OCPFA in Fiscal Year 2013-14 .
TRANs Principal	--	No tax and revenue anticipation notes were issued in either fiscal year.
Temporary Intrafund Borrowing	--	Any temporary borrowing was repaid within the respective fiscal year.
TOTAL RECEIPTS	$ (86,154)	
EXPENDITURES		
Salary & Employee Benefits	$ 1,500,922	Reflects increase in Fiscal Year 2013-14 for retirement, insurance and workers' compensation offset by a reduction in overtime. The workers' compensation rates are based on the 50% confidence level provided by the actuarial study.
OCERS Prepayment (Routine)	3,650,787	The Authority has prepaid its annual pension contribution to the Orange County Employees Retirement System (the "System") because the Authority receives a discount when it make such a prepayment each fiscal year commencing in Fiscal Year 2010-11.
Services & Supplies	524,191	Minor variance.
JEAP to the City of Irvine	2,988,081	With the ratification of the Second Amendment to the Joint Powers Agreement that governs the Authority, Jurisdictional Equity Adjustment Payments ("JEAP") are required for qualifying Structural Fire Fund members. The Second Amendment to the Joint Powers Agreement specifically provides that the City of Irvine be paid 100% of its JEAP in Fiscal Year 2013-14. Of the total JEAP due to the City of Irvine, $2.9 million was approved by the Board of Directors at its January 23, 2014 meeting and has been paid.
OCERS Prepayment (Special)	3,000,000	The Fiscal Year 2013-14 Mid-Year Financial Report states that $3.0 million of $6.0 million of the unencumbered funds identified in the audited financial statements for Fiscal Year 2012-13 was allocated to the System to prepay a portion of the pension UAAL.
Equipment	335,600	Minor variance.
Debt Service: TRAN Principal	--	No tax and revenue anticipation notes were issued in either fiscal year.
Debt Service: TRAN Interest	--	No tax and revenue anticipation notes were issued in either fiscal year.
Interest Paid on Intrafund Borrowing	20,730	Minor variance.
Operating Transfers Out (estimated)	(10,255,641)	Operating transfers out were larger in Fiscal Year 2012-13 due to, among other things, a transfer of $15.2 million to the Self Insurance Fund to bring the worker's compensation fund balance in compliance with policy of the Board of Directors which requires a 50% confidence level for existing and past claims.
TOTAL DISBURSEMENTS	$ 1,764,669	
EXCESS / (DEFICIENCY)	$ (1,850,823)	
ENDING BALANCE	$ (1,940,322)	

Table 8
ORANGE COUNTY FIRE AUTHORITY
Projected General Fund Cash Flow and Repayment Fund Cash Flow Fiscal Year 2014-15

	Projected July 2014	Projected August 2014	Projected September 2014	Projected October 2014	Projected November 2014	Projected December 2014	Projected January 2015	Projected February 2015	Projected March 2015	Projected April 2015	Projected May 2015	Projected June 2015	Fiscal Year 2014-15 Total
Balance From Prior Month	$30,607,850	$44,469,501	$23,410,142	$20,591,324	$8,491,787	$7,853,655	$85,898,391	$38,230,077	$24,785,919	$27,948,962	$55,169,118	$18,240,039	$30,607,850
Receipts:													
Property Taxes	$3,770,189	$711,192	$4,616,875	$618,853	$14,369,655	$82,035,481	$7,060,810	$568,794	$9,935,577	$64,091,179	$2,395,885	$5,297,477	$195,471,965
Intergovernmental	341,942	1,013,552	1,608,942	583,546	731,119	1,967,889	240,253	2,642,432	385,338	366,115	1,016,717	239,713	11,137,559
Charges for Current Services	5,033,144	7,428,970	12,022,228	7,353,271	4,787,809	14,717,757	5,284,601	4,099,845	14,117,533	6,053,695	4,885,062	14,232,572	100,016,486
Bankruptcy Loss Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of Money and Property	816,090	4,588	1,984	463	(856)	4,183	12,898	3,735	3,044	8,332	12,401	19,888	886,749
Other	58,894	31,928	192,259	21,340	370,223	51,759	18,792	78,115	26,902	6,157	55,626	88,706	1,000,700
TRANs Principal	45,000,000	0	0	0	0	0	0	0	0	0	0	0	45,000,000
Temporary Intrafund Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Receipts	$55,020,258	$9,190,230	$18,442,287	$8,577,473	$20,257,950	$98,777,069	$12,617,353	$7,392,920	$24,468,393	$70,525,479	$8,365,691	$19,878,356	$353,513,459
Expenditures													
Salary & Employee Benefits	$19,220,460	$28,830,691	$19,220,460	$19,220,460	$19,220,460	$19,220,460	$28,830,691	$19,220,460	$19,220,460	$19,220,460	$19,220,460	$19,220,460	$249,865,986
OCERS Prepayment (Routine)	0	0	0	0	0	0	30,000,000	0	0	0	0	0	30,000,000
Services & Supplies	3,063,317	1,418,898	2,040,645	1,456,550	1,675,621	1,511,872	1,454,976	1,616,617	2,084,890	1,584,863	2,679,309	2,980,583	23,568,142
JEAPs	0	0	0	0	0	0	0	0	0	0	0	0	0
OCERS Prepayment (Special)	18,290,238	0	0	0	0	0	0	0	0	0	0	0	18,290,238
Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service: TRAN Principal	0	0	0	0	0	0	0	0	0	22,500,000	22,500,000	0	45,000,000
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	895,000	0	895,000
Intrafund Borrowing Repayment (including interest)	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Transfers Out (estimated)	584,592	0	0	0	0	0	0	0	0	0	0	0	584,592
Total Disbursements	$41,158,608	$30,249,588	$21,261,105	$20,677,010	$20,896,082	$20,732,333	$60,285,667	$20,837,078	$21,305,351	$43,305,323	$45,294,770	$22,201,044	$368,203,958
Excess / (Deficiency)	$13,861,650	$(21,059,359)	$(2,818,818)	$(12,099,538)	$(638,131)	$78,044,736	$(47,668,314)	$(13,444,158)	$3,163,042	$27,220,156	$(36,929,079)	$(2,322,688)	$(14,690,499)
Month End Balance Forward	$44,469,501	$23,410,142	$20,591,324	$8,491,787	$7,853,655	$85,898,391	$38,230,077	$24,785,919	$27,948,962	$55,169,118	$18,240,039	$15,917,351	$15,917,351
Debt Service Coverage Calculations:													
Note Debt Service Coverage	--	--	--	--	--	--	--	--	--	3.45x	1.78x	--	1.35x
Note Debt Service Coverage (including Intrafund Borrowing Capacity)	--	--	--	--	--	--	--	--	--	7.70x	5.86x	--	3.43x

Source:Orange County Fire Authority.

Table 9
ORANGE COUNTY FIRE AUTHORITY
Changes from Fiscal Year 2014-15 Cash Flow from Fiscal Year 2013-14 Cash Flow

	Projected July 2014	Projected August 2014	Projected September 2014	Projected October 2014	Projected November 2014	Projected December 2014	Projected January 2015	Projected February 2015	Projected March 2015	Projected April 2015	Projected May 2015	Projected June 2015	Fiscal Year 2014-15 Total
Balance From Prior Month	$(1,940,322)	$(17,814,580)	$(16,274,401)	$(12,578,040)	$(10,045,316)	$(7,006,849)	$(9,151,915)	$(9,236,828)	$(7,738,951)	$(8,274,134)	$(31,754,641)	$(18,937,508)	$(1,940,322)
Receipts:													
Property Taxes	$102,527	$19,340	$125,552	$16,829	$390,772	$2,230,894	$192,013	$15,468	$270,191	$1,742,912	$65,154	$144,061	$5,315,714
Intergovernmental	156,737	(348,760)	1,008,315	(90,914)	434,772	1,281,944	(5,456,198)	1,390,619	(16,198)	(1,149,669)	(3,192,679)	(752,744)	(6,734,774)
Charges for Current Services	(1,019,543)	3,084,124	(3,625,579)	1,978,998	2,631,827	(4,479,083)	3,589,978	(36,949)	(4,543,477)	(807,961)	15,516	6,940,016	3,727,867
Bankruptcy Loss Recovery	0	0	0	(79,745)	0	0	0	0	0	0	0	0	(79,745)
Use of Money and Property	809,007	1,106	(9,972)	(7,071)	(6,560)	(9,884)	(8,237)	(6,625)	(6,409)	3,344	1,584	(2,021)	758,262
Other	(601,846)	(49,106)	(153,536)	(55,346)	277,896	9,323	(347,265)	(79,214)	(99,534)	6,157	55,626	88,706	(948,141)
TRANs Principal	45,000,000	0	0	0	0	0	0	0	0	0	0	0	45,000,000
Temporary Intrafund Borrowing	(41,000,000)	0	0	0	0	0	0	0	0	0	41,000,000	0	0
Total Receipts	$3,446,881	$2,706,704	$(2,655,219)	$1,762,751	$3,728,707	$(966,806)	$(2,029,708)	$1,283,299	$(4,395,429)	$(205,217)	$37,945,201	$6,418,018	$47,039,183
Expenditures													
Salary & Employee Benefits	$(1,901,411)	$2,316,360	$(969,196)	$441,949	$2,527,446	$1,945,391	$1,060,291	$140,203	$(300,285)	$1,095,925	$1,095,925	$1,095,925	$8,548,522
OCERS Prepayment (Routine)	0	0	0	0	0	0	785,182	0	0	0	0	0	785,182
Services & Supplies	2,347,721	(1,149,834)	(884,537)	(1,211,923)	(1,837,206)	(767,131)	(802,187)	(354,781)	312,567	(208,769)	885,677	1,186,952	(2,483,451)
JEAPs	0	0	0	0	0	0	(2,988,081)	0	0	0	0	0	(2,988,081)
OCERS Prepayment (Special)	18,290,238	0	0	0	0	0	0	0	(3,000,000)	0	0	0	15,290,238
Equipment	0	0	0	0	0	0	0	0	0	(111,867)	(111,867)	(111,867)	(335,600)
TRANs Principal	0	0	0	0	0	0	0	0	0	22,500,000	22,500,000	0	45,000,000
Debt Service: TRAN Interest	0	0	0	0	0	0	0	0	0	0	895,000	0	895,000
Interest Paid on Intrafund Borrowing	0	0	0	0	0	0	0	0	0	0	(136,667)	0	(136,667)
Operating Transfers Out (est)	584,592	0	(4,497,847)	0	0	0	0	0	(872,528)	0	0	0	(4,785,783)
Total Disbursements	$19,321,139	$1,166,525	$(6,351,581)	$(769,973)	$690,241	$1,178,259	$(1,944,795)	$(214,578)	$(3,860,245)	$23,275,289	$25,128,069	$2,171,010	$59,789,360
Excess / (Deficiency)	$(15,874,258)	$1,540,179	$3,696,362	$2,532,724	$3,038,466	$(2,145,066)	$(84,913)	$1,497,877	$(535,184)	$(23,480,506)	$12,817,133	$4,247,008	$(12,750,177)
Month End Balance Forward	$(17,814,580)	$(16,274,401)	$(12,578,040)	$(10,045,316)	$(7,006,849)	$(9,151,915)	$(9,236,828)	$(7,738,951)	$(8,274,134)	$(31,754,641)	$(18,937,508)	$(14,690,499)	$(14,690,499)

Source: Orange County Fire Authority

Table 10
ORANGE COUNTY FIRE AUTHORITY
Explanation of Changes to Fiscal Year 2014-15 Cash Flow from Fiscal Year 2013-14 Cash Flow

	Variance Projected	Variance Explanation
BEGINNING BALANCE	$ (1,940,322)	Reduction in Beginning Balance due to, among other things, a $3.0 million Jurisdictional Equity Adjustment Payment to the City of Irvine.
RECEIPTS		
Property Taxes	$5,315,714	Current Secured Property taxes of the members of the Authority are expected to increase by approximately 5.0% due to projected growth in assessed valuation of property within the Authority's boundaries based on estimates from an independent consultant to the Authority, less an estimated 1% refund factor. Current Unsecured and Supplemental Taxes are based on Fiscal Year 2013-14 projections.
Intergovernmental	(6,734,774)	Budgeted receipts for assistance-by-hire were in the nominal amount of $(310,000) in Fiscal Year 2014-15 due to, among other things, uncertainty with respect to the needs of other governmental agencies. Budgeted receipts for assistance-by-hire for Fiscal Year 2013-14 reflect actual receipts to date of $3.2 million. An urban search and rescue grant reimbursement of $1.5 million is included in Fiscal Year 2013-14. Revenue from the urban search and rescue grant reimbursement will be budgeted in Fiscal Year 2014-15 when a new grant is accepted. Miscellaneous Federal Revenue includes grant reimbursements of approximately $1.1 million which was not projected to be received in Fiscal Year 2014-15.
Charges for Current Services	3,727,867	Charges to Cash Contract Members are estimated to increase by 3.8%. [The City of San Clemente added a seasonal ambulance beginning May 1, 2014.]
Bankruptcy Loss Recovery	(79,745)	Minor variance.
Use of Money and Property	758,262	Minor variance.
Other	(948,141)	$362,000 in insurance settlements were received in Fiscal Year 2013-14. The Authority does not project receipt of any insurance settlement revenue in Fiscal Year 2014-15. [The Santa Ana College reimbursements are expected to be $100,000 higher in Fiscal Year 2014-15.] In addition, a miscellaneous payment of $267,564 was received in July 2013.
TRANs Principal	45,000,000	Reflects the issuance of the Notes in Fiscal Year 2014-15. No tax and revenue anticipation notes were issued in Fiscal Year 2013-14.
Temporary Intrafund Borrowing	--	Temporary borrowing was repaid within the respective fiscal years.
TOTAL RECEIPTS	$ 47,039,183	
EXPENDITURES		
Salary & Employee Benefits	$ 8,548,522	Retirement rates in Fiscal Year 2014-15 reflect the impact of, among other things, the System's reduction in the assumed rate of return on assets from 7.75% to 7.25%. The System is phasing in this change over two fiscal years commencing in Fiscal Year 2014-15. Such will change is expected to result in increased retirement rates. See Appendix A "Financial, Economic and Demographic Information regarding the Orange County Fire Authority – Financial and Economic Information – Defined Benefit Retirement Program - Actuarial Assumptions" attached hereto. The increase in salary and employee benefits includes increased staffing for the new Fire Station No. 56 which is expected to begin operations in January 2015. See Appendix A "– Financial Policies and Practices - Fiscal Year 2014-15 Authority Budget" attached hereto. The budget for workers' compensation in Fiscal Year 2013-14 and 2014-15 reflected confidence levels of 50% and 60%, respectively. Both estimates are based on the actuarial study completed in July 2013. See Appendix A " – Insurance" attached hereto.
OCERS Prepayment (Routine)	785,182	Reflects the estimated increase in the Authority's annual prepayment of its contribution to the System.
Services & Supplies	(2,483,451)	The Fiscal Year 2013-14 Budget includes one-time grant expenditures of $1.4 million which will be included in the budget for Fiscal Year 2014-15 when the grant is accepted. In addition, the cash flow for Fiscal Year 2013-14 reflects a $935,000 Hazardous Materials Disclosure refund to the Orange County Health Care Agency.
JEAPs	(2,988,081)	No Jurisdictional Equity Adjustment Payments are expected to be made in Fiscal Year 2014-15.
OCERS Prepayment (Special)	15,290,238	Pursuant to the Memoranda of Understanding with the Authority's bargaining units and personnel groups, a prepayment to the System of the Authority's pension UAAL is budgeted in Fiscal Year 2014-15 in an amount greater than the required amount.
Equipment	(335,600)	Minor variance.
TRANs Principal	45,000,000	Reflects the issuance of the Notes in Fiscal Year 2014-15. No tax and revenue anticipation notes were issued in Fiscal Year 2013-14.
Debt Service: TRAN Interest	895,000	Reflects the issuance of the Notes in Fiscal Year 2014-15. No tax and revenue anticipation notes were issued in Fiscal Year 2013-14.
Interest Paid on Intrafund Borrowing	(136,667)	Intrafund borrowing is not expected in Fiscal Year 2014-15 due to, among other things, the issuance of the Notes described herein.
Operating Transfers Out (estimated)	(4,785,783)	The General Fund surplus in excess of the amount for the General Fund 10% contingency reserve is transferred to the Capital Improvement Fund. The reduction in Operating Transfers Out reflects a smaller General Fund surplus in Fiscal Year 2014-15.
TOTAL DISBURSEMENTS	$ 59,789,360	
EXCESS / (DEFICIENCY)	$ (12,750,177)	
ENDING BALANCE	$ (14,690,499)	

Source: Orange County Fire Authority

Use and Investment of Note Proceeds

The Authority will, immediately upon receiving the proceeds of the sale of the Notes, deposit in the General Fund all amounts received from such sale. Such amounts held in the General Fund will be invested as permitted by Section 53601 or Section 53635 of the Government Code provided that no such investments shall consist of reverse repurchase agreements. Such amounts are expected to be deposited in the Authority's Investment Pool and commingled with other funds of the Authority. See Appendix A – "Financial, Economic and Demographic Information regarding the Orange County Fire Authority - Authority Financial Information – OCFA Portfolio" herein. Amounts in the General Fund attributable to the sale of the Notes shall be withdrawn and expended by the Authority for any purpose for which the Authority is authorized to expend funds from the General Fund.

Repayment Account

In accordance with the provisions of the Resolution, a Repayment Account (the "Repayment Account") is to be established by the Authority to be held in trust by the Paying Agent and all Designated Revenues (as that term is defined in the Resolution) are to be deposited into the Repayment Account as required by the terms of the Resolution. Moneys in the Repayment Account are to be invested in Permitted Investments (as hereinafter defined) that provide sufficient liquidity so that moneys will be available no later than the Maturity Date. Moneys in the Repayment Account are to be used to pay the Notes and the interest thereon when and as they become due and payable, and amounts necessary to pay any rebate requirement as provided in the Resolution, and may not be used for any other purposes, provided, however, that any proceeds of any such investments not needed for such purposes may, upon the request of the Treasurer, be transferred by the Paying Agent to the Authority's General Fund. Any balance in the Repayment Account on the Maturity Date in excess of the amounts needed to pay the principal of and interest on the Notes shall be transferred to the Authority's General Fund. See "Summary of Certain Provisions of the Resolution – Permitted Investments" herein.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. This summary is not to be considered a full statement of the terms of the Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Resolution.

Resolution to Constitute Contract

The Resolution is deemed to be and constitutes a contract between the Authority and the Owners from time to time of the Notes; and the pledge made in the Resolution and the covenants and agreements set forth therein to be performed by or on behalf of the Authority will be for the equal benefit, protection and security of the Owners of any and all of the Notes.

Covenants of the Authority

The Authority will do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Resolution.

Upon the date of issuance of the Notes, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Notes, will exist, will have happened and will have been performed and the issue of such Notes, together with all other indebtedness of the Authority, will be within every debt and other limit prescribed by the Constitution and laws of the State of California.

The Authority covenants that during the Fiscal Year it will not borrow any amount under the authority of the Act such that such borrowed amount plus (i) the interest on such borrowed amount, (ii) the amount of all notes and other evidences of indebtedness of the Authority issued under the authority of the Act then outstanding, and (iii) the interest on such notes and other evidences of indebtedness issued under the authority of the Act then outstanding (collectively, the "Total Debt"), will exceed an amount equal to eighty-five percent (85%) of the amount estimated at the time of such borrowing of the then uncollected taxes, income, revenue, cash receipts and other moneys received or accrued by the Authority during the Fiscal Year that lawfully will be available for payment of the Total Debt.

The Authority hereby covenants that it will not knowingly take any action, omit to take any action or permit the taking or omission of any action (including, without limitation, making or permitting any use of Note proceeds) if taking or omitting to take such action would cause the Notes to be arbitrage bonds, private activity bonds or federally-guaranteed obligations within the meaning of the Code, or would otherwise cause interest on the Notes to be included in the gross income of the registered owner and/or the Beneficial Owners thereof for federal income tax purposes. See "Tax Matters" herein.

Paying Agent and Note Registrar

The Treasurer is appointed as the Paying Agent for the Notes pursuant to the Resolution; provided, however, that the Treasurer and such other officers of the Authority as may be authorized by the Board will be, and each of them acting alone is, authorized to appoint another Paying Agent to undertake the Treasurer's duties under the Resolution as Paying Agent in the event the Treasurer is not able to accept, or after determining it to be in the best interest of the Authority, does not accept its appointment under the Resolution and enter into a Paying Agent Agreement. Should the Paying Agent be other than the Treasurer, the Paying Agent will signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Authority a written acceptance thereof under which the Paying Agent will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority at all reasonable times.

Exchange and Transfer of the Notes

The registered owners of the Notes which are evidenced by registered certificates may transfer such Notes upon the books maintained by the Note Registrar, in accordance with the Resolution.

The Authority and any Paying Agent may deem and treat the registered owner of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such registered owner upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the Authority nor any Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the registered owner of the Notes as long as the beneficial ownership of the Notes is held in book-entry form in the records of such securities depository. See "Book-Entry Only System." herein

The registration of any Note may be transferred upon the Note Register upon surrender of such Note to the Paying Agent. Such Note will be endorsed or accompanied by delivery of a written instrument of transfer, duly executed by the Owner or the Owner's duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Note or Notes, for the same outstanding principal amount, maturity and interest rate and in authorized denominations, will be issued to the transferee in exchange therefor.

The Authority and the Paying Agent may treat the person in whose name any Outstanding Note shall be registered upon the Note Register as the absolute Owner of such Note, whether such Notes shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Owner or upon such Owner's order shall be valid and effective to satisfy and discharge the liability upon such Notes to the extent of the sum or sums so paid, and neither the Authority nor any Paying Agent shall be affected by any notice to the contrary.

Permitted Investments

Moneys in the Repayment Account will be deposited with the Paying Agent and shall be invested by the Paying Agent in Permitted Investments. "Permitted Investments" consist of any of the following securities, provided that in no event shall any Qualified Investment mature or otherwise be repayable such that moneys will be available later than the Maturity Date:

(1) United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest ("United States Treasury Obligations");

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board (FHLB); (b) the Federal Home Loan Mortgage Corporation (FHLMC); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm Credit Bank (FFCB); (e) Government National Mortgage Association (GNMA); (f) Student Loan Marketing Association (SLMA); Federal Agricultural Mortgage Association and (g) guaranteed portions of Small Business Administration (SBA) notes;

(3) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances. Purchases of bankers acceptances may not exceed a maturity of 180 days. The financial institution must have a minimum short-term rating of "A-1" by S&P and a long-term rating of no less than "A";

(4) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by S&P ("A-1"). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars $(500,000,000). Purchases of eligible commercial paper may not exceed a maturity of 270 days;

(5) Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank in each case which has, or which is a subsidiary of a parent company which has, the highest letter and numerical rating from S&P ("A-1");

(6) Investments in repurchase agreements of any securities listed in (1) through (4) above. Investments in repurchase agreements may be made with financial institutions having a rating of "AA" or better from S&P, and when the term of the agreement does not exceed 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above;

(7) Deposits in the State of California Treasurer's Local Agency Investment Fund; and

(8) the Orange County Fire Authority Investment Portfolio.

BOOK-ENTRY ONLY SYSTEM

The following information concerning The Depository Trust Company and its book-entry system has been obtained from sources the Authority believes to be reliable; however, the Authority takes no responsibility as to the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The Depository Trust Company ("DTC"), will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued in the aggregate principal amount of the Notes, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Authority subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Authority Resolution with respect to certificated Notes will apply.

THE AUTHORITY, THE PAYING AGENT AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SECURITIES (I) PAYMENTS OF PRINCIPAL OF AND INTEREST EVIDENCED BY THE SECURITIES (II) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SECURITIES

OR (III) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SECURITIES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE AUTHORITY, THE PAYING AGENT NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OR COMPLETENESS OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON SECURITIES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE RESOLUTION; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SECURITIES.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the Assessor. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. Article XIII A further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition; and (iii) bonded indebtedness incurred by a school district, community college district or county office of education (which is separate from the County) for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the votes cast by the voters of the school district, community college district or the county, as appropriate, voting on the proposition but only if certain accountability measures are included in the proposition.

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting on such a proposition in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future changes to assessed valuation that are allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the change occurs. Local agencies and school districts will share the change of "base" revenue from the tax rate area. Each year's allocation of the change to assessed valuation becomes part of each agency's allocation the following year. The Authority is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. Article XIII B has been amended by Proposition 99 which was approved by voters in November 1988, Proposition 98 which was approved by voters in November 1998, Proposition 111 which was approved by voters in June 1990, Proposition 10 which was approved by voters in November 1998 and Proposition 1A which was approved by voters in November 2004.

Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, special district, authority or other political subdivision of the State (e.g. local governments) to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The Authority is not required to independently calculate an appropriation limit under Article XIII B. The Authority is included in the County's calculation of the County's appropriations limit and provided information regarding its yearly appropriations to the County.

The "base year" for establishing such appropriation limit is the 1986-87 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to limitation of the State pursuant to Article XIIIB, include generally any authorization to expend during the fiscal year the Proceeds of Taxes (defined herein) levied by or for the State, exclusive of certain State subventions for the use and operation of local government, and further exclusive of refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity of local government, pursuant to Article XIIIB, include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity excluding refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting on the related proposition in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above specified levels, appropriations derived from certain sales and use taxes and certain weight fees imposed on commercial vehicles, and appropriations of revenue from the Cigarette and Tobacco Products Surtax Fund and California Children and Families First Trust Fund. Further, revenues from the federal government are not included in appropriations subject to limitation.

"Proceeds of Taxes" include, but are not restricted to, all tax revenues and the proceeds to an entity of local government from (1) regulatory licenses, user charges, and user fees to the extent that those proceeds exceed the costs reasonably borne by that entity in providing the regulation, product, or service and (2) the investment of tax revenues. The Government Code states that Proceeds of Taxes for any local government include subventions received from the State, other than subventions received from the State in accordance with the Government Code whenever the State Legislature or any State agency mandates a new program or higher level of service on any local government.

Article XIII B includes a requirement pursuant to which fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the State Constitution. In addition, fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, Article XIII B includes a requirement that all revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit in each year for an entity of local government is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the option of such entity of local government, either (i) the percentage change in California per capita personal income from the preceding fiscal year, or (ii) the percentage change in the local assessment roll from the preceding fiscal year for the jurisdiction due to the addition of local nonresidential new construction. Pursuant to the Revenue and Taxation Code, the State's Department of Finance annually transmits to each city and each county an estimate of the percentage change in the population of the city or the county.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

An amendment to Article XIII B will be submitted to voters in the State at an election to be held in June 2014. Such amendment, if approved, would remove the requirement that the State provide a subvention of funds to reimburse local governments for certain costs related to the California Public Records Act and the Ralph M. Brown Act.

Proposition 62

Proposition 62 was adopted by the California voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the Authority be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes imposed for specific purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) required that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino (*"*Guardino*"*)*, upheld the constitutionality of Proposition 62. In *Guardino*, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, was invalid without the required two-thirds voter approval. The decision did not address the question of whether or not it should be applied retroactively. [Since the adoption of Proposition 62, the Authority has enacted increases in taxes in compliance therewith.]

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al*. ("*La Habra*"). In *La Habra*, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes that are subject to Proposition 62 is three years. Accordingly, a challenge to a tax that is subject to Proposition 62 may only be made for those taxes collected within three years of the date the action is brought.

Proposition 218

On November 5, 1996, the California voters approved Proposition 218, a constitutional initiative entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions limiting the ability of local governments, including the Authority, to impose and collect both existing and future taxes, assessments, fees and charges. Proposition 218 substantially restricts the Authority's ability to raise future revenues and subjects certain existing sources of revenue to reduction or repeal, and increases the Authority's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal local taxes, assessments, fees and charges. However, other than any impact resulting from the exercise of this initiative power, the Authority does not presently believe that the potential impact on the financial condition of the Authority as a result of the provisions of Proposition 218 will adversely affect the Authority's ability to pay principal of and interest on the Notes as and when due and perform its other obligations.

Article XIII C requires that all new, extended, or increased local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the Authority require a majority vote of the electorate and taxes for specific purposes, even if deposited in the Authority's General Fund, require a two-thirds vote of the electorate. These voter approval requirements of Proposition 218 reduce the flexibility of the Authority to raise revenues through General Fund taxes, and no assurance can be given that the Authority will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to local taxes, assessments, fees or charges imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. The Authority believes that it does not impose any taxes, assessments or fees and charges that could be reduced or repealed in connection with the broad initiative powers of tax reduction or repeal extended by Proposition 218.

The repeal of local taxes, assessments, fees or charges could be challenged as a violation of the prohibition against impairing contracts under the contract clause of the United States Constitution. Subsequent to the amendment of Article XIII C, the State Legislature approved SB 919 (the "Proposition 218 Omnibus Implementation Act"), which directed that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date (such date being November 5, 1996) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the Authority will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that are or will be deposited into the Authority's General Fund. Further, "fees" and "charges" are not defined in Article XIII C or Proposition 218 Omnibus Implementation Act, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D, as described below. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property related. The Authority is unable to predict whether the courts will interpret the initiative provision to be limited to property related fees and charges. No assurance can be given that the voters of the Authority will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the Authority's General Fund. The Authority believes that in the event that the initiative power were exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the Authority, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the Authority would be able to pay the principal of and interest on the Notes as and when due or any of its other obligations payable from the Authority's General Fund.

Article XIII D added several requirements that generally made it more difficult for local agencies, such as the Authority, to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and the Proposition 218 Omnibus Implementation Act (as enacted in Government Code Section 53750) to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in certain service areas and in special districts in the Authority. If the Authority is unable to collect assessment revenues relating to those specific programs as a consequence of Proposition 218, the Authority's current practice curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the Authority anticipates that any impact Article XIII D may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the Authority to pay the principal of and interest on the Notes as and when due. However, no assurance can be given that the Authority may or will be able to reduce or eliminate such services to avoid new costs for the Authority's General Fund in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by an agency [subdivision (a) of Section 2 of Article XIII D defines an agency as any local government as defined in subdivision (b) of Section 1 of Article XIIIC] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new fees and charges and, after June 30, 1997, all existing property related fees and charges that are extended, imposed or increased must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The Authority must then hold a hearing upon the proposed imposition or increase of such property-related fee or charge, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the Authority may not impose or increase the fee or charge. In *Morgan et al., v. Imperial Irrigation District and Imperial County Farm Bureau*, the appellate court held that Proposition 218 does not require the agency to conduct a separate protest election for each different rate class comprised of owners of identified parcels. Instead, the agency need only conduct a single a protest election for a collection of rate increases involving all its customers. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the Authority, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the Authority and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D of Proposition 218 is not substantial. Accordingly, the Authority does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the Authority to pay the principal of and interest on the Notes as and when due. However, no assurance can be given that the Authority may or will be able to reduce or eliminate such services to avoid new costs for the Authority's General Fund in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would amend and supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the Authority.

Proposition 1A

Proposition 1A ("Proposition 1A"), proposed by the Legislature as a Senate Constitutional Amendment in connection with the 2004-05 Budget Act and approved by California voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature.

Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See " – Proposition 22" below.

Proposition 22

Proposition 22 ("Proposition 22"), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See " - Proposition 1A" herein. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The Legislative Analyst's Office states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies that was in effect on June 30, 2009. The Legislative Analyst's Office anticipates that Proposition 22 will require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need. The Authority does not believe that the adoption of Proposition 22 will have a significant impact on its revenues and expenditures during Fiscal Year 2014-15.

Proposition 26

Proposition 26 ("Proposition 26"), which was approved by California voters on November 2, 2010, revises the California Constitution to expand the definition of "taxes." Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. See " - Proposition 218" herein.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure unless and only to the extent that they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the Authority's fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, Proposition 111, Proposition 1A, Proposition 62, Proposition 22, and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the Authority or the ability of the Authority to expend revenues. The nature and impact of these measures cannot be predicted by the Authority.

ENFORCEABILITY OF REMEDIES

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the Authority, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The Authority holds taxes and other revenues that are pledged and will be set aside to repay the Notes and following payment of these funds to the Paying Agent such funds will be invested in the Authority Investment Pool or other Permitted Investments. In the event of a petition for the adjustment of debts of the Authority under Chapter 9 of the Bankruptcy Code, a court might hold that the Owners of the Notes do not have a valid and prior lien on the Designated Revenues where such amounts are deposited in the Authority Investment Pool and may not provide the Owners of the Notes with a priority interest in such amounts. Such amounts may not be available for payment of principal of and interest on the Notes unless the Owners of the Notes could "trace" the funds from the Repayment Account that have been deposited in the Authority Investment Pool. There can be no assurance that the Owners could successfully so "trace" the Designated Revenues.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Notes, and Bond Counsel has assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Notes. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on such Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Notes. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note determined based on constant yield principles. An owner of a Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes. For example, the Fiscal Year 2015 Budget proposed on March 4, 2014, by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, Dave Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on tax-benefit items described above (at 25%) which, as to certain high income taxpayers, effectively would impose a 10% surcharge on their "modified adjusted gross income," defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, sale, execution and delivery by the Authority of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix D hereto. Certain legal matters will be passed upon for the Authority by its counsel, Woodruff, Spradlin, & Smart, Costa Mesa, California, and its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California.

FINANCIAL ADVISOR

The Authority has retained Tamalpais Advisors, Inc., as Financial Advisor (the "Financial Advisor") in connection with the issuance of the Notes and certain other financial matters. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other negotiable instruments.

The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the Authority, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting the accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

LITIGATION

No litigation is pending or threatened concerning the validity of the Notes, and an opinion of the Authority Counsel (based upon its best knowledge after reasonable investigation) to that effect will be furnished to the purchaser at the time of the original delivery of the Notes. The Authority is not aware of any litigation pending or threatened questioning the political existence of the Authority or contesting the Authority's ability to levy and collect ad valorem taxes or contesting the Authority's ability to issue and pay the Notes.

There are a number of lawsuits and claims pending against the Authority. The Authority does not believe that any of these proceedings could have a material adverse impact upon the financial condition of the Authority.

RATING

The Notes have been assigned a rating of "__" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of such rating may be obtained from S&P. The rating reflects the views of S&P and the Authority makes no representation as to the appropriateness of the rating. Further, there is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely if in the sole judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Notes.

UNDERWRITING

The Notes were sold at competitive bid on ______, 2014. The Notes were awarded to _______________ (the "Underwriter"), at a purchase price of $____________. The Underwriter's compensation with respect to the Notes is $______. The Official Notice of Sale provides that all Notes would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Bond Counsel and certain other conditions. The Underwriter will represent to the Authority that the Notes have been re-offered to the public at the price or yield as stated on the cover page hereof.

CONTINUING DISCLOSURE

The Authority has agreed in the Resolution and will covenant in a Continuing Disclosure Certificate to be executed in connection with the delivery of the Notes that, upon the occurrence of any of the following "Listed Events," it will report the occurrence of such event to either the MSRB through its EMMA system or to another repository designated by the MSRB or the SEC within 10 Business Days (as defined in the Continuing Disclosure Certificate). Listed Events include any of the following events so long as the Notes are outstanding: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) modifications to rights of Holders, if material; (iv) bond calls, if material and tender offers; (v) defeasances; (vi) rating changes; (vii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (viii) unscheduled draws on the debt service reserves reflecting financial difficulties; (ix) unscheduled draws on the credit enhancements reflecting financial difficulties; (x) release, substitution or sale of property securing repayment of the Notes, if material; (xi) bankruptcy, insolvency, receivership or similar event of the Authority (such event is considered to occur when any of the following occur: the appointment of a receiver, Paying Agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority; (xii) substitution of credit or liquidity providers, or their failure to perform; (xiii) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material. There are currently no debt service reserves, credit enhancements or liquidity providers with respect to the payment of principal of and interest on the Notes, and the Notes are not subject to redemption prior to maturity in accordance with their terms. The Authority's obligations under the Resolution with respect to continuing disclosure shall terminate upon payment in full of all of the Notes without any requirement to provide notice to any owner or holder of the Notes. If such termination occurs prior to the final maturity of the Notes, the Authority shall give notice of such termination in the same manner as for a Listed Event.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the SEC. The Authority has not failed in the last five years to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of events.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the Authority since the date hereof.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

ORANGE COUNTY FIRE AUTHORITY

By: ____
Patricia Jakubiak
Treasurer

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APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE AUTHORITY

(Appendix A attached to the back of the document)

APPENDIX B

EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2013

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, proposes to issue an approving opinion in substantially the following form:

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

Ladies and Gentlemen:

We have acted as Bond Counsel to the Orange County Fire Authority (the "Authority") in connection with the issuance of its $___________ aggregate principal amount of 2014-2015 Tax and Revenue Anticipation Notes (the "Notes") issued pursuant to and by authority of a resolution of the Board of Directors of the Authority duly passed and adopted on May 22, 2014 (the "Resolution"), and under and by the authority of Article 7.6 Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the "Act").

In such connection, we have examined the Resolution, certain estimates, expectations and assumptions made by or on behalf of the Authority, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the Authority and such other documents, including a certificate of the Authority relating to certain federal income tax matters (the "Tax Certificate"), and other matters deemed necessary to render the opinions set forth herein.

Based on the foregoing, we are of the opinion that:

(1) The Notes constitute the valid and binding obligations of the Authority.

(2) As provided in the Act, the Notes and the interest thereon are general obligations of the Authority. Pursuant to the Act and the Resolution, the Authority has pledged the taxes, income, revenue, cash receipts and other moneys of the Authority (including moneys deposited in inactive or term deposits (but excepting certain moneys which, when received by the Authority, will be encumbered for a special purpose unless an equivalent amount of the proceeds from the Notes is set aside for and used for said special purpose)) received or accrued by the Authority for the General Fund of the Authority during the Fiscal Year 2014-15 that are lawfully available for payment of the Notes and the interest thereon (the "Unrestricted Revenues") as security for the Notes.

(3) Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

In rendering the opinions in this paragraph (3), we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate delivered on the date hereof by the Authority, and (ii) compliance by the Authority with procedures and covenants set forth in the Tax Certificate as to such matters.

(4) Interest on the Notes is exempt from State of California personal income tax.

The Code establishes certain requirements which must be met subsequent to the issuance of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. On the date of issuance of the Notes, the Authority will execute a Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Authority covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes will, for federal income tax purposes, be excluded from gross income. Noncompliance with such requirements may cause interest on the Notes to be included in gross income of the owners thereof for federal income tax purposes retroactive to their date of issue, irrespective of the date on which such noncompliance is ascertained.

The foregoing opinions are qualified to the extent that the enforceability of the Notes and the Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

Except as stated in paragraphs (3) and (4) above, we express no opinion regarding any other Federal, state or local tax consequences with respect to the Notes or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

Very truly yours,

APPENDIX D

FORM OF DISCLOSURE CERTIFICATE

This Disclosure Certificate (the "Certificate") is dated and made as of July 1, 2014 by the Orange County Fire Authority (the "Authority") in connection with the issuance of the Authority's $___________ principal amount of Orange County Fire Authority 2014-2015 Tax and Revenue Anticipation Notes (the "Notes"). Capitalized terms used in this Certificate which are not otherwise defined in the Resolution approving the issuance of the Notes adopted by the Authority (the "Resolution") shall have the respective meanings specified above or in Article IV hereof. Pursuant to Section 203 of the Resolution, the Authority agrees as follows:

ARTICLE I
THE CERTIFICATE

Section 1.1. Purpose. This Certificate shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Listed Event Notices. (a) If a Listed Event occurs, the Authority shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to the MSRB.

Section 1.3. Additional Disclosure Obligations. The Authority acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Authority, and that under some circumstances compliance with this Certificate, without additional disclosures or other action as may be additionally required under such other state or federal securities laws, may not fully discharge all duties and obligations of the Authority under such laws.

Section 1.4. Additional Information. Nothing in this Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Listed Event Notice, in addition to that which is required by this Certificate. If the Authority chooses to include any information in any Listed Event Notice in addition to that which is specifically required by this Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Listed Event Notice.

Section 1.5. No Previous Non-Compliance. The Authority represents that in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II
OPERATING RULES

Section 2.1. Listed Event Notices. Each Listed Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Information and Notices. Unless otherwise required by law and, in the Authority's sole determination, subject to technical and economic feasibility, the Authority shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the Authority's information and notices.

Section 2.3. Filing with Certain Dissemination Agents. The Authority may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Authority under this Certificate, and revoke or modify any such designation.

Section 2.4. Transmission of Information. (a) Unless otherwise required by the MSRB or the SEC, all notices, documents and information provided to the MSRB shall be provided to the MSRB's EMMA system, the current internet address of which is emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

ARTICLE III
TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1. Effective Date; Termination (a) This Certificate and the provisions hereof shall be effective upon the execution and delivery of the Notes.

(b) The Authority's obligations under this Certificate shall terminate upon payment in full of all of the Notes. The Authority shall have no obligation to file a Listed Event Notice upon payment in full of all of the Notes.

(c) This Certificate, or any provision hereof, shall be null and void in the event that the Authority (1) receives an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that those portions of the Rule which require this Certificate, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

Section 3.2. Amendment. (a) This Certificate may be amended by the Authority without the consent of the holders of the Notes (except to the extent required under clause 3.2(a)(4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby;

(2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(3) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the same effect as set forth in clause 3.2(a)(2) above;

(4) either (i) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Certificate pursuant to the same procedures as are required for amendments to

the Resolution with consent of holders of the Notes pursuant to the terms of the Resolution as in effect on the date of this Certificate; and

(5) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 3.2(a) above, this Certificate may be amended and any provision of this Certificate may be waived, by written certificate of the Authority, without the consent of the holders of the Notes, if all of the following conditions are satisfied:

(1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate;

(2) the Authority shall have received an opinion of Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Authority, to the effect that performance by the Authority under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and

(3) the Authority shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Certificate.

(b) Except as expressly provided in this subsection (b), the provisions of this Certificate shall create no rights in any person or entity. The obligations of the Authority to comply with the provisions of this Certificate shall be enforceable, in the case of enforcement of obligations to provide notices, by any holder of Notes. Such holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Authority to perform in accordance with this Certificate shall not constitute a default under the Notes.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof. If any party initiates any legal or equitable action to enforce the terms of this Certificate, to declare the rights of any party under this Certificate or which relates to this Certificate in any manner, each such party agrees that the place of making and for performance of this Certificate shall be Irvine, California, State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the Orange County Fire Authority.

ARTICLE IV
DEFINITIONS

Section 4.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(a) "Business Day" means any day other than (a) a Saturday or Sunday, or (b) a day on which the Authority is required by law to close.

(b) "EMMA" means the MSRB's Electronic Municipal Market Access system or any other repository so designated by the MSRB or the SEC.

(c) "Listed Event" means any of the following events with respect to the Notes:

i. principal and interest payment delinquencies;

ii. non-payment related defaults, if material;

iii. modifications to rights of holders, if material;

iv. Bond calls, if material and tender offers;

v. defeasances;

vi. rating changes;

vii. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

viii. unscheduled draws on the debt service reserves reflecting financial difficulties;

ix. unscheduled draws on the credit enhancements reflecting financial difficulties;

x. release, substitution or sale of property securing repayment of the Notes, if material;

xi. bankruptcy, insolvency, receivership or similar event of the Authority (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority;

xii. substitution of credit or liquidity providers, or their failure to perform;

xiii. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(d) "Listed Event Notice" means written or electronic notice of a Listed Event.

(e) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

(f) "Official Statement" means the "final official statement," as defined in paragraph (f)(3) of the Rule, relating to the Notes.

(g) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof.

(h) "SEC" means the Securities and Exchange Commission of the United States of America.

(i) "State" means the State of California.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Certificate as of the date first written above.

ORANGE COUNTY FIRE AUTHORITY

By: ___________________________________
Treasurer

APPENDIX E

OFFICIAL NOTICE OF SALE

APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE ORANGE COUNTY FIRE AUTHORITY

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GENERAL INFORMATION

History and Overview

Prior to 1980, fire protection services in the unincorporated portions of the County of Orange (the "County") and in certain cities within the County were provided by the California Department of Forestry ("CAL FIRE"). In 1980, the County formed the Orange County Fire Department which assumed responsibility for providing fire and emergency response protection within the County. The Orange County Fire Authority (the "Authority") was formed on March 1, 1995 to provide fire protection and related services to the member jurisdictions including the unincorporated area within the County. The Authority also provides mutual aid to areas outside of the County for large or unusual emergencies pursuant to the Master Mutual Aid Agreement by and among all fire agencies in the State of California (the "State"). The Authority serves as the mutual aid area coordinator for the County.

The Authority is a political subdivision of the State and exists separate and apart from the County and the Cities. The Authority operates pursuant to the Amended Orange County Fire Authority Joint Powers Agreement dated September 23, 1999, by and among the jurisdictions within the County named therein and the County, as amended by the First Amendment to Amended Joint Powers Authority Agreement effective July 1, 2010 and the Second Amendment to Amended Joint Powers Authority Agreement which was approved by the Board of Directors of the Authority (the "Board of Directors") on September 26, 2013 (collectively, the "Joint Powers Agreement") each by and among the jurisdictions within the County named therein and the County. The Second Amendment to the Amended Joint Powers Authority Agreement is presently the subject of a validation action. See "Financial and Economic Information – Major Revenues - Structural Fire Fund Revenues" herein. The members of the Authority are the Cities of Aliso Viejo, Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Santa Ana, Seal Beach, Stanton, Tustin, Villa Park, Westminster and Yorba Linda and the County. The member jurisdictions are characterized as either Structural Fire Fund Jurisdictions or Cash Contract Members. Structural Fire Fund Jurisdictions allocate a portion of their *ad valorem* property taxes to the Authority and Cash Contract Members pay fees to the Authority. See "Financial and Economic Information – Major Revenues - Structural Fire Fund Revenues" and " – Cash Contract Members" herein.

The Authority operates a full service emergency response agency. The Authority's chief officers manage the Authority's role as Area Coordinator in both the Statewide mutual aid plan and the federally supported Urban Search and Rescue California Task Force 5. The Authority operates nine battalions within seven divisions and manages 71 fire stations, including a fire station at the John Wayne Airport in the City of Santa Ana. The Authority expects to open an additional fire station in the Ortega Valley portion of the unincorporated County area in January 2015. See "Financial and Economic Information – Capital Projects" herein. Aircraft rescue fire-fighting services are provided under contract with John Wayne Airport. The Authority also provides a full range of fire and accident prevention programs including both regulation enforcement and education. The Authority serves a population of approximately 1.7 million residents within a land area of approximately 571 square miles including more than 172 acres of federal and State responsibility areas. In Fiscal Year 2012-13, the Authority's personnel responded to 111,889 incidents.

Governance and Senior Management

The Authority is governed by a 25 member Board of Directors. The Board of Directors is comprised of one voting member from each member City and two voting members from the County. Each Director is a current, elected member of the governing board of his or her representative City or the County. The Board of Directors appoints the fire chief (the "Fire Chief"), establishes policies for the Authority and adopts the annual budget. The Fire Chief is the Authority's chief executive officer and is responsible for implementing policies of the Board of Directors, managing the Authority's fire protection and life safety services and overseeing administration of the Authority. In addition to the Fire Chief, one Deputy Fire Chief, four Assistant Fire Chiefs, and one Deputy Fire Marshal oversee and manage operations for the Authority.

FINANCIAL AND ECONOMIC INFORMATION

Budgetary Process

General. The Joint Powers Agreement requires that the Board of Directors adopt a budget for its General Fund (the "General Fund") at or prior to the last meeting of the Board of Directors for each fiscal year for the ensuing fiscal year. In May of each of year, a budget workshop is scheduled for the entire Board of Directors to review and discuss the Proposed Budget. The budget sets forth final expenditures, revenues, and fund balances available so that appropriations during that fiscal year will not exceed revenues and other funds. The Board of Directors may only adopt the recommended budget for a fiscal year with the approval of at least a majority of the members of the Board of Directors in attendance. The Board of Directors approved the Authority's budget for Fiscal Year 2014-15 on May 22, 2014 (the "Fiscal Year 2014-15 Adopted Budget").

The Budget and Finance Committee advises staff and makes recommendations to the Board of Directors on matters related to financial and budget policies, development of budget for the General Fund and capital expenditures, assignment or commitment of fund balances, budget balancing measures, evaluation and development of plans to meet long-term financing needs, investment oversight and purchasing policies. Proposed budgets are reviewed by executive management ("Executive Management") the Capital Improvement Program ad hoc Committee composed of four members of the Board of Directors, the City Manager Advisor Committee, the Budget and Finance Committee, and the Board of Directors.

Revenues for the General Fund are derived from such sources as *ad valorem* property taxes, cash contract charges, fire prevention fees, contracts with CAL FIRE, federal disaster relief reimbursements, ambulance reimbursements and other sources. Structural Fire Fund Revenues (defined herein) and Cash Contract Payments (defined herein) constitute the two principal components of General Fund revenues. See "Financial and Economic Information – Major Revenues – Structural Fire Fund Revenues" and " – Cash Contract Payments" herein. General Fund expenditures and encumbrances are classified by the functions of salaries and employee benefits, services and supplies, capital outlay, debt service, and appropriations for contingencies. Increases in the aggregate appropriations based on actual or anticipated increases in available financing can be made after the annual budget has been adopted upon approval by the Board of Directors.

The Authority receives a portion of its revenues from the State through payments made or appropriated by the State to the Authority for various programs and services. See "State of California Budget and Supplemental Financial Information" herein for a description of the proposed State budget for Fiscal Year 2014-15, the May revision to the proposed State budget for Fiscal Year 2014-15 and the 2013-14 State Budget Act (defined herein). No assessment can be made by the Authority as to the significance of budgetary problems that may affect the State in Fiscal Year Fiscal Year 2014-15, including any measures that may be taken by the State to balance its budget. There can be no assurances that the 2014-15 State Budget Act or any future budget or budget amendment will not place additional burdens on local governments, including the Authority, or will not significantly reduce revenues to such local governments, and the Authority cannot predict the ultimate impact of the 2014-15 State Budget Act or any future budget or budget amendment, if any, on the Authority's financial situation.

To ensure that expenditures do not exceed authorized levels or available financing sources, periodic reviews are conducted covering actual and projected receipts and expenditures. In the event of any shortfall in projected revenue, immediate steps are taken to mitigate the shortfall through the identification of alternative funding sources or reducing appropriations. Similarly, if expenditures are projected to exceed appropriations, steps are taken to reduce expenditures in other accounts within the affected department or to transfer available resources to offset the added expenditure requirement. Further, all expenditures which have been authorized by the Board of Directors within the Authority's budget may be made without the need for further approvals. However, expenditures in excess of those budgeted may not be made without the approval of a majority of the Board of the Directors.

Financial Policies and Practices

Fiscal Health Plan and Financial Stability Budget Policy. In May 2002, the Board of Directors approved the Fiscal Health Contingency Plan and the Financial Stability Budget Policy. In November 2013, the Board of Directors adopted several amendments to the Fiscal Health Contingency Plan (as amended, the "Fiscal Health Plan") and the Financial Stability Budget Policy (the "Budget Policy").

The Fiscal Health Plan establishes the fiscal policies and the comprehensive system for monitoring the Authority's fiscal performance and directs the Authority to take certain actions upon the occurrence of adverse fiscal circumstances. Pursuant to the Fiscal Health Plan and the Budget Policy, the Authority must maintain an operating fund contingency in an amount at least equal to 10% of operating expenditures (the "Contingency Reserve Set Aside Requirement"). The Authority has satisfied the Contingency Reserve Set Aside Requirement each year since 2002 when the Fiscal Health Plan was adopted, including Fiscal Years 2013-14 and 2014-15.

In addition, the Fiscal Health Plan establishes several fiscal policies for the Authority including, among others, maintaining a balanced budget, funding ongoing operating expenditures with ongoing revenues, investing conservatively with monthly oversight by the Budget and Finance Committee, limiting the use of debt financing, implementing user fee cost recovery and performing fee studies every two years, and pursuing productivity improvements. The Authority must timely report fiscal conditions and apply short-term and long-term strategies to address fiscal concerns as appropriate. Short-term strategies may include suspending hiring of new personnel instead of filling vacant positions, deferring capital improvement projects, and using the contingency fund balance only when necessary with approval by the Board of Directors. Long-term strategies may include, among others, proposing benefit assessments or other voter-approved measures to increase revenues, reducing expenditures and related service levels, identifying and prioritizing capital improvement projects, and seeking legislative solutions. The Fiscal Health Plan also directs the Fire Chief with advice from Executive Management, the City Manager Technical Advisory Committee and the Budget and Finance Committee to prepare a Fiscal Health Action Plan for consideration by the Board of Directors.

The Authority developed the Budget Policy in order to maintain long-term financial stability, establish contingency fund levels and fund balance targets for the General Fund and Capital Improvement Fund (the "Capital Improvement Fund") on an annual basis. In addition, the Budget Policy is used to establish Capital Improvement Fund balances to ensure that such amounts are in accord with the needs and timing of capital projects identified in the five-year capital improvement plan.

Pursuant to the Budget Policy, the Authority updates the Five-Year Forecast on an annual basis in conjunction with its annual budget. See "Budgetary Process – Five Year Forecast" herein. The Budget Policy directs the Authority to adopt a balanced General Fund operating budget each year and to strive to achieve a balanced operating budget for all years included in the Five-Year Forecast. In addition, the Budget Policy directs the Authority to analyze the feasibility of paying its annual retirement contributions to the Orange County Employees Retirement System (the "System") early each year in order to pay a discounted amount. See "Financial and Economic Information - Defined Benefit Retirement Program - The System's Historical Funding Progress" herein.

Pursuant to the Budget Policy, the Authority is to transfer all available funds in excess of the Contingency Reserve Set-Aside Requirement to the Capital Improvement Funds. The Capital Improvements

Funds comprise funds for facilities maintenance and improvements, capital projects, communications and information system replacement and vehicle replacement. The Authority requires that each of these Capital Improvement Funds maintain a reserve which it regularly monitors. Funds are allocated to the Capital Improvement Funds to finance capital projects and to fund the respective reserves. The projects are identified in the five-year Capital Improvement Plan. The Authority's goal is to achieve a fully funded five-year capital improvement program.

Five-Year Forecast. The Authority prepares a five-year forecast (the "Five-Year Forecast") as a long-range planning tool that is updated annually, in conjunction with the mid-year budget review and the subsequent fiscal year's proposed budget. The Five-Year Forecast projects revenues and expenditures for the current year and following four years. The Five-Year Forecast is based on, among other things, the one-year operating budget, the five-year capital improvement plan and assumptions regarding future revenue and expenditure growth. The Five-Year Forecast combines all of the Authority's budgetary funds into one financial summary and includes projected new fire station requirements and the impact on the operating budget of related staffing needs. The Five-Year Forecast may include multiple scenarios to provide the Authority with budgetary flexibility. The Authority updates the Five-Year Forecast whenever a significant financial event occurs or is anticipated to occur during the fiscal year.

Trigger Formula. In 2010, the Authority and each of the labor groups which represent employees of the Authority amended their respective memoranda of understanding (each, an "MOU") to change the method by which base salary increases are authorized (the "Trigger Formula") and to change the amount of employee contributions required to be paid for retirement costs. Pursuant to the Trigger Formula, the timing and amounts for future pay increases are subject to the financial position of the Authority. The Trigger Formula determines the amount available for increases to base salaries after funding all General Fund expenditures, the incremental increase to the contingency fund balance and the designation of 5% of General Fund expenditures for transfer to the Authority's Capital Improvement Funds.

The Trigger Formula is employed during the Authority's mid-year budget review of each fiscal year to determine whether any salary increases may be made in the following fiscal year. The Authority may not increase employees' salaries unless the updated General Fund surplus is greater than 5% of General Fund expenditures. The Authority may use any surplus identified in the updated General Fund budget in excess of 5% of General Fund expenditures to increase salaries of employees of the Authority who are members of the bargaining units and employees who are not represented by the bargaining units but have agreed to similar terms with respect to base salary increases. There have been no base salary increases since the Trigger Formula has been in effect.

Fiscal Year General Fund 2013-14 Budget. The Fiscal Year 2013-14 General Fund Adopted Budget projects Fiscal Year 2013-14 total available resources of approximately $357.2 million, inclusive of a beginning balance of $52.5 million, total expenditures and other uses of $305.5 million and a year-end ending balance of $43.4 million. The Fiscal Year 2013-14 Adopted Budget did not include any salary or cost of living adjustments for employees based on the Trigger Formula calculation.

In order to reduce the unfunded actuarial accrued liability (the "UAAL") with respect to the Authority's portion of the System, the Fiscal Year 2013-14 Adopted Budget maintains the employer rate for Safety members from Fiscal Year 2012-13 rather than the scheduled decrease of 2.3%. See "Financial and Economic Information – Defined Benefit Retirement Program - The System's Historical Funding Progress" herein. In addition, the Fiscal Year 2013-14 Adopted Budget continues a hiring freeze for positions that do not provide front line service to the public. See "Financial and Economic Information – Employees and Labor Relations" herein. In connection with the Fiscal Year 2013-14 Adopted Budget, the Authority's Executive Management and Capital Improvement program Ad Hoc Committee reviewed the five-year capital improvement plan in order to prioritize and review the necessity of proposed projects. See "Financial and Economic Information – Capital Improvement Program" herein.

Fiscal Year 2013-14 Mid-Year Budget Update. The Board of Directors received an update on the Fiscal Year 2013-14 Adopted Budget on January 23, 2014 (the "2013-14 Mid-Year Budget Update"). The Board of Directors approved technical adjustments to the Fiscal Year 2013-14 Adopted Budget in March 2014. The 2013-14 Mid-Year Budget Update stated that projected General Fund revenues for Fiscal Year 2013-14 were approximately $8.0 million greater than the budgeted amount. The Board of Directors reviewed service demands and directed Authority staff to evaluate staffing levels and frozen positions.

In general, the Second Amendment to the Amended Joint Powers Agreement requires the Authority to pay to qualifying Structural Fire Fund members equity payments when the amount of revenues provided by a Structural Fire Fund Jurisdiction exceeds the costs of service provided to such members. The 2013-14 Mid-Year Budget Update projects that expenditures will increase by approximately $5.976 million due to, among other things, the Jurisdictional Equity Adjustment Payment (defined herein) to the City of Irvine.

The Fiscal Year 2013-14 Adopted Budget included an initial payment of $2.5 million to the System (defined herein) to accelerate the reduction of the Authority's pension UAAL. In connection with the 2013-14 Mid-Year Budget Review, the Board approved the allocation of $3.0 million to the System to further reduce the Authority's pension UAAL.

In addition, in connection with the 2013-14 Mid-Year Budget Update the Board of Directors reviewed the Trigger Formula to determine whether employee base salary adjustments are required in Fiscal Year 2014-15. The General Fund is expected to have a projected surplus of approximately $5.9 million as of June 30, 2014, which is less than 5% of General Fund expenditures. See " – Financial Policies and Practices - Trigger Formula" herein. Accordingly, no funds are available for base salary adjustments during Fiscal Year 2014-15 pursuant to the Trigger Formula.

Fiscal Year 2014-15 Authority Budget. The Board of Directors of the Authority approved the Authority's Fiscal Year 2014-15 General Fund Adopted Budget (the "Fiscal Year 2014-14 General Fund Adopted Budget") on May 22, 2014. The Fiscal Year 2014-14 General Fund Adopted Budget projects Fiscal Year 2014-15 total available resources of approximately $353.77 million, inclusive of a beginning balance of $46.36 million, total expenditures and other uses of $326.45 million and a year-end ending balance of $27.33 million. The Fiscal Year 2014-15 General Fund Adopted Budget, among other things, continues the Authority's policy to leave vacant positions unfilled and directs each department to maintain services and supplies at their respective Fiscal Year 2013-14 levels. The Fiscal Year 2014-15 General Fund Adopted Budget does not include salary adjustments or cost of living adjustments based on the Trigger Formula calculation. However, the Authority expects to apply the Trigger Formula during its Fiscal Year 2014-15 budget review to determine whether base salary adjustments or cost of living adjustments are authorized for Fiscal Year 2015-16.

The Fiscal Year 2014-15 General Fund Adopted Budget projects that General Fund revenues in Fiscal Year 2014-15 will be approximately $2.7 million greater than the projected revenues for Fiscal Year 2013-14, which is an increase of 0.89%. The projected increase to General Fund revenues is attributable to, among other things, a $6.1 million increase in property tax revenues and a $3.8 million increase to cash contract charges. Projected decreases in revenues include, among other things, $2.4 million from State reimbursements, $3.2 million from federal reimbursements, $600,000 from community redevelopment agency transfers, $564,000 from community risk reduction fees and $472,000 from miscellaneous revenues. The Authority projects a decrease in intergovernmental revenues of approximately $6.2 million in Fiscal Year 2014-15 from Fiscal Year 2013-14, which amount includes the aforementioned projected reductions to local, State and federal reimbursements related to assistance for hire.

The Fiscal Year 2014-15 General Fund Adopted Budget projects that General Fund expenditures in Fiscal Year 2014-15 will be approximately $17.4 million greater than the projected revenues for Fiscal Year 2013-14, an increase of 5.68%. The projected increase to General Fund expenditures is primarily attributable to, among other things, additional personnel for a new fire station and a one-time $17.6 million prepayment of the pension UAAL pursuant to the MOUs and is not attributable to salary increases. See “Financial and Economic Information – Defined Benefit Retirement Program - The System’s Historical Funding Progress” herein. The $17.6 million prepayment of the pension UAAL and other budgeted expenditures are expected to reduce the Authority’s ending balance in Fiscal Year 2014-15 in comparison to Fiscal Year 2013-14. See “ - Fiscal Year 2013-14 Mid-Year Budget Update” herein. However, the Authority expects to satisfy the Contingency Reserve Set-Aside Requirement set forth in the Fiscal Health Plan and the Budget Policy. See “ – Fiscal Health Plan and Financial Stability Budget Policy” herein.

In accordance with the Budget Policy, the Board of Directors approved the Five Year Forecast which reflected projections for Fiscal Year 2013-14, the proposed Fiscal Year 2014-15 General Adopted Budget and projections for Fiscal Year 2015-16 through 2018-19. See “ – Five Year Forecast” herein. The Five Year Forecast projects that General Fund revenues will increase each year during such period beginning with revenues of approximately $305.6 million in Fiscal Year 2013-14 to approximately $346.3 million in Fiscal Year 2018-19. The Authority also projects that General Fund expenditures will increase each year during such period beginning with expenditures of $305.5 million in Fiscal Year 2013-14 to approximately $343.0 million in Fiscal Year 2018-19. The Five Year Forecast projects that the General Fund will end Fiscal Years 2013-14, 2014-15 and 2015-16 with a surplus, but the General Fund will end Fiscal Year 2016-17, 2017-18 and 2018-19 will deficits of approximately $1.9 million, $4.0 million and $1.3 million, respectively. In accordance with the Fiscal Health Plan and the Budget Policy, the Authority will continue to review budget proposals and revenues and expenditures to address these projected deficits.

The following Table 1 sets forth the Authority's adopted budgets for its General Fund for Fiscal Years 2010-11 through 2012-13, the budget projection for the General Fund for Fiscal Year 2013-14 and the draft proposed budget for its General Fund for Fiscal Year 2014-15.

TABLE 1
ORANGE COUNTY FIRE AUTHORITY
GENERAL FUND ANNUAL BUDGETS[1]
Fiscal Years Ended June 30, 2011 through 2015

	Adopted 2010-11 Budget	Adopted 2011-12 Budget	Adopted 2012-13 Budget[1]	Adopted 2013-14 Budget Projection	Draft Proposed 2014-15 Budget[2]
FUNDING SOURCES:					
Property Taxes	$ 175,678,682	$ 178,620,900	$ 180,025,636	$ 189,412,501	$ 195,471,965
Intergovernmental	9,174,557	8,555,396	8,453,724	17,386,897	11,137,559
Charges for Current Services	56,456,162	59,160,564	94,314,465	96,288,619	100,016,486
Use of Money & Property	736,028	329,425	217,023	128,487	886,749
Other	467,000	1,519,243	2,569,243	1,472,631	1,000,700
TOTAL REVENUE AND OTHER FINANCING SOURCES	$ 242,512,429	$ 248,185,528	$ 285,580,091	$ 304,689,135	$ 307,409,771
BEGINNING FUND BALANCE	$ 34,543,735	$ 47,336,136	$ 44,316,887	$ 52,525,839	$ 47,141,481
TOTAL AVAILABLE RESOURCES	$ 277,056,167	$ 295,521,664	$329,896,978	$ 357,214,974	$ 355,654,940
EXPENDITURES					
Salaries and Employee Benefits[3]	$ 221,201,034	$ 228,151,732	$ 260,416,467	$ 273,482,282	$ 298,156,224
Services and Supplies	20,447,372	19,555,593	21,700,120	31,662,645	25,585,580
Capital Outlay	--	--	--	335,600	--
Debt Service	--	--	--	--	895,000
TOTAL EXPENDITURE AND OTHER USES	$ 236,648,406	$ 247,707,325	$ 282,116,587	$ 305,480,527	$ 324,636,804
APPROPRIATION FOR CONTINGENCIES[4]	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
OPERATING TRANSFER OUT	$ --	$ --	$ --	$ 5,370,375	$ 584,592
ENDING FUND BALANCE	$ 37,407,761	$ 44,814,339	$ 44,780,391	$ 43,364,072	$ 27,433,544
TOTAL FUND COMMITMENTS & FUND BALANCE	$ 277,056,167	$ 295,521,664	$ 329,896,978	$ 357,214,974	$ 355,654,940

Source: Orange County Fire Authority.

(1) The City of Santa Ana joined the Authority as a Cash Contract Member in April 2012. Accordingly, the revenues and expenditures of the Authority increased in Fiscal Year 2012-13 and Fiscal Year 2013-14.

(2) The 2014-15 Proposed Budget includes, among other things, mid-year adjustments to the Fiscal Year 2013-14 Adopted Budget that the Board of Directors approved on March 27, 2014.

(3) Projected expenditures for salaries and benefits include a payment to reduce the Authority's UAAL in the amount of $18,290,238 in accordance with the MOU with the Orange County Professional Firefighters Association.

(4) Any proposed expenditure of the appropriation for contingencies requires approval by the Board of Directors prior to such expenditure.

Financial Statements

The following Table 2 sets forth the Authority's Statement of General Fund Revenues, Expenditures and Changes in Fund Balances for Fiscal Years 2009-10 through 2012-13.

TABLE 2
ORANGE COUNTY FIRE AUTHORITY
STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES[(1)]
AND CHANGES IN FUND BALANCES
Fiscal Years Ended June 30, 2010 through 2013

	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
REVENUES				
Taxes	$ 179,001,919	$ 177,181,086	$ 177,728,290	$ 181,720,253
Intergovernmental	13,158,851	10,756,345	12,856,953	28,004,583
Charges for Services[(1)]	54,355,816	55,651,846	64,332,052	94,292,648
Use of Money and Property	673,700	426,990	344,630	25,305
Miscellaneous	747,516	893,511	2,326,680	4,785,472
TOTAL REVENUES	$ 247,937,802	$ 244,909,778	$ 257,588,605	$ 308,828,261
EXPENDITURES				
Current – Public Safety:				
Salaries and Benefits[(1)]	$ 206,817,839	$ 211,799,421	$ 228,452,010	$ 255,301,913
Services and Supplies[(1)]	23,990,089	24,387,661	27,761,638	29,849,819
Capital Outlay	444,809	274,901	418,655	250,572
Debt Service:				
Principal Retirement	--	--	--	--
Interest and Fiscal Charges	335,863	210,594	136,019	115,937
TOTAL EXPENDITURES	$ 231,588,600	$ 236,672,577	$ 256,768,322	$ 285,518,241
EXCESS (DEFICIT) OF REVENUES OVER/(UNDER) EXPENDITURES	$ 16,349,202	$ 8,237,201	$ 820,283	$ 23,310,020
OTHER FINANCING SOURCES (USES)				
Transfers In	$ --	$ (4,137,811)	$ --	$ --
Transfers Out	(10,228,399)	434,914	--	(381,222)
Sale of Capital and Other Assets	162,533	--	146,317	58,051
Insurance Recoveries	71,445	8,405	89,095	53,539
TOTAL OTHER FINANCING SOURCES (USES)	$ (9,994,421)	$ (3,694,492)	$ 235,412	$ (269,642)
NET CHANGE IN FUND BALANCES	$ 6,354,781	$ 4,542,709	$ 1,055,695	$ 23,040,378
FUND BALANCE				
BEGINNING OF YEAR	$ 69,343,698	$ 80,697,406[(2)]	$ 85,240,115	$ 84,544,766[(3)]
END OF YEAR	$ 75,698,479	$ 85,240,115	$ 86,295,810	$ 107,585,144

(1) The City of Santa Ana joined the Authority as a Cash Contract Member in April 2012. Accordingly, the revenues and expenditures of the Authority increased in Fiscal Year 2012-13 and Fiscal Year 2013-14.
(2) The Authority restated its beginning fund balance due to the implementation of GASB Statement No. 54 – "Fund Balance Reporting and Governmental Fund Type Definitions".
(3) The Authority restated its beginning net position of governmental activities by $256,951, in order to eliminate deferred issuance costs from the Statement of Net Position, in conjunction with the implementation of GASB Statement No. 65 – "Items Previously Reported as Assets and Liabilities". The restatement also included an adjustment of $1.75 million due to the Authority's hazardous materials program. Additional information regarding GASB Statement No. 65 is included in Note 3 to the Authority's audited financial statements for Fiscal Year 2012-13. See Appendix B – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013" attached hereto.

Source: Comprehensive Annual Financial Reports of the Authority for the Fiscal Years ended June 30, 2010 through June 30, 2013.

The following Table 3 sets forth the Authority's General Fund Balance Sheets for Fiscal Years 2009-10 through 2012-13.

TABLE 3
ORANGE COUNTY FIRE AUTHORITY
GENERAL FUND BALANCE SHEETS
Fiscal Years Ended June 30, 2010 through 2013

	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
ASSETS				
Cash and Investments	$72,298,512	$63,031,566	$ 68,277,255	$ 87,493,792
Receivables:				
Accounts, net	2,152,024	1,914,898	1,803,896	2,944,138
Accrued Interest	158,912	74,898	76,707	32,796
Prepaid Costs	117,473	23,186,680	22,756,709	26,727,849
Due from Other Governments	10,356,147	7,279,150	8,529,530	9,674,957
TOTAL ASSETS	$85,083,068	$ 95,487,192	$101,444,097	$126,873,532
LIABILITIES				
Accounts Payable	$ 2,193,288	$ 1,727,631	$ 2,590,413	$ 2,471,418
Accrued Liabilities	7,142,185	8,507,382	10,915,134	12,853,555
Unearned Revenue	--	--	--	2,905,626
Deferred Revenues	42,341	12,064	1,642,740	
Due to Other Governments	6,775	--	--	23,368
TOTAL LIABILITIES	$ 9,384,589	$ 10,247,077	$ 15,148,287	$ 18,253,967
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	$ --	$ --	$ --	$ 1,034,421
TOTAL DEFERRED INFLOWS OF RESOURCES	$ --	$ --	$ --	$ 1,034,421
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances	$ 397,246	--	--	--
Reserved for Prepaid Costs	117,473	--	--	--
Unreserved				
Designated for Workers' Compensation	36,899,954	--	--	--
Designated for Operating Contingency	19,981,874	--	--	--
Designated for Future Cash Flow Needs	10,928,956	--	--	--
Designated for Training and Education	1,109,276	--	--	--
Undesignated	6,263,700	--	--	--
Nonspendable – Prepaid Costs		$ 23,186,680	$ 22,756,709	$ 26,727,849
Restricted for:				
Executive Management	--	79,125	60,391	7,865
Operations Department	--	29,655	113,056	127,193
Fire Prevention Department	--	3,200	24,628	2,618
Business Services Department	--	--	1,501,712	--
Committed to – SFF Cities Enhancements	--	797,935	1,372,789	1,268,160

(continued)

Assigned To:				
Capital Improvement Program	--	--	--	--
Workers' Compensation	--	35,134,351	34,146,268	53,230,384
Executive Management	--	34,031	45,140	24,832
Operations Department	--	83,553	134,227	62,583
Fire Prevention Department	--	68,180	49,224	55,138
Business Services Department	--	139,647	232,335	161,126
Support Services Department	--	91,227	94,138	134,545
Facilities Projects	--	--	14,065	--
Communications and IT Projects	--	--	--	--
Fire Apparatus and Other Vehicles	--	--	--	--
Fire Station Construction	--	--	--	--
Unassigned	--	25,592,531	25,751,128	25,782,851
TOTAL FUND BALANCES	$75,698,479	$ 85,240,115	$ 86,295,810	$107,782,851
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$85,083,068	$ 95,487,192	$101,444,097	$126,873,532

Sources: Comprehensive Annual Financial Reports of the Authority for the Fiscal Years ended June 30, 2010 through June 30, 2013.

The Authority's fund balances for the Fiscal Years beginning 2010-11 follow Governmental Accounting Standards Board Statement No. 54 – "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54") which was developed in order for governments to classify amounts consistently regardless of the fund type or column in which they are presented. Pursuant to GASB 54, the fund balances will be designated as one of the following five categories: (i) nonspendable fund balance which includes amounts that are not in a spendable form or are required to be maintained intact, (ii) restricted fund balance which includes amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation; (iii) committed fund balance which includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint; (iv) assigned fund balance which includes amounts a government intends to use for a specific purpose whereby the intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and (v) unassigned fund balance which includes amounts that are available for any purpose; these amounts are reported only in the general fund.

Major Revenues

General. The Authority derives its revenues from a variety of sources including *ad valorem* property taxes, charges for services provided by the Authority, intergovernmental sources, licenses, use of Authority money and property, and other miscellaneous sources. Property tax revenue represents approximately 58.84% of revenue to the General Fund for Fiscal Year 2012-13. Such revenues are specifically allocated to fire suppression, protection, prevention, and related services. The following Table 4 sets forth the Authority's General Fund revenues for the Fiscal Year ended June 30, 2013.

TABLE 4
ORANGE COUNTY FIRE AUTHORITY
ALLOCATION OF COUNTY GENERAL FUND REVENUES[(1)]
Fiscal Year Ended June 30, 2013

Taxes	58.84%
Intergovernmental	9.07
Charges for Services	30.53
Use of Money and Property	0.01
Miscellaneous	1.55
Total	100.00%

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

Structural Fire Fund Revenues. The Authority receives Structural Fire Fund Revenues (the "Structural Fire Fund Revenues") primarily from *ad valorem* property taxes levied on property located in the unincorporated area of the County and in the cities of Aliso Viejo, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Rancho Santa Margarita, San Juan Capistrano, Tustin, Villa Park, and Yorba Linda (collectively, the "Structural Fire Fund Jurisdictions"). Pursuant to the Joint Powers Agreement, the County is required to pay all of the Structural Fire Fund Revenues that it receives to the Authority in accordance with the County's normal tax apportionment procedures pursuant to the California Revenue & Taxation Code and the County's tax apportionment schedule.

The Structural Fire Fund Revenues represent a portion of the basic 1% *ad valorem* property levied on property located in the unincorporated area of the County and the Structural Fire Fund Jurisdictions. The amount of Structural Fire Fund Revenues available to the Authority in the future will depend upon a number of factors, including the manner in which *ad valorem* taxes are distributed to the various jurisdictions on whose behalf they are levied and the rates of taxes and the assessed valuation of the property within the unincorporated territory of the County and the Structural Fire Fund Jurisdictions. See "*Ad valorem* Property Taxes" herein.

The following Table 5 sets forth the amount of the Structural Fire Fund Revenues for each of the Structural Fire Fund Jurisdictions for Fiscal Year 2013-14. The aggregate amount of the Structural Fire Fund Revenues for Fiscal Year 2013-14 was $186,395,536.

TABLE 5
ORANGE COUNTY FIRE AUTHORITY
STRUCTURAL FIRE FUND REVENUES[1]
Fiscal Year Ended June 30, 2014

Structural Fire Fund Jurisdiction	Structural Fire Fund Revenue
Aliso Viejo	$ 9,078,539
Cypress	4,302,153
Dana Point	10,324,890
Irvine	62,818,290
La Palma	1,365,622
Laguna Hills	5,819,188
Laguna Niguel	12,988,031
Laguna Woods	2,614,707
Lake Forest	11,764,437
Los Alamitos	1,619,355
Mission Viejo	14,051,316
Rancho Santa Margarita	8,305,384
San Juan Capistrano	6,089,775
Villa Park	1,493,780
Yorba Linda	9,091,605
County Unincorporated	24,668,464
Total Structural Fire Fund Revenue	$186,395,536

(1) Revenues based on information from the Auditor's AT68AD-73 Report.

Source: Orange County Fire Authority.

Certain Structural Fire Fund Jurisdictions claimed that the revenue which the Authority received from Structural Fire Fund Jurisdictions did not bear a reasonable relationship to the cost of service provided to that member. These Structural Fire Fund Jurisdictions requested adjustments to their Structural Fire Fund Revenues to address the claimed disparity. Pursuant to the Second Amendment to the Amended Joint Powers Agreement, Structural Fire Fund Jurisdictions that contribute more than the average share of the 1% *ad valorem* property tax to the Authority will be eligible for Jurisdictional Equity Adjustment Payments. The City of Irvine is scheduled to receive its full Jurisdictional Equity Adjustment Payments beginning in Fiscal Year 2013-14, subject to the Authority's General Fund budget. Other Structural Fire Fund Jurisdictions will receive an escalating portion of their respective Jurisdictional Equity Adjustment Payment in Fiscal Years 2013-14 through Fiscal Year 2016-17 and receive the full Jurisdictional Equity Adjustment Payment beginning in Fiscal Year 2017-18, subject to the Authority's General Fund budget. Pursuant to the Second Amendment to the Joint Powers Agreement, the Authority is to use unrestricted revenues such as the Cash Contract Payments to make the Jurisdictional Equity Adjustment Payments. Pursuant to the Second Amendment to the Amendment Joint Powers Agreement, the Authority may not require Structural Fire Fund Jurisdictions and Cash Contract Members who are not eligible for Jurisdictional Equity Adjustment Payments to pay additional contributions to the Authority. See "Financial and Economic Information – Budgetary Process – Fiscal Year 2013-14 Mid-Year Budget Update" herein.

The Authority and the City of Irvine are seeking a judicial determination that the Second Amendment to the Joint Powers Agreement is valid and enforceable (the "Validation Action"). In February 2014, the County filed an answer opposing the Validation Action and challenging the validity of the Second Amendment to the Joint Powers Agreement and the revenues proposed to make the Jurisdictional Equity Adjustment Payments. The Authority cannot predict the outcome of the validation proceedings nor has it determined what action it will take if the Second Amendment to the Joint Powers Agreement and the Jurisdictional Equity Adjustment Payments to be made in accordance therewith are not validated. The Authority heretofore funded

50% of the City of Irvine's Jurisdictional Equity Adjustment Payment for Fiscal Year 2013-14 as shown in the forepart of this Official Statement, but the Authority has reserved the remaining 50% of the Jurisdictional Equity Adjustment Payment pending the outcome of litigation.

Cash Contract Payments. The Cities of Buena Park, Placentia, San Clemente, Santa Ana, Seal Beach, Stanton, Tustin and Westminster and the John Wayne Airport (collectively, the "Cash Contract Members") have each entered into a contract with the Authority pursuant to which each of them is obligated to make payments to the Authority. The City of Santa Ana makes monthly payments to the Authority. The other Cash Contract Members make quarterly payments to the Authority. The amounts so payable are determined by the Authority each year as part of its annual budget process. Revenues from cash contracts are currently increasing due to cost increases. Pursuant to the Second Amendment to the Amended Joint Powers Authority Agreement, no annual cost adjustment may exceed 4.5% in a given fiscal year. Revenues from Cash Contract Payments increased by approximately [3.8%] in Fiscal Year 2013-14. The Authority expects revenues from Cash Contract Payments to increase by approximately 3.39% in Fiscal Year 2014-15.

The following Table 6 sets forth the amount of the Cash Contract Payment for each of the Cash Contract Members and for John Wayne Airport (which are paid by the County) for Fiscal Year 2012-13. The aggregate amount of the Cash Contract Payments for Fiscal Year 2012-13 was $83.0 million, which amount was approximately 26.9% of total General Fund revenues.

TABLE 6
ORANGE COUNTY FIRE AUTHORITY
CASH CONTRACT PAYMENTS[(1)]
Fiscal Year Ended June 30, 2013

Cash Contract Member	Cash Contract Payment
Buena Park	$ 8,531,785
John Wayne Airport	4,579,662
Placentia	4,976,100
San Clemente[(1)]	7,241,336
Santa Ana[(2)]	35,186,723
Seal Beach	4,108,179
Stanton	3,431,389
Tustin	5,901,371
Westminster	9,045,937
Total	$ 83,002,482

(1) In addition to the base charge, such amount includes a charge in the amount of $497,500 to the City of San Clemente relating to emergency transportation technicians in the City of San Clemente. The additional amount charged to the City of San Clemente is subject to change based on activity.

(2) In addition to the base charge, such amount includes a charge in the amount of $770,000 to the City of Santa Ana relating to workers' compensation claims and vacation leave that originated in the City of Santa Ana that current employees of the Authority had with the City of Santa Ana prior to their transition to the Authority. The additional amount charged to the City of Santa Ana is subject to change based on activity.

Source: Orange County Fire Authority.

Hazardous Material Inspection Program Revenues. The Authority receives a small portion of its revenues from hazardous material inspections conducted by Authority personnel on businesses within the Authority's service area. The Authority determined that certain businesses in the County received bills for hazardous material inspections that the Authority could not verify with existing documentation. Accordingly, the Authority provided refunds to such businesses in the amount of $935,000 during Fiscal Year 2013-14 and expects to provide additional refunds in the approximate amount of $______ during Fiscal Year 2014-14. Commencing July 1, 2013, the Orange County Environmental Health Agency began management of the hazardous materials disclosure, business emergency plan, and the State's accidental release prevention programs which were previously managed by the Authority. In addition, the Orange County Environmental Health Agency is responsible for billing qualifying businesses for the inspections. The Orange County District Attorney's office is conducting an investigation of the inspection practices by the Authority and other related matters. The Authority cannot predict the outcome of this investigation.

Limitations on the Ability of the Authority to Increase Revenues. The Authority cannot unilaterally increase Structural Fire Fund Revenues or Cash Contract Payments, which amounts are the two principal sources of General Fund revenues. Structural Fire Fund Revenues are *ad valorem* property taxes and, as such, are subject to a variety of constitutional and statutory restrictions and limitations. See "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations" in the forepart of this Official Statement. The Cash Contract Payments are limited by the provisions of the Joint Powers Agreement and the various contracts between the Authority and the respective Cash Contract Members. Each of those contracts contains a limitation on the amount of the annual increase in the applicable Cash Contract Payment. See " – Cash Contract Payments" herein.

Intergovernmental Revenues

Intergovernmental Revenues is the Authority's third largest revenue source. A large amount of this revenue source comes from the State in the form of payments for services provided by the Authority, including, among other things, the contract by and between the Authority and CAL FIRE to protect the State responsibility area. See "State of California Budget and Supplemental Financial Information – State Budget for Fiscal Year 2013-14" and " – State Budget for Fiscal Year 2014-15" herein.

Expenditures

The Authority's major expenditures are employee salaries and benefits. See Appendix C – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013" attached to this Official Statement.

Capital Projects

The Authority finances capital improvements from a variety of sources including, among other things, State and federal funds and proceeds of debt issuances. In addition, the Authority maintains reserves in each of its Capital Improvement Funds. See "Financial and Economic Information - Fiscal Health Plan and Financial Stability Budget Policy - Financial Policies and Practices" herein. As of June 30, 2013, the Authority had on deposit approximately $30.9 million in the vehicle replacement fund, $19.1 million in the communication and information systems fund, $16.7 million in its facilities replacement fund, and $2.6 million in the facilities maintenance and improvement fund. See Appendix C – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013" attached to this Official Statement.

Significant capital improvement projects under construction in Fiscal Year 2013-14 include the construction of Fire Station 56 ("Fire Station 56") located in the Ortega Valley portion of the unincorporated County area. This project is expected to be completed in January 2015. Upon completion, Fire Station 56 will be an approximately 10,000 square foot station with three apparatus bays. The Authority expects the station to house up to two fire companies. The Authority expects planning, design and construction costs for Fire Station 56 to cost approximately $5,250,000 in Fiscal Year 2013-14. In addition, the Authority estimates that Fire Station 56 will increase the operating budget for staffing, equipment, normal operations and maintenance costs in the amount of $2.3 million for each fiscal year beginning in Fiscal Year 2015-16.

In addition, the Authority is replacing its existing 911 Computer Aided Dispatch System (the "CAD System"), which project includes upgrades to and the integration of several elements of the Authority's public safety system. The replacement of the existing CAD System includes the implementation of a map-based CAD System. Upon completion of the replacement project, the Authority will be able to improve its response recommendations through an automatic vehicle location program. In addition, the Authority is replacing its records management system, which includes the Orange County Fire Incident Reporting system and the Integrated Fire Protection system. In connection with the new CAD System, the Authority will install new control systems at Regional Fire Operations & Training Center and each of the Authority's fire stations. The Authority expects the costs related to the replacement of the CAD System and the related improvements to the public safety system to be approximately $140,000 in Fiscal Year 2014-15 and that there will be an annual increase for these costs in the operating budget of approximately $480,000 for each fiscal year beginning in Fiscal Year 2015-16.

Ad Valorem **Property Taxes**

Ad valorem property taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

One type of *ad valorem* property tax is the 1 percent *ad valorem* property tax levied by the County on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Another type of *ad valorem* property tax is the *ad valorem* property levied by the County solely to pay debt service on voter-approved general obligation bonds. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax defaulted property is subject to sale by the Office of the County Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A ten percent penalty plus a $23.00 charge attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

The Fiscal Year 2013-14 Adopted Budget projects that the Authority will receive approximately $189.4 million in property taxes during Fiscal Year 2013-14. The aggregate assessed valuation of taxable properties within the Authority for Fiscal Year 2013-14 of $220.0 billion, reflects an increase of approximately

$6.9 billion from Fiscal Year 2012-13 which is an increase of 3.23%. Based on data reflecting current market conditions, the Authority estimates that assessed valuation of property will increase at a rate of 3.379% for Fiscal Year 2014-15.

Supplemental property taxes are assessed when there is a change in the assessed valuation of property after the property tax bill for that year has been issued. As a result, when property values are increasing and sales activity is high, there will be an increase in supplemental property tax revenues. The Authority received supplemental property tax revenues of approximately $2.3 million in Fiscal Year 2012-13. The Fiscal Year 2013-14 Adopted Budget projects that the Authority will receive supplemental property tax revenues of approximately $3.0 million in Fiscal Year 2013-14.

The following Table 7 sets forth certain information regarding Authority property tax levies and collections, including taxes levied and collected on behalf of all taxing agencies in the Authority from Fiscal Years 2008-09 through 2012-13.

TABLE 7
ORANGE COUNTY FIRE AUTHORITY
SUMMARY OF TAX LEVIES AND COLLECTIONS[1]
Fiscal Years 2008-09 through 2012-13

Fiscal Year	Secured Tax Charge	Total Tax Collection through June 30	Outstanding Delinquent Taxes	Ratio of Delinquency to Tax Levy
2008-09	$176,648,030.78	$170,098,281.07	$6,549,749.71	3.71%
2009-10	171,591,359.63	167,562,214.59	4,029,145.04	2.35
2010-11	170,663,662.29	167,847,829.98	2,815,832.31	1.65
2011-12	171,737,008.52	169,203,205.59	2,533,802.93	1.48
2012-13	176,266,049.66	174,246,519.71	2,019,529.95	1.15

Source: California Municipal Statistics.

(1) Unaudited.

The following Table 8 sets forth the Authority's assessed valuation for Fiscal Years 2009-10 through 2013-14.

TABLE 8
ORANGE COUNTY FIRE AUTHORITY
ASSESSED VALUATION
Fiscal Years 2009-10 through 2013-14

Fiscal Year	Secured	Utility	Unsecured	Total Assessed Value
2009-10	$200,558,541,831	$35,633,565	$9,222,412,882	$209,816,588,278
2010-11	199,547,897,497	22,101,833	9,016,181,274	208,586,180,604
2011-12	201,342,069,541	20,293,875	8,700,459,874	210,062,823,290
2012-13	204,509,322,121	9,502,913	8,627,214,041	213,146,039,075
2013-14	211,564,453,879	9,424,005	8,456,108,413	220,029,986,297

Source: California Municipal Statistics.

Teeter Plan

In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the Teeter Plan, is now set forth in Section 4701 et. seq. of the California Revenue and Taxation Code (the "Revenue and Taxation Code"). Upon adoption and implementation of this method by a county board of supervisors, local agencies for which such county acts as "bank" and certain other public agencies located in the county receive annually the full amount of their share of *ad valorem* property taxes on the secured roll, including delinquent *ad valorem* property taxes which have yet to be collected. While the county bears the risk of loss on delinquent *ad valorem* property taxes which go unpaid, it also benefits from the penalties associated with these delinquent *ad valorem* property taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

The Board of Supervisors adopted the Teeter Plan with Resolution No. 93-745 on June 29, 1993. Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes and assessments are distributed to taxing agencies within the County, including the Authority, included in the Teeter Plan based on the tax levy, rather than based on actual tax collections, in advance of the date on which the County receives such tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all participating taxing agencies is avoided.

The County's Teeter Plan will remain in effect unless the Board of Supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two thirds of the participating districts in the County's Teeter Plan. The County may discontinue the Teeter Plan with respect to any levying agency in the County if the Board of Supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies for such agency in any year exceeds 3 percent of the total of all taxes and assessments levied on the secured roll by that agency.

Largest Taxpayers. The following Table 9 is a list of the twenty largest property taxpayers in the Authority's boundaries by total taxes assessed for Fiscal Year ending June 30, 2014.

TABLE 9
ORANGE COUNTY FIRE AUTHORITY
TWENTY LARGEST PROPERTY TAXPAYERS BY TOTAL TAXES ASSESSED
Fiscal Year 2013-14

	Taxpayer	Type of Business	Amount of Tax	% of Total[1]
1.	The Irvine Company	Various Land Holdings	$ 6,022,711,038	2.85%
2.	Irvine Apartment Communities	Apartments	812,957,969	0.38
3.	United Laguna Hills Mutual	Retirement Community	710,172,617	0.34
4.	Heritage Fields El Toro LLC	Mixed Use	607,068,686	0.29
5.	Linn Western Operating, Inc.	Oil & Gas	448,706,418	0.21
6.	B Braun Medical Inc.	Industrial	361,167,927	0.17
7.	Allergan Pharmaceuticals	Industrial	300,899,487	0.14
8.	OC/SD Holdings LLC	Apartments	300,083,630	0.14
9.	Knott's Berry Farm	Theme Park	295,405,062	0.14
10.	IAC Apartment Development	Apartments	282,261,315	0.13
11.	John Hancock Life Insurance Company USA	Commercial	280,438,817	0.12
12.	Warland Investment Co.	Industrial	253,623,915	0.12
13.	SHC Laguna Niguel 1 LLC	Commercial	219,220,288	0.10
14.	Walton CWCA	Industrial	206,119,891	0.10
15.	WH MBR LLC	Commercial	197,926,889	0.09
16.	DMB San Juan Investment North LLC	Residential	190,679,756	0.09
17.	Lakeshore Properties LLC	Commercial	188,071,289	0.09
18.	Park Spectrum Apartments LP	Apartments	180,377,381	0.09
19.	Regency Laguna LP	Commercial	174,132,324	0.08
20.	Oxy Long Beach Inc.	Oil & Gas	165,219,856	0.08
			$12,197,244,555	5.77%

Source: California Municipal Statistics.

(1) 2013-14 Local Secured Assessed Valuation: $211,564,453,879.

Employees and Labor Relations

Employment. The following Table 10 sets forth information regarding the Authority's employment for Fiscal Years 2009-10 through 2013-14. Of the total authorized positions, the Authority has 1,011 authorized positions for front-line emergency response and 260 reserve (volunteer) firefighters as of May 1, 2014.

TABLE 10
ORANGE COUNTY FIRE AUTHORITY
EMPLOYMENT
Fiscal Years 2009-10 through 2013-14

Fiscal Year	Firefighter Unit	Fire Management Unit	General Unit	Supervisory Management Unit	Supported Employment Unit	Personnel and Salary Resolution	Unfunded Positions	Total Authorized
2009-10	863	41	197	28	4	49	86	1,182
2010-11	863	41	196	28	4	49	95	1,181
2011-12	1010	45	203	28	4	49	94	1,339
2012-13	1011	45	205	28	4	50	105	1,343
2013-14	1011	45	205	27	4	50	106	1,342

Source: Orange County Fire Authority.

(1) Figures represent number of authorized positions as of the adoption of the Authority's budget for each fiscal year.

The Authority's Fiscal Year 2013-14 Adopted Budget does not fund 106 authorized positions, which consist of 18 firefighters, 24 fire apparatus engineers, 27 fire captains, 1 heavy fire equipment operator, three battalion chiefs, and 22 non-safety positions. However, the Authority does not expect to reduce the level of service that it provides due to the use of overtime for funded firefighter positions. Any positions that become vacant during a fiscal year will be reviewed by Executive Management to determine whether there is a need to reassign, eliminate or fill the position.

Labor Relations. Approximately 92% of the Authority's employees are represented by employee organizations covering three bargaining units. Pursuant to State law 76% of Authority employees which consists of support and operations personnel are prohibited from engaging in work stoppage actions that endanger public safety. The following Table 11 sets forth the expiration dates for the respective MOUs of each of the Authority's employee organizations with the Authority. Negotiations with respect to a successor MOU with the Orange County Professional Firefighters Association are currently in progress. The Authority has approximately 190 reserve (volunteer) firefighters who do not work under the terms of an MOU.

TABLE 11
ORANGE COUNTY FIRE AUTHORITY
BARGAINING UNITS

Bargaining Unit	Employees	MOU Expiration Date
Orange County Chief Officers Association	42	December 11, 2015
Orange County Employees Association	198	December 18, 2014
Orange County Professional Firefighters Association	904	June 30, 2014

Source: Orange County Fire Authority.

Performance Review of Authority's Fire Chief. The Board of Directors conducts an annual performance review of the Fire Chief in August. The Board of Directors has not concluded the performance review of the Fire Chief which began in August 2013. In December 2013, the Board of Directors established a human resources committee which will provide its recommendations to the Board of Directors. Upon the conclusion of the human resources committee's performance review, the Board of Directors will consider its findings and recommendations. See "General Information – Governance and Senior Management" herein.

Defined Benefit Retirement Program

General. The following information concerning the Orange County Employees Retirement System (the "System") has been excerpted from publicly available sources, which the Authority believes to be accurate, or otherwise obtained from the System. The System's assets will not secure or be available to pay principal of or interest on the Notes or on any obligations of the Authority or any other member agency. Further, the assets of the Authority's pension plan are not available for such payments. The System issues publicly available reports, including its financial statements, required supplementary information and actuarial valuations for the herein described defined benefit retirement program. The reports are available on the System's website: www.ocers.org/. Information on such site is not incorporated herein by reference.

The System was established in 1944 under provisions of the County Employees Retirement Law of 1937 (the "Retirement Law") to provide for defined benefit pension benefits, including retirement, disability, death and survivor benefits, for substantially all full-time employees of the County and other member agencies. As used in this section, " – Defined Benefit Retirement Program," the term "employees" refers to the portion of employees of the Authority and other member agencies who are members of the System.

In addition to the Authority, the participating member agencies are the City of San Juan Capistrano, County of Orange, Orange County Cemetery District, Orange County Children and Families, Commission, Orange County Department of Education, Orange County Employees Retirement System, Orange County In-Home Supportive Services, Public Authority, Orange County Local Agency Formation Commission, Orange County Public Law Library, Orange County Sanitation District, Orange County Superior Court, Orange County Transportation Authority, Transportation Corridor Agencies, and the University of California, Irvine Medical Center and Campus (collectively, the "Member Agencies"). The System is considered an independent district from the County and is a legally separate entity with a separate governing board (the "Board of Retirement"). The System is governed by a ten member Board of Retirement. The Board of Retirement consist of four members appointed by the County Board of Supervisors, five members elected by the members of the System, including an alternate, two by the General members, one by the Safety members, and one by the retired members. The County of Orange Treasurer-Tax-Collector serves an *ex-officio* member of the Board of Retirement. Pursuant to the State Constitution, the members of the Board of Retirement are to discharge their duties with respect to the System solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. The Board of Retirement's duty to its participants and their beneficiaries shall take precedence over any other duty, including any duty to the Authority.

Information regarding the System was obtained from the System's Actuarial Experience Study Analysis of Actuarial Experience during the Period January 1, 2008 through December 31, 2010, adopted by the Board of Retirement on October 26, 2011 (the "2010 Analysis of Actuarial Experience"), the System's Actuarial Valuation and Review as of December 31, 2012, adopted by the Board of Retirement on May 31, 2013 (the "2012 Actuarial Valuation"), the System's Review of Economic Actuarial Assumptions for the December 31, 2012 Actuarial Valuation, adopted by the Board of Retirement on October 5, 2012 (the "2012 Review of Assumptions") and the System's Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2012, dated as of June 4, 2013 (the "2012 Association CAFR"), which reports are the most recent analysis of plan experience, actuarial valuation and comprehensive annual financial report, respectively, available to the County as of the date of this Official Statement. Such reports have not been updated since their respective dates. The System's current actuary, The Segal Company (the "Association's Actuarial Consultant") prepared the 2010 Analysis of Actuarial Experience, the 2012 Actuarial Valuation and the 2012 Review of Assumptions. The results of the 2012 Actuarial Valuation were prepared using the actuarial assumptions and methods developed in the 2010 Analysis of Actuarial Experience and the 2012 Review of

Assumptions. The System's Actuarial Consultant is currently preparing the actuarial report for the year ended December 31, 2013.

The information contained in this section "- Defined Benefit Retirement Program," relies on information produced by the pension plans described herein, independent accountants, and the System's Actuarial Consultant. The actuarial assessments contain "forward looking" information that reflects the judgment of the System and the pension plans and their independent accountants and actuaries. The actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the pension plans.

System Membership. The projected total compensation for employees covered by the System for the year ended December 31, 2012, the date of the most recent actuarial valuation on behalf of the System, was approximately $1,609,600,860, of which $103,095,647 was attributable to the Authority. The following Table 12 sets forth the System's total membership as of December 31, 2012.

TABLE 12
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
Total System Membership as of December 31, 2012[(1)]

	Authority	Other Member Agencies	Total
Active Members	804	20,452	21,256
Retired Participants and Beneficiaries	471	13,746	13,947
Terminated Participants	9	4,406	4,415
Total	1,284	38,334	39,618

Source: Orange County Employees Retirement System – 2012 Actuarial Valuation.

Significant Accounting Policies.

Basis of Accounting. The System's financial statements are prepared using the accrual basis and in accordance with accounting principles generally accepted in the United States. Member and employer contributions are recognized in the period in which contributions are due, and benefits and refunds are recognized when due and payable in accordance with plan terms. Unearned contributions represent pre-paid employer contributions that will be recognized as an addition to plan net position in future periods. Investment income is recognized as revenue when earned. The net appreciation or depreciation in the fair value of investments is recorded as an increase or decrease to investment income based upon investment valuations, which includes both realized and unrealized gains and losses on investments.

Deposits and Investments. State Street Bank and Trust maintains custody of the majority of the System's investments held as of December 31, 2012. Investments are authorized by State statute and the System's investment policy and consist of domestic and international fixed income, domestic, international, global (includes both domestic and international investments) and emerging market equities, private equity, real return strategies, absolute return strategies, opportunistic strategies and real estate. Investments are reported at fair value and the overall valuation process and information sources by major asset classification are as follows: cash and short term investments, equities, debt securities, real estate and alternative investments.

Cash and short-term investments represent funds held in operating accounts with State Street, Wells Fargo Bank and include deposits held in a pooled account with the County Treasurer at fair value. Deposits held in the Orange County Investment Pool (the "County Investment Pool") are invested in the Orange County Money Market Fund and the Extended Fund. The County Investment Pool is an external investment pool and is not registered with the Securities and Exchange Commission. At December 31, 2012 the OCIP had a weighted average maturity of 250 days. The Orange County Money Market Fund is rated "AAAm" by S&P. The Extended Fund is not rated. The deposits in the OCIP are reported at amortized cost which approximates fair value. The County's comprehensive annual report for the Fiscal Year ended June 30, 2013 contains additional information with respect to the County Investment Pool. However, such information is not incorporated herein by reference thereto .

The majority of the System's domestic, international and global securities, including those traded in emerging markets, are actively traded on major security exchanges, or over-the-counter. Fair value for exchange traded securities is determined as of the close of the trading date in the primary market or agreed upon exchange. The last known price is used for listed securities that did not trade on a particular date. Fair value is obtained from third party pricing sources for securities traded over-the-counter.

Actively traded debt instruments such as those securities issued by the United States Treasury, federal agencies and corporate issuers are reported at fair value as of the close of the trading date. Fair values of irregularly traded debt securities are obtained from pricing vendors who employ modeling techniques in determining security values. Inputs typically employed by pricing vendors include cash flows, maturity and credit rating.

The System holds real estate assets directly and in commingled real estate funds. Real estate investments which are owned directly by the System are appraised annually by independent third party appraisers in accordance with the Uniform Standards of Professional Appraisal Practice. Properties which are held in commingled pools are subject to regular internal appraisals by investment management firms or general partners with independent third party appraisals accomplished at regular intervals. The primary determinants of fair value include market and property type specific information.

The System engages real estate management firms to assist in the day to day operations of the real estate portfolio. In addition, the System's Investment Committee has approved maximum leverage limits with respect to the real estate portfolio.

The System invests in a variety of alternative strategies including private equity, real return, absolute return and opportunistic strategies. The fair value of the System's alternative investments depend upon the nature of the investment and the underlying business. Typically, alternative investments are illiquid and subject to redemption restrictions. Fair value is determined on a quarterly or semi-annual basis with valuations conducted by general partners, management and valuation specialists. The System's real return strategy includes dedicated allocations to inflation linked debt, commodities and timber resources.

Capital Assets. Capital assets consist of furniture, equipment, intangible assets, including computer software, and building and improvements. Capital assets are defined by the System as assets with an initial, individual cost of more than $25,000 and an estimated useful life in excess of one year. Such assets are recorded at cost. Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of five to fifteen years for furniture, equipment and building improvements, three years for computer software, and sixty years for buildings.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of net position. Actual results could differ from those estimates.

Authority's Retirement Plans

Safety Member Category. Employees under the Safety Member category ("Safety Members") include employees in the Firefighter Unit (represented by the Orange County Professional Firefighters Association, 1AFF-Local 3631), the Fire Management Unit (represented by the Orange County Fire Authority Chief

Officers Association); and unrepresented members of Executive Management occupying fire suppression positions. The following Table 13 sets forth the four retirement plans for Safety Members as of May 1, 2014.

TABLE 13
ORANGE COUNTY FIRE AUTHORITY
RETIREMENT PLANS FOR SAFETY MEMBERS

			Employee Hire Date		
Plan	**Tier**	**Benefit Formula**	**Fire Fighter Unit**	**Fire Management Unit**	**Executive Management in Fire Suppression Positions**
E	I	3.0% at 50	Prior to July 1, 2012	Prior to July 1, 2012	Prior to July 1, 2011
F	II	3.0% at 50	Prior to July 1.2012	Prior to July 1, 2012	Prior to July 1, 2011
R	II	3.0% at 55	July 1, 2012 - December 31, 2012	July 1, 2012 — December 31, 2012	July 1, 2011 — December 31, 2012
			OR	OR	OR
			On or after January 1, 2013 (with reciprocity)	On or after January 1, 2013 (with reciprocity)	On or after January 1, 2013 (with reciprocity)
V	II	2.7% at 57	On or after January 1, 2013 (without reciprocity)	On or after January 1, 2013 (without reciprocity)	On or after January 1, 2013 (without reciprocity)

Source: Orange County Fire Authority Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2013.

Pursuant to the respective MOUs and Personnel and Salary Resolution with respect to each personnel group and unrepresented employees, as applicable, the Authority assumes the contribution cost for both the employer and Safety Member employees. However, Safety Member employees reimburse the Authority for a portion of their retirement costs. The retirement reimbursement is deducted from each Safety Member employee's compensation earnable and continues throughout the employee's employment with the Authority. Each Safety Member employee's reimbursement rate reflects such employee's date of hire and the bargaining group of which such employee is a member. Employees in the Firefighter and Fire Management Units hired on or after January 1, 2011 reimburse the Authority at a rate of 9% of compensable earnings beginning at the commencement of their employment. Upon expiration of their respective MOUs, all employees may reimburse 50% of normal retirement costs regardless of their date of hire. The MOU with the Firefighter Unit expires on June 30, 2014 and the MOU with the Fire Management Unit expires on December 11, 2015, for the Fire Management Unit. See "Financial Information – Employment and Labor Relations" herein.

Employees in Executive Management that occupy fire suppression positions who were hired on or after January 1, 2013, with no reciprocal retirement benefits, contribute 50% of normal retirement costs beginning at the commencement of their employment. The Authority is implementing a reimbursement rate of 9% for employees that the Authority hired prior to January 1, 2011 in the Firefighter Unit and Fire Management Unit or prior to July 1, 2011 for employees in Executive Management. The following Table 14 sets forth the reimbursement rates for Safety Members of the Firefighter Unit, Fire Management Unit and Executive Management in fire suppression positions.

TABLE 14
ORANGE COUNTY FIRE AUTHORITY
REIMBURSEMENT RATES FOR SAFETY MEMBERS

Firefighter Unit (Hired Prior to January 1, 2011)		Fire Management Unit (Hired Prior to January 1, 2011)		Executive Management in Fire Suppression Positions (Hired Prior to July 1, 2011)	
Effective	Reimbursement Rate	Effective	Reimbursement Rate	Effective	Reimbursement Rate
October 2010	2.50%	January 2011	2.75%	January 2011	2.75%
October 2011	5.00	January 2012	5.50	January 2012	5.50
October 2012	7.00[(1)]	January 2013	8.25	January 2013	9.00
October 2013	9.00[(2)]	February 2014	9.00		

(1) Consists of a 5.0% employee payroll deduction and a 2.0% Healthcare Converted Retirement Contribution credit for savings obtained as a result of modifications to the OCPFA Health Plan Agreement.
(2) Consists of a 7.0% employee payroll deduction and a 2.0% Healthcare Converted Retirement Contribution credit for savings obtained as a result of modifications to the OCPFA Health Plan Agreement.

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

General Member Category. Employees under the General Member category ("General Members") include employees in the Authority's General and Supervisory Management Unit that are represented by the Orange County Employees Association, unrepresented employees identified as Administrative Management, and unrepresented members of Executive Management occupying non-fire suppression positions. The following Table 15 sets forth the four retirement plans for General Members.

TABLE 15
ORANGE COUNTY FIRE AUTHORITY
RETIREMENT PLANS FOR GENERAL MEMBERS

			Employee Hire Date	
Plan	Tier	Benefit Formula	General and Supervisory Management	Administrative Management and Executive Management in Non-Fire Suppression Positions
I	I	2.7% at 55	Prior to July 1, 2011	Prior to December 1, 2012
J	II	2.7% at 55	Prior to July 1, 2011	Prior to December 1, 2012
N	II	2.0% at 55	On or After July 1, 2011 (with reciprocity)	December 1, 2012 — December 31, 2012 - OR - On or After January 1, 2013 (with reciprocity)
U	II	2.0% at 62	On or After January 1, 2013 (without reciprocity)	On or After January 1, 2013 (without reciprocity)

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

Pursuant to the respective MOUs and Personnel and Salary Resolution with respect to each personnel group and unrepresented employees, as applicable, the Authority assumes the contribution cost for both the employer and General Member employees. However, General Member employees reimburse the Authority for a portion of their retirement costs. The retirement reimbursement is deducted from each General Member employee's compensation earnable and continues throughout the employee's employment with the Authority.

General Members have reimbursed the Authority at a rate of 6% of compensation earnable to the Authority since July 2004. Currently, employee reimbursement rates vary depending on the date on which such employee was hired the bargaining group in which such employee is a member. Employees in the General and Supervisory Management Unit that were hired on or after July 1, 2011, reimburse the Authority at a rate of 9% of compensation earnable. Upon expiration of the current MOU by and between the Authority and the General and Supervisory Management Unit on December 18, 2014, all employees may reimburse 50% of normal retirement costs regardless of their respective date of hire.

Administrative Management and non-fire suppression Executive Management employees hired December 1, 2012 through December 31, 2012 and Administrative Management and non-fire suppression Executive Management employees hired on or after January 1, 2013 with reciprocal retirement benefits contribute 9% upon commencement of employment. Those hired on or after January 1, 2013, with no reciprocal retirement benefits, contribute 50% of normal retirement costs upon commencement of employment.

The Authority is in the process of increasing the reimbursement rate from 6% to 9% for employees hired prior to July 1, 2011 (General and Supervisory Management Unit) and December 1, 2012 (Administrative Management and non-fire suppression Executive Management). The following Table 16 sets forth the effective dates of the various increases to the reimbursement rate for General Members.

TABLE 16
ORANGE COUNTY FIRE AUTHORITY
SCHEDULE OF REIMBURSEMENT RATE INCREASES - GENERAL MEMBERS

General and Supervisory Management (Hired Prior to July 1, 2011)		Administrative Management (Hired Prior to December 1, 2012)		Executive Management in Non-Fire Suppression Positions (Hired Prior to December 1.2012)	
Effective	**Reimbursement Rate**	**Effective**	**Reimbursement Rate**	**Effective**	**Reimbursement Rate**
January 2011	7.25%	January 2013	8.25%	January 2013	9.00%
July 2011	8.50%	February 2014	9.00%(1)		
February 2012	9.00%	February 2015	9.00%(1)		
		December 2015	9.00%(2)		

(1) Percentage assumes a salary adjustment is implemented.
(2) If not already at 9.00%.

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

California Public Employees' Pension Reform Act of 2013. In September 2012, the Governor approved Assembly Bill 340, the California Public Employees' Pension Reform Act of 2013 ("PEPRA"). As of January 1, 2013, PEPRA applies to all State and local public retirement systems and their participating employers, including the System and the Authority, respectively, except the University of California and those charter cities and counties whose retirement systems are not governed by State statute.

Among other things, PEPRA establishes new retirement formulas for new members of the System on or after January 1, 2013 ("PEPRA Members") and prohibits public employers from offering defined benefit formulas to PEPRA Members that exceed the benefits authorized under PEPRA. See " – Retirement Plans" herein. In addition, PEPRA amends existing laws to redefine final compensation for purposes of pension benefits for PEPRA Members. PEPRA increases the retirement age for PEPRA General Members and limits the annual pension benefit payouts for all PEPRA members. PEPRA generally mandates equal sharing of normal costs between the Authority and PEPRA Members employed thereby and that PEPRA Members pay at least 50% of normal costs and that employers not pay any of the required employee contribution for PEPRA Members.

Authority and System Retirement Contributions. The System's Actuarial Consultant determines the Unfunded Actuarial Accrued Liability (the "UAAL") for the entire System. The actuarial accrued liability is a standard disclosure measure of the present value of pension benefits to a certain date (i.e., the "as of date" of the valuation), based on actuarial assumptions. See " – Actuarial Assumptions" herein. The actuarial accrued liability is a measure of the value of the projected benefits and is intended to help the System's Actuarial Consultant determine the annual required contributions from employers and employees, and to help the System, the Authority, other member agencies, employees and others assess the System's funding status, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons with other public employee retirement systems.

The Retirement Law requires the System to apply the Authority's contributions to its obligations under the System first, to satisfy the Authority's current fiscal year liabilities, as determined by the System's Actuarial Consultant, because of members' service during such fiscal year, which is commonly known as the "normal cost" and service disability pensions, second, to pay for Authority contributions for death benefits, and third, to satisfy the UAAL.

The Member Agencies currently fund, at a minimum, the annual required contributions recommended by the System's Actuarial Consultant (the "ARC"). See Table 20 – "Orange County Employees Retirement System Schedule of Funding Progress" herein for the System's schedule of funding progress, which schedule sets forth the measure of System Assets against the System's liabilities resulting in part from the contributions made by the Authority and other member agencies to the System.

During calendar years 2008 and 2009, the Authority made additional contributions in the amounts of $692,000 and $891,000, respectively, toward its ARC in order to reduce its UAAL. In addition, in September 2011, the Authority and the Orange County Professional Firefighters Association amended their existing MOU so that as of June 30, 2014 any funds that remain in the Authority's cash flow reserve within the General Fund will be used to reduce the Authority's UAAL. This amount is estimated be $17.6 million.

The following Table 17 sets forth the Authority's annual required contribution for Safety Members and General Members and actual contributions related thereto for Fiscal Years 2008-09 through 2012-13 and Authority's actual contributions as a percentage of total governmental funds expenditures for such fiscal years. The Authority's actual contributions were equal to 100% of the required contributions for Fiscal Years 2008-09 through 2012-13.

TABLE 17
ORANGE COUNTY FIRE AUTHORITY
CONTRIBUTION STATUS
Fiscal Years 2008-09 through 2012-13

Fiscal Year	Safety	General	Total	Actual Contribution	Percent Contributed	Actual Authority Contribution as Percentage of Total Governmental Funds Expenditures[1]
2008-09	$33,384,056	$3,799,026	$37,183,082	$37,183,082	100.0%	13.62%
2009-10	38,687,061	3,644,446	42,331,507	42,331,507	100.0	16.29
2010-11	41,676,672	3,877,060	45,553,732	45,553,732	100.0	18.03
2011-12	46,268,131	3,808,623	50,076,754	50,076,754	100.0	19.03
2012-13	49,648,079	4,201,170	53,849,249	53,849,249	100.0	18.19

Sources: Comprehensive Annual Financial Reports of the Authority for the Fiscal Years ended June 30, 2009 through June 30, 2013.

The following Table 18 sets forth the aggregate ARC of all of the Member Agencies participating in the System and the percentage contributed for calendar years ended December 31, 2008 through December 31, 2012.

TABLE 18
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
ANNUAL REQUIRED EMPLOYER CONTRIBUTIONS
AND PERCENTAGE CONTRIBUTED[1]
December 31, 2007 through December 31, 2012
($ in thousands)

Year Ended December 31	Annual Required Contributions[1]	Actual Contributions[2]	Percentage Contributed
2008	$359,673	$360,365[3]	100.2%
2009	337,496	338,387[4]	100.3
2010	372,437	372,437	100.0
2011	387,585	387,585	100.0
2012	406,521	406,521	100.0

Source: Orange County Employees Retirement System – 2012 Actuarial Valuation.

(1) ARC reflects the aggregate ARC amount of all employers participating in the System. See Table 15 – Orange County Fire Contribution Status" herein for the Authority's ARC.
(2) Excludes transfers from County Investment Account (funded by pension obligation bond proceeds held by the System).
(3) Includes $692,000 in additional contributions made by the Authority towards the reduction of their UAAL.
(4) Includes $891,000 in additional contributions made by the Authority towards the reduction of their UAAL.

The amounts set forth above are determined by the System's Actuarial Consultant using the "entry age normal cost" method. This method currently produces an employer contribution rate consisting of amounts for (a) normal cost and (b) amortization of all existing UAAL over a 22-year closed (declining amortization) of the December 31, 2004 balance. The Board of Retirement's current actuarial funding policy (the "Actuarial Funding Policy") amortizes the outstanding balance of the UAAL from the December 31, 2004 balance over a declining period, of which 22 years remained as of the 2012 Actuarial Valuation. Any increases or decreases in the UAAL that arise in future years due to actuarial gains or losses are amortized over separate 15-year periods. Any increases or decreases in UAAL due to changes in actuarial assumptions are amortized over separate 30-year periods. As of December 31, 2012, the AAL was approximately $15.14 billion and the UAAL (calculated using the valuation value of System Assets) was approximately $5.68 billion. See " – Proposed Changes to the Systems' Actuarial Assumptions and Projected Impact upon the Authority" herein.

Authority's and System's Unfunded Actuarial Accrued Liability and Unrecognized Gains/Losses as of December 31, 2011 and December 31, 2012. In its 2012 Actuarial Valuation, the System's Actuarial Consultant determined that the employers' funded ratio (i.e., the ratio of valuation value of assets of the System over the actuarial accrued liability) increased to 67.03% as of December 31, 2012 from 62.52% as of December 31, 2011. The UAAL increased to $5.68 billion as of December 31, 2012 from $4.46 billion as of December 31, 2011. The net unrecognized loss from investments in the System's investment portfolio as of December 31, 2011 was $598,987,000. The total unrecognized investment gains as of December 31, 2012 were $97,451,000 which amount will be recognized by the System on a smoothed, five-year basis and the actuarial value of assets will be further adjusted, if necessary, in accordance with current policies of the Board of Retirement. The unrecognized gain will be recognized along with any future gains and losses if the System does not earn the assumed net rate of investment return of 7.25% per year (net of expenses) on a market value basis and all other actuarial assumptions as set forth in the 2010 Analysis of Plan Experience are met.

The failure to achieve the assumed rate of return or changes to any actuarial assumptions could result in investment losses on the actuarial value of assets and contribution requirements may be increased. The Actuarial Consultant states that, if the deferred gains as of December 31, 2012 were recognized immediately in the valuation value of assets, the funded percentage would increase from 62.5% to 63.2% of assets, the aggregate employer rate would decrease from 41.64% to about 41.1% of payroll. In addition, the System's Actuarial Consultant stated in its 2012 Actuarial Valuation that the aggregate employer rate has increased to 41.64% of payroll as of December 31, 2012 from 34.71% of payroll as of December 31, 2011. The 2012 Actuarial Valuation states that the increase in the aggregate employer rate relates to, among other things, an unfavorable rate of return on investments after smoothing, less than expected growth in total payroll, changes in economic assumptions and other experience losses. A portion of the actuarial losses were partially offset by salary increases that were less than expected. The 2012 Actuarial Valuation states that, if the deferred losses were recognized immediately in the actuarial value of assets, the aggregate employer contribution rate would increase. Further, if the deferred gains as of December 31, 2012 were recognized immediately in the valuation value the aggregate employer rate would decrease from 41.64% to about 41.10% of payroll. The System's investment policy and annualized rates of return are summarized in "– Investment Policy" herein.

The Authority's Fiscal Year 2013-14 Adopted Budget includes retirement costs reflecting employer contribution rates for Fiscal Year 2013-14 of 45.46% for Safety Members and 27.99% for General Members. Employer contribution rates for Fiscal Year 2014-15 are projected to be 45.46% for Safety Members and 32.61% for General Members.

Actuarial Assumptions. The System's Actuarial Consultant considers various factors in determining the assumptions to be used in calculating funding ratios. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability and other factors. This experience study is done once every three years. The most recent experience study was the 2009 Analysis of Plan Experience completed for the June 30, 2010 actuarial study. In addition, the System's Actuarial Consultant considers certain economic factors assumptions in determining the assumptions to be used in calculating funding ratios. The actuarial assumptions have a significant impact on the determination of the ratio of assets of the System that are set aside to pay plan benefits by the System. Significant actuarial assumptions of the System's Actuarial Consultant for the 2012 Actuarial Valuation include: (a) a rate of return on the investment of present and future assets of 7.25% (net of investment and administrative expenses) per year; (b) an inflation assumption of 3.25%; (c) real across-the-board salary increase of 0.50%; (d) projected across-the-board salary increases of 4.75% to 17.75% for Safety members based on service; (e) projected cost of living adjustments of 3.00%; and (f) employee contribution crediting rate of 5.00%, compounded, semi-annually. In addition, assumptions for post-retirement mortality, termination rates, retirement rates, marriage, age, and disability are determined based on actuarial tables.

The following Table 19 sets forth certain economic actuarial assumptions for calendar years ended December 31, 2008 through December 31, 2012.

TABLE 19
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL ASSUMPTIONS
Fiscal Years ended December 31, 2008 through 2012

Actuarial Assumption	2008	2009	2010	2011	2012
Interest	7.75%	7.75%	7.75%	7.75%	7.25%
Inflation	3.50	3.50	3.50	3.50	3.25
Cost of Living Adjustment	3.00	3.00	3.00	3.00	3.00

Source: Orange County Employees Retirement System.

Recent Changes to the Systems' Actuarial Assumptions and Projected Impact upon the Authority. Previously, the System's UAAL was combined and amortized as a level percentage of payroll over a declining period of 30 years commencing December 31, 2004. The revised Actuarial Funding Policy amortized actuarial gains and losses over 15 years, amortized changes in assumptions or methods over 30 years, amortized plan amendments over 15 years, early retirement incentive program over 15 years, and the actuarial surplus over 15 years.

In February 2013, the Actuarial Consultant submitted three alternatives to the existing Actuarial Funding Policy to the Board of Retirement with respect to UAAL established after December 31, 2012. The Actuarial Consultant did not recommend that the Board of Retirement consider any changes to the Actuarial Funding Policy with respect to UAAL established prior to December 31, 2012 unless the Board of Retirement wished to accelerate the System's progress toward a funded ratio of 100%.

The first alternative would, if adopted, amortize actuarial gains and losses over 15 years, changes in assumptions or methods over 20 years, plan amendments over 15 years or less, early retirement incentive program over 5 years or less, and any actuarial surplus over 30 years. The second alternative would, if adopted, amortize actuarial gains and losses over 20 years, changes in assumptions or methods over 20 years, plan amendments over 15 years or less, early retirement incentive program over 5 years or less, and any actuarial surplus over 30 years. The third alternative would, if adopted, amortize actuarial gains and losses over 15 years, changes in assumptions or methods over 25 years, plan amendments over 15 years or less, early retirement incentive program over 5 years or less, and the actuarial surplus over 30 years. In November 2013, the Board of Retirement approved a new Actuarial Funding Policy which implements the second alternative. Accordingly, the System will reamortize all of the current UAAL, including the UAAL from the December 31, 2012 change in assumptions, over a new closed and declining 20 year period. In addition, the System will amortize future UAAL over periods of 20 years for actuarial gains and losses, 20 years for assumption or method changes, 15 years for amendments to the Plan, 5 years for early-retirement incentive programs, and 30 years for actuarial surpluses.

The Actuarial Consultant stated that the System could continue to use declining amortization periods or adopt a shorter period with immediate cost impact. In addition, the Actuarial Consultant noted that the Board of Retirement should consider various policy objectives including whether future contributions plus current assets are sufficient to fund all benefits for current members, allocating cost to years of service, implementing changes to management and control of future employer contribution volatility and supporting public policy goals of accountability and transparency. The Authority projects that any changes to the amortization of future UAAL will increase the Authority's retirement costs and will impact annual increases to charges pass on to Cash Contract Members and the John Wayne Airport. The Authority cannot predict what further actions the Board of Retirement will take with respect to the Actuarial Funding Policy nor has it determined what action it will take if further changes to the Actuarial Funding Policy are approved.

The System's Historical Funding Progress. In September 2013, the Authority's Board of Directors adopted a resolution pursuant to which the Authority expects to provide funds to reduce its UAAL earlier than the scheduled amortization thereof. The Board of Directors has directed staff to include additional payment towards the UAAL in the annual budget. The funds for such additional payments will come from, among other sources, savings that result from the PEPRA provisions and other reductions in retirement contribution rates. Upon the completion of the audited financial statements for each fiscal year, the Authority determines the available amount of its fund balances which can be transferred to the System for payment towards the pension UAAL. See "Financial and Economic Information - Fiscal Health Plan and Financial Stability Budget Policy - Financial Policies and Practices - Fiscal Health Plan and Financial Stability Budget Policy" and " - Financial Policies and Practices - Fiscal Year 2014-15 Authority Budget" herein. In addition, the Board of Directors has directed than an additional $1 million be included in the Authority's annual budgets for Fiscal Years 2016-17 through and including Fiscal Year 2021-22 for retirement contributions to the System as a source for additional payments toward the UAAL. The Board of Directors has also directed staff to provide updates to the Board as part of each annual budget presentation that include the proposed additional amount to be paid on the UAAL.

The following Table 20 sets forth the schedule of funding progress for the System as of the ten most recent actuarial valuation dates. See " – Retirement Contributions" above. Funding progress is measured by a comparison of System Assets which have been set aside by the System to pay plan benefits with plan liabilities. The 2012 Actuarial Valuation states that. as of December 31, 2012, the actuarial value of the plan assets for the System ("System Assets") was approximately $9,469,423,000 the valuation value of System Assets (*i.e.*, the actuarial value excluding any non-valuation reserves) was approximately $9,469,208,000 and the net market value of System Assets was approximately $9,566,874,000. The rate of return based on the actuarial value of System Assets was 3.49%, the rate of return based on the valuation value of the System Assets was 3.49%, and the rate of return based on the market value of System Assets was 11.92% for Fiscal Year ended December 31, 2012.

The actuarial value of the System Assets and the AAL reflect amounts received by the System from the County in connection with the prior issuance of the County's pension obligation bonds. The County has applied a portion of the proceeds of each issuance of pension obligation bonds to offset a portion of the annual actuarially-determined contribution rate for the County. See Table 18 – "Annual Required Employer Contributions and Percentage Contributed" herein, which sets forth the aggregate ARC to be contributed by the Authority and other member agencies, as determined by the System's Actuarial Consultant, and the percentage actually contributed.

TABLE 20
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
December 31, 2007 through December 31, 2012
($ in thousands)

Actuarial Valuation Date (December 31)	(1) Valuation Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded (Overfunded) AAL (2) – (1)	(4) Funded Ratio (1)/(2)	Funded Ratio (Market Value)	(5) Covered Payroll	(6) Unfunded (Overfunded) AAL Percentage of Covered Payroll (3)/(5)
2007	$7,288,900	$9,838,686	$2,549,786	74.08%	78.43%	$1,457,159	174.98%
2008	7,748,380	10,860,715	3,112,335	71.34	57.51	1,569,764	198.27
2009	8,154,687	11,858,578	3,703,891	68.77	62.94	1,618,491	228.85
2010	8,672,592	12,425,873	3,753,281	69.79	67.25	1,579,239	237.66
2011	9,064,355	13,522,978	4,458,623	67.03	62.60	1,619,474	275.31
2012	9,469,208	15,144,888	5,675,680	62.52	63.17	1,609,600	352.55

Source: Orange County Employees Retirement System 2012 Actuarial Valuation.

The actuarial value of assets is based on a five-year smoothed market method. This method spreads the difference between the market investment return achieved by the investment portfolio of the System and the assumed investment return over a five-year period. The following Table 21 sets forth the value of the System's assets as of the ten most recent actuarial valuation dates based on the valuation value, actuarial value and market value.

TABLE 21
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
ASSET VALUE COMPARISON
December 31, 2003 through December 31, 2012
($ in thousands)

Valuation Date (December 31)	Valuation Value of Assets[1]	Actuarial Value of Assets[1]	Market Value of Assets[1]
2003	$4,790,099	$4,811,317	$4,959,626
2004	5,245,821	5,256,380	5,556,995
2005	5,786,617	5,798,536	5,923,112
2006	6,466,085	6,474,074	6,817,726
2007	7,288,900	7,292,205	7,719,690
2008	7,748,380	7,750,751	6,248,558
2009	8,154,687	8,155,654	7,464,761
2010	8,672,592	8,673,473	8,357,835
2011	9,064,355	9,064,580	8,465,368
2012	9,469,208	9,469,423	9,566,659

(1) The market value of assets excludes funds in the County Investment Account (funded by pension obligation bond proceeds held by the System) and funds in the in the prepaid employer contribution account.

Source: Orange County Employees Retirement System 2012 Actuarial Valuation.

The System's Reserves. The System's reserves are established from contributions and the accumulation of investment income, after satisfying investment and administrative expenses. Currently, the System maintains a Pension Reserve comprised of funding set aside for retirement payments derived from employer contributions, an Employee Contribution Reserve representing the balance of member contributions, an Employer Contribution Reserve representing the balance of employer contributions for future active member retirement benefits and an Annuity Reserve comprised of funding set aside for retirement payments derived from contributions made by members.

In addition, the System maintains Health Care Plan Reserves for assets held to pay medical benefits for eligible retirees of the 401(h) health care plans, a County Investment Account Reserve which holds the remaining proceeds from the County's 1994 Pension Obligation Bond issuance, an Unclaimed Fund Reserve representing contributions from terminated non-vested members who left employment prior to December 31, 2002 and whose funds remain on deposit with the System, an Employee Paid Annuity Reserve representing additional employee contributions made by members pursuant to Government Code section 31627 for the purpose of providing additional benefits and a Contra Account representing the amount of interest credited to the reserve accounts that has not been paid for out of current or excess earnings. A balance in this account is the result of applying the full interest crediting policy of the Board of Retirement and will be replenished in subsequent periods as sufficient earnings allow. The following Table 22 sets for the amounts on deposit in each of the System's reserves as of December 31, 2010, December 31, 2011 and December 31, 2012.

TABLE 22
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
SYSTEM RESERVES
December 31, 2010 through December 31, 2012
($ in thousands)

	December 31, 2010	December 31, 2011	December 31, 2012
Pension Reserve	$4,895,681	$5,219,243	$5,859,498
Employee Contribution Reserve	1,803,940	1,968,927	2,109,609
Employer Contribution Reserve	178,676	648,425	1,569,821
Annuity Reserve	567,384	650,853	769,197
Health Care Plan Reserve	93,792	107,593	120,725
County Investment Account Reserve	108,531	97,768	103,260
Unclaimed Fund Reserve	778	130	123
Employee Paid Annuity Reserve	109	62	16
Contra Account	--	--	(781,260)
Supplemental Targeted Adjustment for Retirees Cost of Living Adjustment Reserve	--	--	--
Retired Member Benefit Reserve	6	--	--
Market Stabilization Reserve	915,019	--	--
Net Position - Total Fund	$8,563,916	$8,693,001	$9,750,989

Sources: Comprehensive Annual Financial Reports of the Orange County Employees Retirement System as of December31, 2011, December 31, 2011 and December 31, 2012.

The System's Investment Policy. The Board of Retirement has exclusive control of the investment of the System's assets. Pursuant to the State Constitution, the members of the Board of Retirement are required to diversify the investments of the System so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. Except as otherwise expressly restricted by the State Constitution and by law, the Board of Retirement may, in its discretion, invest, or delegate the authority to invest the assets of the fund through the purchase, holding, or sale of any form or type of investment financial instrument, or financial transaction when prudent in the informed opinion of the Board of Retirement. The System has established a series of procedures and guidelines (the "System Investment Policy) was most recently amended in June 2012 to guide the System's investment program. The Board of Retirement has directed the investment consultant to report on the investment returns and market conditions on a quarterly basis and make recommendations on investment policy revisions for the Board of Retirement's consideration as necessary.

The following Table 23 sets forth the target asset allocations for the System's investment portfolio and the actual asset allocations as of March 31, 2014.

TABLE 23
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
INVESTMENT ASSET ALLOCATION

Association's Portfolio	Target Allocations	Actual Allocations
Domestic Equity Securities	12 – 18%	16.4%
Global Equity Securities	2 – 6	5.0
International Equity Securities	8 -14	12.5
Emerging Markets Equity	4 – 8	4.7
Private Equity	3 – 7	3.7
Domestic Bonds	10 – 16	13.2
Diversified Credit	2 – 10	6.4
Real Return	7 – 13	8.5
Foreign Bonds	1 – 5	2.6
Emerging Market Debt	1 – 5	2.5
Absolute Return	11 – 15	13.5
Real Estate	8 – 12	8.7
Cash and Cash Equivalents	0	2.3

Source: Orange County Employees Retirement System – Investment Portfolio Report for March 2014.

The System's assets are exclusively managed by external professional investment management firms. The Board of Retirement monitors the performance of the managers with the assistance of an external investment consultant. The following Table 24 sets forth the annualized rate of return on investments in the portfolio for calendar years ended December 31, 2004 through December 31, 2012 based upon the valuation value, actuarial value and market value of the investments.

TABLE 24
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
INVESTMENT RESULTS
December 31, 2004 through December 31, 2012

Year Ended December 31	Annualized Rates of Return (Valuation Value)	Annualized Rates of Return (Actuarial Value)	Annualized Rates of Return (Market Value)
2004	8.55%	8.35%	11.26%
2005	8.50	8.72	8.11
2006	9.68	9.71	13.17
2007	10.45	10.49	11.18
2008	4.25	4.23	(20.76)
2009	3.62	3.60	17.32
2010	5.02	5.02	10.47
2011	3.29	3.28	0.04
2012	3.49	3.49	11.92

Source: Orange County Employees Retirement System 2012 Actuarial Valuation.

The Authority's Other Postemployment Benefits. The Authority's postemployment defined benefit plan ("OPEB Plan") is a single-employer plan for full-time employees hired prior to January 1, 2007. Information regarding the Authority's other postemployment benefits was obtained from the Authority's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2013 and the Authority's Actuarial Valuation with a measurement date as of July 1, 2012 (the "2012 OPEB Actuarial Valuation"). The next biennial Actuarial Valuation will be for the measurement date as of July 1, 2014.

The OPEB Plan provides a monthly grant toward the cost of retirees' health insurance coverage. The Authority's OPEB Plan assets are held in a trust account established pursuant to Section 401(h) of the Internal Revenue Code of 1986, as amended, and held separate from the assets of the System except for investment purposes. The Authority current funding policy is to partially prefund for retiree medical benefits through a required employee contribution of 4% of their pay through payroll deductions to the trust accounts. During Fiscal Year 2012-13, there were 528 eligible retirees who received monthly benefits of approximately $3.0 million in the aggregate.

The 2012 OPEB Valuation used the entry age normal actuarial cost method. The primary actuarial assumptions included in the 2012 OPEB Valuation included a 5.5% rate of return on investments, inflation at a rate of 3.5%, a rate of increase of 5.0% for retiree medical grants, termination rates determined based on actuarial tables from the System, pre-retirement and post-retirement mortality determined based on actuarial tables from the System, 100% of eligible active employees assumed to elect medical coverage at retirement, 65% of future male retirees and 25% of female employees are assumed to be married at retirement or pre-retirement death and male spouses assumed to be 4 years older than female spouses. The UAAL is amortized over 30 years as a level dollar on a closed basis, of which 24 years remained as of 2012 OPEB Actuarial Valuation. The actuarial assessments of set forth in the 2012 OPEB Actuarial Valuation are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed from the date of the valuation or in the future, and will change with the future experience of the OPEB Plan.

The following Table 25 sets forth the UAAL of the Authority's OPEB Plan as of June 30, 2013 using a 5.5% discount rate.

TABLE 25
ORANGE COUNTY FIRE AUTHORITY
UNFUNDED ACTUARIAL ACCRUED LIABILITY OF OPEB PLAN
Fiscal Year ended June 30, 2013
($ in thousands)

Actuarial Accrued Liability	$156,623,184
Actuarial Value of Assets	(28,910,090)
Unfunded Actuarial Accrued Liability	$127,713,094

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

The following Table 26 sets forth the schedule of funding progress of the Authority's OPEB Plan as of the most recent actuarial valuation measurement dates of July 1, 2006, July 1, 2008, July 1, 2010, and July 1, 2012.

TABLE 26
ORANGE COUNTY FIRE AUTHORITY
OPEB PLAN SCHEDULE OF FUNDING PROGRESS
Fiscal Years ended June 30, 2007 through June 30, 2013
($ in thousands)

Actuarial Valuation Date (July 1)	Actuarial Valuation of Assets (A)	AAL Entry Age Normal (B)	UAAL (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage% of Covered Payroll (B-A)/C
2006	$ 7,435,632	$ 60,807,597	$ 53,371,965	12.23%	$95,608,358	55.82%
2008	21,525,051	94,124,900	72,599,849	22.87	80,624,028	90.05
2010	21,549,574	147,709,326	126,159,752	14.59	81,391,495	155.00
2012	28,910,090	156,623,184	127,713,094	18.46	75,432,000	169.31

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013.

The Authority's Annual OPEB Cost for Fiscal Year 2012-13 was $13,689,125. The following Table 27 sets forth the Authority's annual OPEB Cost, the net OPEB obligation subsequent to such contributions and the Authority's OPEB contribution as a percentage of total governmental expenditures for the Fiscal Years ended June 30, 2009 through June 30, 2013.

TABLE 27
ORANGE COUNTY FIRE AUTHORITY
ANNUAL OPEB COST
Fiscal Years ended June 30, 2009 through June 30, 2013
($ in thousands)

Fiscal Year Ended (June 30)	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost Contributed	Net Increase to Net OPEB Obligation	Cumulative Net OPEB Obligation	Contribution as a Percentage of Total Governmental Expenditures
2009	$ 8,844,871	$4,284,213	48.4%	$4,560,658	$ 7,567,064	1.57%
2010	8,794,983	4,475,727	50.9	4,319,256	11,886,320	1.72
2011	13,303,800	4,387,025	33.0	8,916,775	20,803,095	1.74
2012	13,141,576	4,557,554	34.7	8,584,022	29,387,117	1.73
2013	13,689,125	4,759,104	34.8	8,930,021	38,317,138	1.61

Sources: Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2011 with respect to the Fiscal Year ended June 30, 2009, Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2012 with respect to the Fiscal Year ended June 30, 2010 and Comprehensive Annual Financial Report of the Authority for the Fiscal Year Ended June 30, 2013 with respect to the Fiscal Years ended June 30, 2011 through June 30, 2013 and the Authority.

The Authority's Annual OPEB Cost includes an implicit subsidy for Safety members under the age of 65. Accordingly, actual contributions include implicit insurance premiums paid on behalf of these retirees. The following Table 28 sets forth the components of the Authority's actual contributions for Fiscal Years ended June 30, 2011 through June 30, 2013.

TABLE 28
ORANGE COUNTY FIRE AUTHORITY
CONTRIBUTIONS TO OPEB PLAN
Fiscal Years ended June 30, 2011 through June 30, 2013
($ in thousands)

	Fiscal Year ended June 30, 2011	Fiscal Year ended June 30, 2012	Fiscal Year ended June 30, 2013
Amounts irrevocable transferred to Trust held by the System	$3,605,946	$3,670,501	$3,526,937
Implicit Insurance Premiums Paid on Behalf of Retirees	776,859	882,372	1,227,387
Amounts Paid Directly to Retirees	4,220	4,681	4,780
Total Actual Contributions	$4,387,025	$4,557,554	$4,759,104

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year Ended June 30, 2013.

The Authority's Retiree Defined Contribution Healthcare Expense Reimbursement Plan. In September 2006, the Authority created the Orange County Fire Authority Retiree Defined Contribution Healthcare Expense Reimbursement Plan, an employer sponsored defined contribution benefit plan. The Reimbursement Plan provides for the reimbursement of medical dental and other health care expenses of retirees. The Board of Directors establishes and amends all Reimbursement Plan provisions in conjunction with its negotiated labor contracts and is subject to all applicable requirements of the Myers-Milias-Brown Act and other applicable law. Plan assets are held in trust in a VantageCare Retirement Health Savings Plan that is administered by the International City Management Association Retirement Corporation.

All active, full-time employees who became employed by the Authority on and after January 1, 2007, are required to contribute 4% of their gross pay through payroll deductions to the Authority defined contribution plan. All contributions, investment income, realized and unrealized gains and losses are credited to individual recordkeeping accounts maintained in the name of each Plan participant. Account assets are invested as directed by the participant from among investment funds selected by the Authority. Participants are eligible to receive Plan benefits upon reaching retirement age, including those who terminate with the Authority for other reasons. Required and actual Authority contributions totaled $1,356,966 for the year ended June 30, 2013.

Insurance

The Authority carries commercial insurance coverage for general liability, property and auto, pollution liability, aviation, public official and auto verifier bonds. In addition, the Authority carries excess coverage for the self-insured workers' compensation. Coverage limits include $1,000,000 for each occurrence or wrongful act under its general liability coverage up to an aggregate amount of $2,000,000, management liability up to $1,000,000 for each wrongful act, auto liability (combined single limit) up to $1 million and umbrella liability of $10 million for each occurrence. Coverage limits for property insurance include the scheduled replacement cost for building and contents, $500,000 for each claim for crimes of employee dishonesty, forgery or alteration or the performance of duty and $100,000 for the crime of computer fraud. In addition, the Authority carries aircraft hull and liability coverage up to $50 million, public official bonds up to $1 million each, auto verifier bonds up to $5,000 each There have been no significant changes in insurance coverage as compared to last year, and settlements have not exceeded coverage in each of the past three fiscal years.

The Authority's self-insurance program covers worker's compensation claims up to $50 million subject to a self-insured retention of $2 million per incident. Workers' compensation claims in excess of the self-insured level are insured by the California State Association of Counties Excess Insurance Authority ("CSAC-EIA") at statutory limits. Workers' compensation claims are administered by a third-party administrator. As of June 30, 2013, accrued claims and judgments for workers' compensation were $49,064,929. The amount required to be on deposit in the Authority's self-insured workers' compensation fund is established based on information from an independent actuary which reviews total estimated liabilities to determine the fund's confidence level. The confidence level is, generally, a measure of the probability that the workers' compensation fund will have enough money to cover claims that have been incurred. The Authority's funding policy with respect to workers' compensation requires a confidence level of 60%.

The following Table 29 sets forth the Risk Management Fund's claims liability amount for self-insurance in Fiscal Years 2008-09 through 2012-13.

TABLE 29
ORANGE COUNTY FIRE AUTHORITY
RISK MANAGEMENT FUND CLAIMS LIABILITY – SELF INSURANCE
Fiscal Years 2008-09 through 2012-13
($ in thousands)

	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13
Unpaid claims, Beginning of Fiscal Year	$14,846,767	$17,649,074	$27,224,600	$29,753,616	$35,798,565
Prior Period Adjustment	11,783,201	14,007,264	--	--	--
Incurred Claims	8,789,203	630,421	8,011,264	12,288,305	19,277,576
Claim Payments	(3,462,833)	(5,062,159)	(5,482.248)	(6,243,356)	(6,011,212)
Unpaid Claims, End of Fiscal Year	$31,956,338	$27,224,600	$29,753,616	$35,798,565	$49,064,929
Current Portion	$ 4,116,438	$ 4,353,481	$ 5,991,519	$ 7,511,799	$ 8,238,869
Long-Term Portion	27,539,000	22,871,119	23,762,097	28,286,766	40,064,929
Unpaid Claims, End of Fiscal Year	$31,656,338	$27,224,600	$29,753,616	$35,798,565	$48,826,060

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Years ended June 30, 2009 through June 30, 2013.

Indebtedness

Long-Term Indebtedness. The Authority's 2001 Revenue Bonds (Regional Fire Operations and Training Center) (the "2001 Revenue Bonds") were the only long term bonded indebtedness that has been issued to date by the Authority and the 2001 Revenue Bonds are no longer outstanding. As of the date hereof, the Authority does not presently expect to issue any long-term bonded indebtedness. The Authority never failed to pay any long term indebtedness when due.

Short-Term Indebtedness. The Authority's General Fund expenditures occur in level amounts throughout the fiscal year although revenues are received at various times and amounts throughout the fiscal year, primarily because secured property tax revenues are received around property tax payment dates in December and April and cash contract receipts are received at the end of each quarter. As a result, the General Fund cash balance is negative for a portion of each fiscal year. The Authority adopted a short-term debt policy (the "Short-Term Debt Policy") in March 2007. Pursuant to the Short-Term Debt Policy, the Authority may use tax and revenue anticipation notes which mature no later than one year after its issuance, use short-term borrowing for temporary funding of operational cash flow deficits, and temporarily use of capital reserves that are funded in excess of planned capital expenditures.

During Fiscal Years 1997-98 through 2008-09, the Authority annually issued tax and revenue anticipation notes, all of which were timely paid when due, and used the proceeds thereof to reduce or eliminate cash flow deficits in its General Fund during each such fiscal year. The Authority has undertaken intrafund borrowing to address cash flow deficits in fiscal years when it has not issued tax and revenue anticipation notes. See "The Notes - Intrafund Borrowing and Cash Flow" and " – Cash Flow Projections" in the forepart of this Official Statement. The Authority never failed to pay any short term indebtedness when due.

Lease Obligations. As of June 30, 2013, the Authority was the lessee under certain capital leases in effect with respect to real property and equipment used by the Authority, including a Master Aircraft Lease Agreement by and between the Authority and SunTrust Equipment Financing & Leasing Group dated December 2008, as amended in November 2011 (the "Aircraft Lease"). The Authority has never failed to pay any lease obligations when due. The following Table 30 sets forth the minimum lease payments in Fiscal Years 2013-14 through 2018-19 required to be paid by the Authority under Aircraft Lease as of June 30, 2013.

TABLE 30
ORANGE COUNTY FIRE AUTHORITY
CAPITAL LEASE PAYMENTS – AIRCRAFT LEASE
As of June 30, 2013

Fiscal Year	Principal	Interest	Total
2013-14	$ 2,219,152	$ 312,571	$ 2,531,723
2014-15	2,276,963	254,760	2,531,723
2015-16	2,336,279	195,444	2,531,723
2016-17	2,397,140	134,583	2,531,723
2017-18	2,459,589	72,134	2,531,723
2018-19	1,253,718	12,144	1,265,862
Total	$12,942,841	$981,636	$13,924,477

Source: Comprehensive Annual Financial Report of the Authority for the Fiscal Year Ended June 30, 2013.

Direct and Overlapping Debt

Set forth in the following Table 31 on the following page is a direct and overlapping bonded indebtedness report as of May 1, 2014 (the "Debt Report") which was compiled by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The Authority has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Authority. Such long-term obligations generally are not payable from revenues of the Authority nor are they necessarily obligations secured by land within the Authority. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 31
ORANGE COUNTY FIRE AUTHORITY
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
As of May 1, 2014

2013-14 Assessed Valuation: $220,029,986,297

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/14
The Metropolitan Water District of Southern California	10.065%	$ 13,313,479
Coast Community College District	10.873	68,762,341
North Orange County Joint Community College District	39.616	79,722,843
Rancho Santiago Community College District	17.370	49,579,226
Capistrano Unified School District School Facilities Improvement District No. 1	99.989	35,106,068
Los Alamitos Unified School District School Facilities Improvement District No. 1	99.854	99,832,777
Placentia-Yorba Linda Unified School District	73.173	188,106,837
Saddleback Valley Unified School District	100.000	126,840,000
Santa Ana Unified School District	27.941	80,906,396
Tustin Unified School District School Facilities Improvement District Nos. 2002-1, 2008-1 and 2012-1	Various	141,565,812
Anaheim Union High School District	31.235	31,336,187
Other School Districts	Various	227,540,677
City of San Juan Capistrano	100.000	29,965,000
Irvine Ranch Water District Improvement Districts	Various	472,188,701
Moulton-Niguel Water District Improvement Districts	100.000	21,315,000
Santa Margarita Water District Improvement Districts	100.000	142,120,000
South Coast Water District	62.531	1,200,595
County Community Facilities Districts	100.000	326,014,621
School Community Facilities Districts	100.000	921,317,818
City and Special District Community Facilities Districts	100.000	357,215,000
1915 Act Special Assessment Tax Bonds	100.000	850,527,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$4,264,476,378
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Orange County Fire Authority	**100.000**	--[1]
Orange County General Fund Obligations	49.732%	$ 84,624,469
Orange County Pension Obligations	49.732	40,061,756
Orange County Board of Education Certificates of Participation	49.732	7,842,736
Municipal Water District of Orange County Water Facilities Corporation	59.544	4,629,546
Unified School District Certificates of Participation	Various	182,202,375
Union High School Districts Certificates of Participation	Various	23,834,112
Elementary School District General Fund Obligations	Various	22,900,237
City General Fund Obligations	100.000	99,224,640
Moulton-Niguel Water District Certificates of Participation	100.000	81,795,000
Other Special District General Fund Obligations	Various	290,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$547,404,871
Less: Municipal Water District of Orange County Water Facilities Certificates of Participation		4,629,546
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$542,775,325
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	0.002-100.000%	$491,409,969
GROSS COMBINED TOTAL DEBT		$5,303,291,218[1]
NET COMBINED TOTAL DEBT		$5,298,661,672

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:
- Total Overlapping Tax and Assessment Debt 1.94%
- **Total Direct Debt 0.00%**
- Gross Combined Total Debt 2.41%
- Net Combined Total Debt 2.41%

Ratios to Redevelopment Incremental Valuation ($18,274,180,689):
- Total Overlapping Tax Increment Debt 2.69%

Source: California Municipal Statistics, Inc.

General Fund Financial Statements

Except as noted below, the Authority's accounting policies and audited financial statements conform to generally accepted accounting principles and standards for public financial reporting established by the Governmental Accounting Standards Board ("GASB").

The Authority's basis of accounting for its governmental type funds is the modified accrual basis with revenues being recorded when available and measurable and expenditures being recorded when services or goods are received and with all unpaid liabilities being accrued at year end. The accrual basis of accounting is utilized in the Fiduciary Funds. All of the financial statements contained in this Official Statement, other than the General Fund Cash Flow Schedules, have been prepared as described above.

Funds are accounted for by the Authority are categorized as follows:

Governmental Funds	Fiduciary Funds
General Fund	Trust Funds
Capital Projects Funds	

OCFA Portfolio

The Board of Directors, acting under Section 53607 of the California Government Code (the "California Government Code"), has delegated to the Treasurer responsibility to invest all surplus moneys of the Authority. Subject to the review of the Board of Directors, the delegation is made for a period of one-year. Amounts held in the treasury are invested in the Authority's investment portfolio (the "OCFA Portfolio"). The Treasurer invests funds in the OCFA Portfolio in accordance with the Authority's Investment Policy (the "Investment Policy") and California Government Code Section 53600 et. seq., Section 53620 et. seq. and Section 5922(d). From time to time bills are proposed in the State Legislature that would modify the currently authorized investments and place restrictions on the ability of local agencies to invest in various securities. Therefore, there can be no assurances that the current investments in the OCFA Portfolio will not vary from the investments described herein or as may be authorized in the future by the California Government Code.

The Treasurer only invests in securities legally allowed by California Government Code and authorized by the Investment Policy. The objectives of the Investment Policy, listed in priority order, are safety, liquidity, and return on investment. The Investment Policy provides that at least 50% of the portfolio is limited to a maturity of 1 year or less and no single investment may have a maturity exceeding 5 years. The Treasurer provides the Board of Directors with a monthly and an annual investment report. The Authority believes that the OCFA Portfolio is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the Authority's expenditures and other scheduled withdrawals.

The Investment Policy allows for purchase of a variety of securities with limitations as to exposure, maturity and rating, varying with each security type. The composition of the OCFA Portfolio will change over time as old investments mature and as new investments are made. Since July 1, 1997, the Authority, in accordance with GASB Statement No. 31, has reported market value for the investments in the OCFA Portfolio annually on its financial statements. Although the market value of certain of the securities in the OCFA Portfolio are less than the Authority's net book value for those securities, the Authority does not anticipate that it will realize any losses with respect to such investments since the Authority intends to hold such investments until their maturity. However, unexpected withdrawals from the OCFA Portfolio could force the sale of some investments prior to maturity and lead to realization of losses with respect to those investments. Such unexpected withdrawals have not occurred and thus are considered unlikely by the

Authority, based on historical withdrawal patterns relating to the OCFA Portfolio. The OCFA Portfolio represents monies entrusted to the Treasurer by the Authority for all of its funds.

As of March 31, 2014, OCFA Portfolio market-to-book value analysis indicated an unrealized loss of 0.2% because of fluctuations in interest rates. The Authority determines the market value of the OCFA Portfolio monthly but does not mark-to-market. Liquidity in the OCFA Portfolio, consisting of cash, investments in mutual funds and investments in cash equivalents, is approximately 69% as of March 31, 2014. The Authority calculates and apportions interest monthly. The weighted average maturity of the OCFA Portfolio for the month ended March 31, 2014 was about 5.5 months.

The Investment Policy expressly prohibits derivatives, except for indirect investment through the State's Local Agency Fund, reverse repurchase agreements (indirect investment through a pool is allowable up to a maximum of ten percent (10%) of the pool's portfolio), financial futures or financial options and common stocks or corporate bonds.

As of March 31, 2014, approximately 55% of the OCFA Portfolio's portfolio was comprised of securities with a maturity of less than one month, 14% was invested in securities with maturities ranging from one to three months, 7% was invested in securities with maturities ranging from three to six months, and 24% was invested in securities with maturities over one year.

The value of the various investments in the OCFA Portfolio will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the OCFA Portfolio will not vary from the values described herein.

The following Table 33 reflects various information with respect to the OCFA Portfolio as of the close of business on March 31, 2014. As described above, a wide range of investments are authorized under California Government Code, but they are further limited by the current Investment Policy. For additional information concerning Authority investments, see Appendix B – "Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended June 30, 2013" attached to this Official Statement.

TABLE 32
ORANGE COUNTY FIRE AUTHORITY
Pooled Investment Fund of the Authority
As of March 31, 2014

	Net Market Value ($ in thousands)	Percentage of Portfolio
INVESTMENTS		
Money Market Mutual Funds/Cash	$ 7,307,391.77	6.01%
Commercial Paper Disc. – Amortizing	7,997,680.00	6.58
Federal Agency Coupon Securities	29,102,109.60	24.12
Federal Agency Disc. – Amortizing	26,998,650.00	22.19
Local Agency Investment Funds	50,015,855.90	41.10
TOTAL INVESTMENTS	$121,421,687.27	100.00%
CASH		
Passbook/Checking	$ 1,480,184.95	
TOTAL CASH	$ 1,480,184.95	
TOTAL CASH AND INVESTMENTS	$122,901,872.22	

Source: Orange County Fire Authority Treasurer.

STATE OF CALIFORNIA BUDGET AND SUPPLEMENTAL FINANCIAL INFORMATION

The following information concerning the State's budgets has been obtained from publicly available information which the Authority believes to be reliable; however, the Authority takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the State budget may be found at the Department of Finance website, www.dof ca.gov, under the heading "California Budget." An impartial analysis of the State's budget is posted by the Legislative Analyst's Office (the "LAO") at www.lao.ca.gov. In addition, certain State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System, emma.msrb.org. The information referred to on the website of the State Treasurer is prepared by the State and not by the Authority, and the Authority takes no responsibility for the continued accuracy of the internet address of the State Treasurer or for the accuracy, if any, or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2013-14

On June 28, 2013, the Governor approved the State Budget Act for Fiscal Year 2013-14 (the "Fiscal Year 2013-14 State Budget Act"), which projects Fiscal Year 2012-13 general fund revenues and transfers of $98.20 billion, total expenditures of $95.67 billion and a year-end surplus of $872 million (net of the $1.66 billion deficit from fiscal year 2011-12), of which $618 million would be reserved for the liquidation of encumbrances and $254 million would be deposited in a reserve for economic uncertainties. The Fiscal Year 2013-14 State Budget Act projects Fiscal Year 2013-14 general fund revenues and transfers of $97.10 billion, total expenditures of $96.28 billion and a year-end surplus of $1.69 billion (inclusive of the projected $872 million State General Fund balance as of June 30, 2013 which would be available for Fiscal Year 2013-14), of which $618 million would be reserved for the liquidation of encumbrances and $1.07 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2013-14 State Budget Act states that the State's budget is projected to remain balanced for the foreseeable futures, but cautions that substantial risks, uncertainties and liabilities remain. The Fiscal Year 2013-14 State Budget Act dedicates several billion dollars to the repayment of previous budgetary borrowing and projects that outstanding budgetary borrowing will be reduced to approximately $4.7 billion as of June 30, 2017 from $26.9 billion as of June 30, 2013.

State Budget for Fiscal Year 2014-15

Fiscal Year 2014-15 Proposed State Budget. On January 9, 2014, Governor Brown released the 2014-15 Proposed Budget (the "Fiscal Year 2014-15 Proposed State Budget"), which projects Fiscal Year 2013-14 general fund revenues and transfers of $100.15 billion, total expenditures of $98.46 billion and a year-end surplus of $4.21 billion, of which $955 million would be reserved for liquidation of encumbrances and $3.26 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2014-15 Proposed State Budget projects Fiscal Year 2014-15 general fund revenues and transfers of $104.5 billion, total expenditures of $106.79 billion and a year-end surplus of $1.92 billion, of which $955 million would be reserved for liquidation of encumbrances and $967 million would be deposited in a reserve for economic uncertainties.

The Fiscal Year 2014-15 Proposed State Budget also proposes a deposit of $1.59 billion into the State's Budget Stabilization Account (the "Rainy Day Fund") which was established pursuant to Proposition 58 (2004). Proposition 58 (2004) requires the State to direct 3% of annual revenues into the Rainy Day Fund although the State has suspended the transfer during Fiscal Years 2008-09 through 2012-13. The Fiscal Year 2014-15 Proposed State Budget proposes to amend the State Constitution in order to change the formula by which the Rainy Day Fund is funded. The proposed amendment will be placed on ballot for the November 2014 Statewide election. If approved, the State will deposit funds into the Rainy Day Fund when capital gains revenues rise to more than 6.5% of General Fund tax revenues. In addition, the State will established a reserve for Proposition 98 funds which the State would use to save funds to be allocated in years in which there were declines in General Fund revenues. If approved, the amendment would increase the maximum size of the Rainy Day Fund to 10% of revenues from the 5% of revenues established by Proposition 58 (2004). If approved, the amendment would allow supplemental payments to reduce the State's existing debts, deferrals, budgetary obligations and other long-term liabilities in lieu of a year's deposit and would limit that maximum amount that could be withdrawn from the Rainy Day fund in the first year of a recession to 50% of the Rainy Day Fund's balance.

LAO Analysis of the Fiscal Year 2014-15 Proposed State Budget. On January 13, 2014, the Legislative Analyst's Office ("LAO") released a report entitled "The 2014-15 Budget: Overview of the Governor's Budget" (the "2014 LAO Budget Overview"), which provides an analysis by the LAO of the Fiscal Year 2014-15 Proposed State Budget. The 2014 LAO Budget Overview is available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference. The 2014 LAO Budget Overview states that the State has made substantial progress in recent years in addressing its prior, persistent budgetary problems. This progress has been facilitated by a recovering economy, increases in the stock market and increased revenues from temporary taxes pursuant to Proposition 30. In addition, the LAO states that by making relatively few ongoing new spending commitments outside of Proposition 98, the Governor is attempting to minimize, as much as possible, future budget pressures that could result from making such new commitments today. The LAO states that the Governor's emphasis on debt repayment is prudent, and that overall, the Fiscal Year 2014-15 Proposed State Budget, if approved, would place California on a stronger fiscal footing. The LAO agrees with the Governor's proposals to set aside money while revenues are robust, but cautions that any formula-based proposal merits careful legislative consideration. The LAO also suggests setting aside State funds beginning in Fiscal Year 2013-14 in anticipation of a future long-term plan to fund CalSTRS' large unfunded liabilities.

May Revision to the Fiscal Year 2014-15 Proposed State Budget. On May 13, 2014, the Governor released his May Revision to the 2014-15 Proposed State Budget (the "May Revision"), which projects Fiscal Year 2013-14 revenues and transfers of $102.19 billion, total expenditures of $100.71 billion and a year-end surplus of $3.90 billion (inclusive of the $2.43 billion fund balance from Fiscal Year 2012-13), of which $955 million would be reserved for the liquidation of encumbrances and $2.95 billion would be deposited in a reserve for economic uncertainties. The May Revision projects Fiscal Year 2014-15 revenues and transfers of $105.35 billion, total expenditures of $107.77 billion and a year-end surplus of $1.48 billion (inclusive of the projected $3.90 billion State General Fund balance as of June 30, 2014 which would be available for Fiscal Year 2014-15), of which $955 million would be reserved for the liquidation of encumbrances and $528 million would be deposited in a reserve for economic uncertainties. In addition, in Fiscal Year 2014-15, $1.604 billion would be deposited into the State's Budget Stabilization Account/Rainy Day Fund. The May Revision states that State revenues are forecasted to increase by $2.4 billion, which amounts will be offset in part by unanticipated increases in Medi-Cal costs associated with the expansion under the Affordable Care Act, increased costs of drought management and additional costs associated with State pension obligations. The May Revision states that a number of major risks continue to threaten the State's fiscal stability, including the overhang of fiscal debts, growing long-term liabilities and continuing uncertainties regarding the costs of the federal Affordable Care Act. The May Revision also states that the agreement between the Governor and legislative leaders to create a Rainy Day Fund through an amendment to the State Constitution, if approved by voters in November 2014, will help the State minimize the volatility of future budgetary surplus and deficit cycles.

Additional Information; Future State Budgets

Information about the State budget and State spending for subdivisions of the State, such as the Authority, which receive a portion of their revenues through the State, is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget". Various analyses of the State budget may be found at the website of the LAO at www.lao.ca.gov. In addition, certain State official statements, many of which contain a summary of the current and past State budgets and the impact of those State budgets on counties in the State, may be found via the website of the State Treasurer, www.treasurer.ca.gov and through the website of the MSRB's EMMA System, emma.msrb.org. The information presented in these websites is not incorporated by reference in this Official Statement.

The Authority receives a portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the Authority and other public agencies in the State. The Authority cannot predict what actions will be taken in the current year or future years by voters in the State, the State Legislature, and the Governor to address future State budget deficits or surpluses. Future State budgets will be affected by national and State economic conditions and other factors over which the Authority has no control. To the extent that the State budget process results in reduced revenues to the Authority, the Authority will be required to make adjustments to its budgets.

DEMOGRAPHIC INFORMATION

The Authority is located in Orange County, California. The following is demographic information for Orange County and the member Cities and unincorporated areas of the Authority and is provided for general informational purposes only. The Notes are not obligations of the County or any member City.

Population

The following Table 33 sets forth the estimates of the population of the County and the Member Cities as of January 1 for calendar years 2009 through 2013. The County's population was approximately 3,113,991 as of January 1, 2014, which is an approximate 0.9% increase from January 1, 2013.

Table 33
ORANGE COUNTY FIRE AUTHORITY
POPULATION OF ORANGE COUNTY AND MEMBER CITIES AND UNINCORPORATED AREAS OF ORANGE COUNTY
(As of January 1)

Area	2010	2011	2012	2013	2014
Aliso Viejo	47,411	48,303	49,025	49,533	49,951
Buena Park	80,477	80,858	81,515	82,035	82,344
Cypress	47,750	47,901	48,305	48,602	48,886
Dana Point	33,403	33,424	33,690	33,902	34,037
Irvine	212,177	218,353	223,870	231,363	242,651
Laguna Hills	30,396	30,333	30,564	30,737	30,857
Laguna Niguel	63,005	63,221	63,734	64,138	64,460
Laguna Woods	16,242	16,303	16,427	16,519	16,581
Lake Forest	77,200	77,481	78,089	78,723	79,139
La Palma	15,561	15,594	15,711	15,836	15,896
Los Alamitos	11,454	11,473	11,565	11,639	11,729
Mission Viejo	93,394	93,472	94,262	94,799	95,334
Placentia	50,515	50,658	51,119	51,900	52,094
Rancho Santa Margarita	47,853	47,941	48,311	48,606	48,834
San Clemente	63,562	63,735	64,252	64,615	64,874
San Juan Capistrano	34,594	34,732	35,046	35,361	35,900
Santa Ana	325,036	325,422	327,988	330,407	331,953
Seal Beach	23,864	24,212	24,371	24,514	24,591
Stanton	38,166	38,313	38,524	38,808	38,963
Tustin	75,400	75,772	76,618	78,071	78,360
Villa Park	5,817	5,823	5,871	5,907	5,935
Westminster	89,694	89,926	90,738	91,272	91,652
Yorba Linda	64,118	64,847	65,821	66,512	67,069
Subtotal	1,547,089	1,558,097	1,575,416	1,593,799	1,612,090
Unincorporated County	120,840	121,475	119,779	120,533	121,473
County Total[(1)]	3,008,855	3,028,846	3,057,879	3,085,269	3,113,991

Source: California Department of Finance.

(1) County total includes members and non-members of the Authority.

Major Industries

The following Table 34 sets forth the employment by industry in the County.

TABLE 34
ORANGE COUNTY
EMPLOYMENT BY INDUSTRY
2013 Annual Averages

Industry	2013 Annual Average Employment	2013 Percentage of County Employment[1]	2013 Percentage of County Total Labor Force[1]
Professional and Business Services	264,500	16.4%	17.5%
Leisure and Hospitality	187,800	11.7	12.4%
Manufacturing	157,900	9.8	10.5%
Health Care Services	156,400	9.7	10.4%
Government	148,300	9.2	9.8%
Retail Trade	145,700	9.0	9.6%
Finance, Insurance & Real Estate	112,500	7.0	7.4%
Wholesale Trade	79,200	4.9	5.2%
Construction, Natural Resources and Mining	77,800	4.8	5.2%
Transportation, Warehousing and Utilities	27,900	1.7	1.8%
Agriculture	3,000	0.2	0.2%

Source: State of California Employment Development Department, 2013 Benchmark.

(1) Percentages based on data as of April 2014.

Major Employers

The following Table 35 sets forth the major employers headquartered or located in the County and their estimated full-time equivalent ("FTE") employment levels.

Table 35
ORANGE COUNTY
MAJOR EMPLOYERS
Fiscal Year 2012-13

Employer	Product or Service	Estimated FTE Employment
Walt Disney Co.	Entertainment	25,000
University of California, Irvine	Education	21,800
County of Orange	Government	17,257
St. Joseph Health System	Healthcare	11,679
Boeing Co.	Aerospace	6,873
Kaiser Permanente	Healthcare	6,300
Bank of America Corporation	Financial Services	6,000
Memorial Care Health System	Healthcare	5,545
Target Corporation	Retail	5,400
Cedar Fair LP	Entertainment	5,200

Source: Orange County Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2013.

Labor Force

The following Table 36 sets forth employment by industry group and labor force figures for the County and employment and the unemployment rate in the County from 2009 through 2013.

TABLE 36
ORANGE COUNTY
INDUSTRY EMPLOYMENT, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES
2009 through 2013
(in thousands)

Industry Employment	2009	2010	2011	2012	2013
Natural Resources and Mining	0.5	0.5	0.5	0.5	0.5
Total Farm	3.8	3.7	3.2	2.8	3.0
Construction	74.2	68.0	69.2	71.4	77.3
Manufacturing	154.8	150.4	154.2	158.2	157.9
Wholesale Trade	79.4	77.6	77.0	76.9	79.2
Retail Trade	143.0	141.3	142.5	143.9	145.7
Transportation, Warehousing and Utilities	27.8	26.7	27.5	28.0	27.9
Information	27.3	24.8	23.8	24.3	25.4
Finance and Insurance	70.6	69.4	71.1	73.7	76.6
Real Estate and Rental and Leasing	34.5	34.1	33.6	34.5	35.9
Professional and Business Services	240.9	244.7	247.3	259.9	264.5
Educational and Health Services	161.3	165.5	168.0	173.8	181.9
Leisure and Hospitality	169.1	168.6	174.0	180.6	187.8
Other Services	42.6	42.2	43.2	44.6	45.5
Government	156.6	152.3	149.3	147.9	148.3
Total Wage and Salary Employment(1)(2)(3)	1,386.5	1,369.7	1,384.4	1,420.9	1,457.2
Civilian Labor Force(4)	1,587.9	1,580.1	1,603.7	1,613.6	1,610.9
Civilian Employment	1,446.9	1,428.9	1,464.4	1,491.6	1,510.6
Unemployment	141.0	151.2	139.3	122.0	100.4
Unemployment Rate	8.9	9.6	8.7	7.6	6.2

Source: State of California Employment Development Department. 2013 Benchmark.

(1) Totals may not equal sum of component parts due to rounding. All information updated per 2013 Benchmark.
(2) The State Employment Development Department has reported a seasonally adjusted unemployment rate within the County of 5.8% for March 2014.
(3) Based on place of work.
(4) Based on place of residence.

Personal Income

The following Table 37 sets forth the per capita personal income for the County, the State and the United States of America from 2009 through 2013.

TABLE 37
PER CAPITA PERSONAL INCOME[(1)]
Calendar Years 2009 through 2013

Year	Orange County	State of California	United States of America
2009	$48,841	$41,569	$39,357
2010	48,769	42,297	40,163
2011	50,642	44,666	42,298
2012	52,342	46,477	43,735
2013	N/A	47,401	44,543

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

(1) Per capital personal income was computed using Census Bureau midyear population estimates. Estimates reflect County and State population estimates available as of November 2013.

Commercial Activity

The following Table 38 sets forth taxable sales in the County for calendar years 2009 through 2012.

TABLE 38
ORANGE COUNTY
TAXABLE SALES
Calendar Years 2009 through 2012
(in thousands)

Type of Business	2009 Annual	2010 Annual	2011 Annual	2012 Annual
Retail and Food Services				
Motor Vehicle and Parts Dealers	$ 4,902,480	$ 5,244,266	$ 5,777,582	$ 6,551,466
Furniture and Home Furnishings Stores	850,889	869,868	909,455	965,018
Electronics and Appliance Stores	1,978,869	2,058,383	2,319,992	2,536,415
Building Materials, Garden Equipment and Supplies	2,039,686	2,112,467	2,267,363	2,351,574
Food and Beverage Stores	1,894,642	1,911,192	1,990,893	2,056,803
Health and Personal Care Stores	784,067	824,719	894,003	948,220
Gasoline Stations	3,383,678	3,801,651	4,826,228	5,063,762
Clothing and Clothing Accessories Stores	2,742,626	2,923,680	3,164,857	3,510,757
Sporting Goods, Hobby, Book & Music Stores	1,074,579	1,075,996	1,101,159	1,133,702
General Merchandise Stores	4,376,154	4,527,201	4,771,143	5,026,911
Miscellaneous Store Retailers	1,625,880	1,611,739	1,656,162	1,738,855
Non-store Retailers	484,692	481,563	459,841	635,707
Food Services and Drinking Places	5,024,379	5,109,383	5,449,117	5,853,267
Total Retail and Food Services	$31,162,619	$32,552,107	$35,587,795	$38,372,456
All Other Outlets	$14,550,164	$15,115,073	$16,143,344	$16,858,156
Total All Outlets[(1)]	$45,712,784	$47,667,179	$51,731,139	$55,230,612

Source: California State Board of Equalization, Taxable Sales in California.
(1) Total may not equal sum of component parts due to rounding.

Construction Activity

The following Table 39 sets forth a summary of building permit valuations for the County for calendar years 2008 through 2012.

TABLE 39
ORANGE COUNTY
BUILDING PERMIT VALUATIONS[1]
2008 through 2012
($ in thousands)

	2008	2009	2010	2011	2012
Valuations:					
Residential					
Nonresidential					
Total					
New Dwelling Units:					
Single Family					
Multiple Family					
Total					

Sources: Construction Industry Research Board (2007-2010), California Homebuilding Foundation (2011-2012).

(1) Amounts not adjusted for inflation. Amounts not seasonally adjusted.

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DISCUSSION CALENDAR - AGENDA ITEM NO. 9
BOARD OF DIRECTORS MEETING
May 22, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Keith Richter, Fire Chief

SUBJECT: **Management Partners' Organizational Structure and Management System Review**

Summary:
This item is submitted to provide the final report regarding the Organizational Structure and Management System Review conducted by Management Partners (Attachment 1).

Recommended Actions:
1. Receive and file the submitted Management Partners final report.
2. Approve the submitted Implementation Action Plan and direct staff to provide monthly progress reports to the Executive Committee identifying steps taken each month to implement the recommendations contained in the Management Partners final report.

Background:
Management Partners was retained by the OCFA in November 2013, to review the current leadership structure and internal management systems and identify opportunities to improve oversight, accountability, communication, and performance. Its review involved analyzing documents, conducting interviews with OCFA staff, Executive Committee members (and other Board members who requested interviews), conducting two online surveys (one with Board members and one with OCFA employees), and conducting seven focus groups.

Management Partners' analysis identified numerous opportunities for improvement in the following areas: management systems and accountability, organizational structure, labor/management relations, leadership development and succession planning, and Board development. Specifically, its final report contains 29 recommendations for improvement.

OCFA's Executive Management team, working jointly with Management Partners, has developed an Implementation Action Plan to address the 29 recommendations (Attachment 2). The Action Plan includes implementation steps for each recommendation, planned completion dates, and assigned responsibility for completion of each action item. Upon approval by the Board of Directors, staff will provide monthly progress reports to the Executive Committee outlining the steps taken each month towards full implementation of the recommendations. In addition, periodic progress reports could be provided to the full Board of Directors, as desired.

Impact to Cities/County:
Not Applicable.

Fiscal Impact
None

Staff Contacts for Further Information:
Keith Richter, Fire Chief
keithrichter@ocfa.org
(714) 573-6010

Craig Kinoshita, Deputy Fire Chief
craigkinoshita@ocfa.org
(714) 573-6014

Attachments:
1. Final Report from Management Partners
2. Implementation Action Plan

Orange County Fire Authority
Organization Study

May 2014

Management Partners

Management Partners

May 15, 2014

Mr. Steven Weinberg
Board Chair
Orange County Fire Authority
1 Fire Authority Road
Irvine, CA 92602

and

Mr. Keith Richter
Fire Chief
Orange County Fire Authority
1 Fire Authority Road
Irvine, CA 92602

Dear Mr. Weinberg and Chief Richter:

Management Partners is pleased to provide this report to the Orange County Fire Authority on the results of our organization study. Our firm was retained to review the current leadership structure and internal management systems and identify opportunities to improve oversight, accountability, communication, and performance.

This report contains 29 recommendations for improvement. Some can be implemented fairly quickly while others will require time to plan and schedule. When implemented, the recommendations in this report will help increase the effectiveness of the OCFA, both with policy makers and employees.

Management Partners has drafted an Implementation Action Plan to help OCFA execute the recommendations in this report and we will be available to provide support during implementation, as appropriate.

Sincerely,

Gerald E. Newfarmer
President and CEO

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Executive Summary

The Orange County Fire Authority (OCFA) is a well-known and highly respected fire agency. It was awarded accreditation from the Commission on Fire Accreditation International (CFAI) in March 2011, an honor held by approximately 300 other fire departments at that time. The accreditation process involves a rigorous self-assessment and signals a desire for continuous improvement.

Nonetheless, there are some serious issues that have evolved over the past several years that the Board felt merited examination. The downturn in the economy that affected OCFA and local government agencies across the country resulted in downsizing at the same time many key staff members were retiring. More recently, OCFA received media attention related to its handling of hazardous materials inspections, the renewal of ambulance provider contracts, and an incident involving on-duty sworn personnel who were not wearing seatbelts.

Management Partners was retained by the OCFA to review the current leadership structure and internal management systems and identify opportunities to improve oversight, accountability, communication, and performance. Our review involved analyzing documents, conducting interviews with OCFA staff, Executive Committee members (and other Board members who requested interviews), conducting two online surveys (one with Board members and one with OCFA employees), and conducting seven focus groups.

Our analysis identified numerous opportunities for improvement in the following areas: management systems and accountability, organizational structure, labor/management relations, leadership development and succession planning, and Board development.

While OCFA has all of the elements of an effective management system in place, they are not being used consistently and regularly throughout the organization to guide employee decision making or behavior. Accountability is lacking at all levels of the organization. It would be improved by establishing clear expectations as well as the consequences if expectations are not fulfilled. Establishing a professional standards unit to ensure a consistent approach to investigating complaints, modernizing OCFA's antiquated performance evaluation system, and providing training to supervisors on how to provide meaningful positive and negative feedback would help improve accountability throughout the organization.

As an accredited agency, OCFA leaders recognize the importance of performance measurement. The organization is in the process of establishing measures for all internal and external programs and services. However, employees would benefit from training about the importance and use of performance measures so everyone understands their function and purpose. Current perceptions are that some measures do not add value, are not used to support management decisions, and exist only so people can "check off the box."

Communication could be improved between the Chief and Board members by having more frequent individual meetings. Identifying and communicating key messages from executive staff meetings, and increasing the use of video chats would improve the quality of internal communication and consistency in the information being shared.

With regard to organizational structure, Management Partners identified an opportunity to clarify the role of division chiefs to reconcile the different expectations by OCFA and the jurisdictions it serves. Procedures for rotating battalion chief positions should be more explicit and at least one rotational assignment (Corporate Communications) would be more effective if filled by a non-safety professional with public communications and media relations experience and credentials. Community relations/education specialists should be assigned to Corporate Communications to ensure they are representing OCFA to the widest reaches of the community and are effective ambassadors as the "face" of the organization.

OCFA's agreements with labor associations are unusually lengthy, with multiple side letters. Portions of language in some side letters are inconsistent and can be confusing, leading to incorrect interpretations by staff. Existing captain position vacancies create accountability and disciplinary issues, contribute to excessive overtime and should be filled as soon as possible. The current 24-hour shift schedule for dispatchers in the Emergency Command Center is not cost effective and should be renegotiated. Current contract negotiations provide an opportunity to address these and other labor/management issues.

Although 43% of OCFA's managers are currently eligible for retirement, with two-thirds becoming eligible by 2017, there is no formal succession plan. The selection/promotion process is perceived by many employees to be unfair and prone to favoritism. Our report contains several recommendations for ensuring OCFA has fair and effective promotional processes and that employees are adequately prepared to move into leadership positions.

Finally, 60% of OCFA's current Board members have served for two years or less, resulting in different perceptions about roles and responsibilities and different levels of understanding of OCFA Board policies and procedures. Having an annual discussion about Board roles and providing an in-depth orientation for new members within 30 days of appointment would position them for success as OCFA's policy makers. Board engagement could be improved by changing the manner by which committee appointments are made and by establishing Board norms for behavior to ensure business is conducted professionally and efficiently in public.

A summary of recommendations is provided as Attachment A.

Background

The Orange County Fire Authority (OCFA) is a large, regional fire service agency serving 23 cities and the unincorporated areas of Orange County. OCFA provides fire and emergency medical services (EMS) response and fire prevention (community risk reduction) services to about 1.7 million residents. OCFA is governed by a 25-member Board of Directors, which provides oversight and policy direction to the Fire Chief. An Executive Committee of Board members is empowered to conduct the non-policy business of OCFA, including providing guidance to staff on the annual budget.

OCFA is a well-known and highly respected fire agency. In March 2011 it received accreditation from the Commission on Fire Accreditation International (CFAI). At that time, there were only 11 other departments in California that had achieved that honor and approximately 300 other fire departments nationally that had done so. The accreditation process involves a rigorous self-evaluation that leads to improved service delivery through assessing community risks and safety needs and evaluating departmental performance. As importantly, participation in the accreditation process signals a desire for continuous improvement. In addition, a fairly recent customer survey reinforced overwhelming community support and appreciation for OCFA's services.

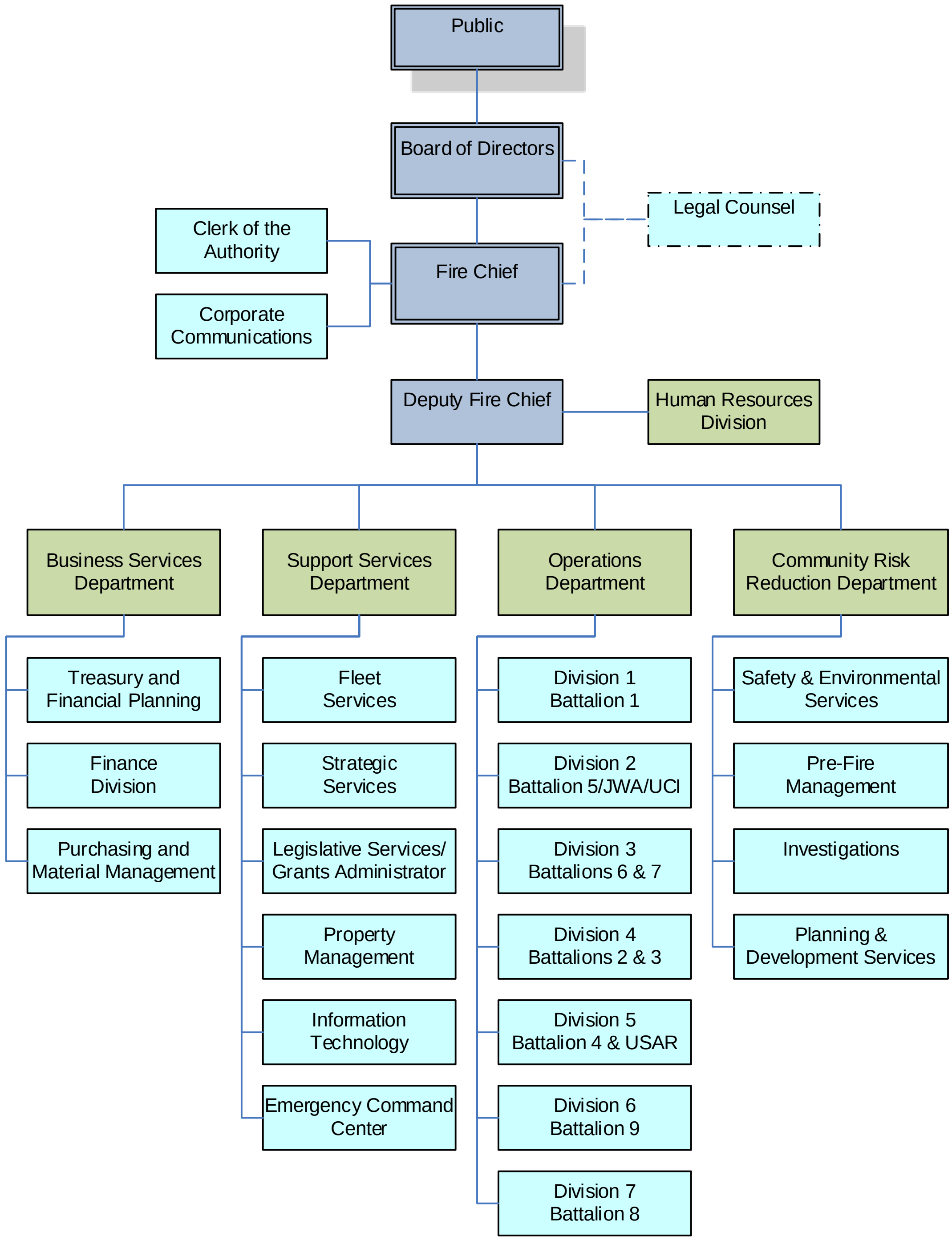
In the past several years, OCFA has faced significant challenges. As with jurisdictions throughout the country, baby boomers are reaching retirement age and are leaving the public sector in droves. As a result, many government organizations are finding themselves at a loss in key management positions. OCFA is no different. As long-time leaders retired, many individuals were promoted simultaneously, resulting in a lack of experienced leadership. For example, of the seven division chiefs, two are still on probation and five have less than two years in their positions. Similarly, many battalion chiefs are newly promoted.

At the same time that many retirements were occurring, the economic downturn also affected OCFA. Fiscal challenges meant that the Authority had to continue to meet demands with fewer resources.

Positions were frozen when individuals retired, forcing all employees to "do more with less." This has contributed to morale issues in the department.

These and other challenges prompted OCFA to request an independent assessment of its leadership structure and management system, with the goal of identifying opportunities for improved effectiveness and accountability. Of particular interest was whether the current structure (see Figure 1) and management system effectively supports Board policy making, is useful for planning work and monitoring its execution, is understandable and easy to use for managers at all levels, and fits into systematic communications processes.

Figure 1. Current OCFA Organizational Structure



Approach

Management Partners used a variety of analytical and management techniques as we completed this organization review. We examined numerous documents and conducted individual interviews with executive team members and other key staff as well as executive Board members and other Board members who requested interviews. We designed and implemented two online surveys, one for Board members and one for OCFA employees. We also conducted seven focus groups. Each major component of our work is described in more detail below.

Document Review

During the course of this study, Management Partners' team members reviewed many documents including the OCFA annual report, strategic plan, memoranda of understanding (MOU), organization charts, job descriptions, a performance evaluation form; selected standard operating procedures and general orders, the outlines of divisional responsibilities and projects from several divisions, project and tasks lists from the Communication Center, Finance Division, Treasurer, and Community Risk Reduction; budget documents; and copies of several relevant PowerPoint presentations.

Interviews

Management Partners' project team members interviewed 22 staff. The purpose of the staff interviews was to understand the organizational structure, decision making and management systems, staffing, policies and procedures, and formal and informal communication mechanisms to identify opportunities for improvement.

In addition, we interviewed eight Executive Committee Board members as well as three other Board members who requested interviews. The purpose was to hear about what they felt was working well and what improvements they thought should be considered.

Surveys

Two surveys were developed and implemented for this project: a Board survey and an employee survey. Results of each are described below.

Board Survey

A survey was developed to help Management Partners' team members understand Board members' ideas about their roles, communication from OCFA and to obtain input about the issues they think are most important to address. A total of 19 Board members completed the survey for a 68% response rate. A summary of results is included as Attachment B.

Employee Survey

The second survey was designed to encourage input from all OCFA employees. Of a possible 1,425 individuals who received a link to the survey a total of 532 responded (37% response rate). In addition, over half (283) of the respondents provided comments, which were read and considered by Management Partners' team members during follow up interviews and focus groups. Attachment C contains a summary of employee survey results.

Focus Groups

Management Partners conducted seven focus groups during a two-day period with seven different groups of employees. A total of 38 OCFA employees and one representative from the Orange County Employees Association participated. The seven groups were:

- Division Chiefs
- Battalion Chiefs
- Captains
- Chief Officers Association
- Union 3631
- Administrative (non-safety)
- Orange County Employees Association

Participants were asked for their input about what is working well and what improvements they would suggest in the following areas:

- Organizational Structure
- Roles and Responsibilities
- Accountability
- Communication

- Succession Planning

They were also asked what outcomes they hoped would result from Management Partners' work. Many themes expressed by participants in each of the groups were similar.

Although the individual groups varied from one another in their organizational vantage points, themes that showed common occurrences and shared perceptions emerged. It is apparent that employees deeply care about OCFA and its future. They are committed to fulfilling their roles and serving the public good. They are also hopeful that OCFA will be able to be well-respected again in the future.

Many participants expressed they often feel they do not have day-to-day support from their leaders, and some feel that OCFA leadership is a hindrance to their success. At the leadership levels, many of the issues and concerns reported by employees are thought to be the result of misunderstanding, lack of insight, or unwillingness to comply with established policies or procedures.

The focus group discussions helped to clarify information that Management Partners heard through other efforts in this project, such as the online employee survey. The focus group facilitators provided their email addresses to participants so anyone who wished could provide additional information. A few employees submitted further comments, which were generally sensitive in nature and served as illustrations for the general themes heard throughout this process.

Participants in all groups indicated that improvements in communication from the top down are needed and that consistency in discipline is lacking. A high-level summary of the focus group results is provided below and a more complete summary is included as Attachment D.

Organizational Structure

- Although many participants felt the organization is generally lacking leadership, the higher the level within the organization, the more pleased people are with leadership and the organizational structure.
- Spans of control are appropriate throughout the organization.
- Some participants expressed the view that rotating battalion chiefs through positions within the organization is flawed. For some positions, they are just "passing through." The positions are perceived as stepping stones and suffer too much turnover.

Battalion chiefs often do not have the expertise needed to be effective.

- Leadership is lacking throughout the organization, beginning with the chief and deputy chief.
- Many in leadership positions are not appropriately prepared for their duties.
- The organization has expanded in scope without comparable expansion in support positions.
- Expectations about leadership positions are unclear, making it difficult to say no to contract cities when too much is being asked.
- Messaging from one division to another is inconsistent
- There is a lack of consistency in management approach by division chiefs as well as by battalion chiefs.

Roles and Responsibilities

- OCFA employees understand their job responsibilities and do a good job running their day-to-day responsibilities.
- The culture has veered toward micromanaging; individuals are not empowered to make their own decisions and fear "blowback" from managers.
- The management style is reactive (i.e., always responding to crisis), but a proactive style involving priorities and tactics would be more effective.
- Division chiefs should be focused on their geographical areas, but they have also been given other duties (mainly from the former operations division) that distract too much from this focus.
- Division chiefs need the authority necessary to react to the needs of their geographic areas.
- The normal responsibilities of individual positions are sometimes neglected due to data-driven mandates.
- People's daily schedules are mired with items that could be given more general deadlines. They asked not to be micro-managed; instead provide general direction and they will get the job done.

Communication

- Internal and external multimedia/video communication methods are effective.
- People in the field are good about communicating with one another.
- Staff is eager to hear more about organizational vision and direction.

- At times, leadership seeks staff input but it comes off as a formality, seldom resulting in action.
- Discussions at the higher levels are not consistently relayed to staff; different and sometimes conflicting messages get passed down. Although mixed messages about decisions are common, there is little effort to clear up misunderstandings when they occur.
- There are many layers in the chain of command, which breaks down the messages going up to leadership.
- Internal customer service is often lacking. Examples were that questions often do not get addressed and some people (or groups) do not answer their phones.
- Trust is a bigger problem than communication methods.
- Lack of transparency leads to rumors and misunderstandings.
- IT advances (e.g., electronic timesheets) would broadly benefit the efficiency of the department.

Accountability

- OCFA is on track with reimbursing people for overcharges.
- Disciplinary action is inconsistent, particularly based on rank.
- Accountability at the executive level is lacking; they should lead by example.
- Those who attempt to discipline staff, even for simple matters, are often overruled by union influences.
- New policies often result from the actions of very few people who misbehave, resulting in inconvenience or even penalties for all staff. Issues are often generalized and addressed to everyone, rather than holding the individual accountable.
- Bullying, harassment and retaliation are perceived to commonly occur within the organization.

Succession Planning

- The natural progression for moving up within the organization is fairly well understood, such as moving from battalion chief to division chief.
- Staff rotations through the organization are good for giving people the full organization perspective.
- The organization lacks strategic succession planning.
- Job shadowing is uncommon, but would be helpful for those wishing to advance.
- Promotions are given to those who fall in line with the chief, but not to those who exert different opinions.

- Advertising vacancies is inconsistent; some within the organization are prevented from indicating potential interest in moving to different positions.
- People are often chosen for leadership positions because they indicate interest, not because they are qualified.
- Many positions need thorough documentation in case there is unplanned turnover.
- For important or unique positions, provide overlap so the transition from one employee to the next goes more smoothly.

Analysis and Recommendations

Management Partners' team members have conducted a high-level review of the OCFA's organization and management system with the goal of identifying improvements. The results are organized in the following six sections of this report:

- Management Systems and Accountability
- Communication
- Organizational Structure
- Labor/Management Relations
- Leadership Development and Succession Planning
- Board Development

Management Systems and Accountability

The management systems of well-run organizations are fully integrated. Each business process fits in a planned way into the whole, allowing it to seamlessly serve the interests of the overall organization. Building this kind of system and applying it consistently creates a culture of accountability and trust, leading to excellent operational results. Employees thrive in this kind of culture. By knowing what is expected of them they are empowered to make good decisions and find ways to improve their own performance.

The management system includes the array of policies, practices, and techniques that are used to plan, manage, and communicate the work of the organization. It includes strategic planning, work planning, performance measurement, project management, the budget process, the performance review process and the fabric of regular meetings that managers use to discuss and decide upon the work of the enterprise. It also includes processes used jointly by management and the governing body such as the Board agenda preparation process and the budget review and adoption process.

When asked about the management system, it was clear that OCFA has each of these elements in place. For example, OCFA's 2010-2015 strategic plan (which articulates the vision, mission, guiding principles, goals and objectives), is available on the website and annual reports on progress are provided to the Board of Directors during the budget adoption process.

Executive level managers have good systems for planning and executing work to achieve established goals. The other elements of an effective management system are also all in place. However, during interviews and focus groups, it became clear that while each element exists, they are not being used on a regular basis by the majority of the employees in the organization to guide decision making or behavior.

Organizational Culture and Accountability

Every organization has a culture that is unique and reflective of the environment and the team. Organizational culture can be deliberate or organic. Either way, it affects the way people and groups interact with each other, customers, Board members, and other stakeholders. It results in norms and behaviors that can be observed.

The organizational culture influences how employees work together and, in turn, how the organization delivers services within and across division or department boundaries. The public safety environment is somewhat unique because there is often a distinction between safety and non-safety employees. This adds another layer of complexity to the culture.

Organizational culture develops over time and changes slowly. Although the long-time chief of OCFA retired several years ago, it is clear that some organizational culture issues are not new. For example, participants in several focus groups reported a culture that accepts bullying, harassment, and retaliation. When asked if these are recent developments, the focus group facilitators were told that some of these issues have been part of the organization for a long time, but were better controlled in the past by an Operations Chief that "ruled with an iron fist." Nonetheless, the employee survey revealed that currently, morale is low. Only 17% agree with the statement "Morale in the department is good," while 81% disagree.

One of the areas that Management Partners' team members were asked to examine was accountability. Accountability comes from clear expectations for performance consistently applied throughout the organization, as well as consistent, predictable consequences when those expectations are not met. Survey data, interviews, and focus groups all pointed to the fact that accountability is lacking throughout OCFA. Numerous examples were provided by employees at all levels of the organization in interviews, focus groups and the employee survey. However, executive leaders, including the chief, reported that their efforts to implement greater accountability have been met with significant resistance. While efforts to improve performance may generate initial resistance, most employees appreciate the benefits of enhanced accountability when they understand why it is important and see it is being administered consistently throughout the organization.

Discipline

One consistent theme is that discipline is not timely or consistent. During interviews and focus groups, individuals provided many examples of this. We were told that disciplinary issues are not dealt with swiftly, the degree of discipline is sometimes perceived to be inappropriate, and often when an individual is disciplined, the union is able to have the discipline overturned because standards have been inconsistently applied. (Two specific examples were provided: the fire marshal was at first given only a week's suspension in response to the Hazardous Materials billing problem, but was ultimately fired; a captain was disciplined for consistently not wearing a uniform, but the ruling was overturned after it was grieved by the union on the basis of inconsistency.)

The survey data from employees underscored this issue. When survey respondents were given five choices (strongly agree, agree, disagree, strongly disagree or don't know) about several statements, over three-fourths (78%) of the respondents disagree or strongly disagree with the statement, "Individuals are held accountable for their actions." Similarly, 56% of respondents disagree or strongly disagree with the statement, "Department policies support accountability."

Perceptions of inconsistent discipline are not uncommon, particularly in large organizations. According to OCFA's legal counsel, management is required to consider and act upon extenuating circumstances in all issues dealing with accountability. Often these extenuating circumstances may not be known by the rest of the organization, inasmuch as personnel regulations and laws may prohibit their disclosure. Obviously, some accountability issues have more serious consequences than others, but overall, it is clear that consistency in holding individuals accountable is perceived to be needed.

Recommendation 1. Develop clear expectations for accountability as well as the consequences if individuals do not fulfill expectations.

In addition to the lack of consistency, another issue that was raised fairly often was that investigations are not carried out in a timely manner. Several examples were provided by both management and employees, including the length of time to investigate the seatbelt violations/accident. Once a serious disciplinary issue has been identified, a timely and fair process for investigations is important.

Some large fire departments in the country (e.g., Los Angeles and Sacramento, California; Columbus, Ohio) use a Professional Standards

Unit (PSU) to undertake such investigations. A PSU serves as an impartial fact-finding unit whose primary purpose is to safeguard and enhance the integrity of the agency.

The unit receives and processes complaints against agency employees or procedures, insuring that employees are afforded due process; to insure uniformity in their application; and identifying training and supervisory needs.

The primary function of this unit is to investigate serious allegations of misconduct involving agency employees. The PSU is also responsible for monitoring the progress of all agency complaint investigations to ensure the efficient and timely completion of reports and maintaining a central repository for all complaints and complaint investigations. Data from this repository are collected and evaluated in order to identify problem areas.

The Professional Standards Unit should receive its assignments from, report to, and be under the direct supervision of the Fire Chief, with support from the Human Resources Division.

Recommendation 2. Establish a professional standards unit for investigating complaints (and reviewing chain-of-command investigations), reports of rule violations and employee misconduct, including complaints by residents. Two employees should be trained as investigators for the unit. They are likely to need support from an administrative assistant.

Recommendation 3. Ensure investigations are conducted expediently and consistent with the California Firefighters Procedural Bill of Rights.

Recommendation 4. Establish a database to track investigations, recommendations, and actions taken. This will help ensure consistency in holding individuals accountable and in the consequent disciplinary actions taken.

The unit should also establish procedures for the receipt and processing of compliments for programs and exceptional performance by employees that may prove worthy of an official commendation. Compliments received should be forwarded to the appropriate supervisor and in turn shared with the employee. Based on survey results, there is room for improvement in this area. Over two-thirds of survey respondents (69%)

disagree with the statement, "Quality performance is recognized and rewarded."

> **Recommendation 5. Provide training to all supervisors about how to give positive and negative feedback to employees.** This could be done in conjunction with Recommendation 6, but should not be postponed for long.

Performance Evaluation

Individual performance is directly related to accountability. Best practices in personnel management require meaningful evaluations on a regular basis. Performance evaluations are important for ensuring individuals understand expectations and helping them develop the skills necessary to be good employees.

At OCFA performance evaluations are not being done consistently, nor is state of the art methodology being used. The data shows disparity in the organization with respect to how often individual performance is evaluated. For example, some individuals in interviews and focus groups indicated that evaluations are "hit and miss." Over one quarter (29%) of the survey respondents disagreed with the statement, "My performance is evaluated regularly."

In addition, only 59% agreed that, "My performance evaluations provide constructive feedback for my professional development." Several issues account for these survey results. First, Management Partners' team members were told that the current performance evaluation form is 20 years old. We reviewed the form and verified it is an outdated tool that definitely needs to be updated to encourage constructive feedback and help supervisors identify areas where employees excel and where improvements are needed. Second, it is possible that some supervisors need training about how to provide constructive feedback. The interim human resources director is well-aware of these needs and is working to identify a new performance evaluation system.

> **Recommendation 6. Develop a timeline for choosing and implementing a new performance evaluation system.**

Performance Measurement

In addition to measuring individual performance, evaluating whether programs are meeting intended goals and assessing efficiency and effectiveness through a performance measurement system is also important. OCFA is collecting performance measurement data. However, based on interviews and focus groups, it is clear that performance data are not being shared and used effectively throughout the department. Several focus group participants indicated that some measures are not adding value or providing data to support important management information and decision making. One comment brings the issue into focus, "Because so many activities are data-driven, people will do anything to be able to check a box."

Objective 1-A of the 2010-2015 Strategic Plan is to "develop a comprehensive set of performance measures and targets for all internal and external services and programs delivered by the OCFA." In follow-up discussions with OCFA management, it was acknowledged that some performance measures are not fully developed and are still being addressed. The Fire Chief indicated that a dashboard is in the process of being developed. A "CompStat" style meeting to be held every Monday will focus on reviewing data.

Using measures to manage operations is a best practice. However, best practices also dictate that performance measures should be meaningful and understandable to internal and external stakeholders. It is important to devote time to help employees understand the performance measurement system, the reasons data are being collected, and why continuous improvement is a goal of the OCFA.

Recommendation 7. Provide training on the importance and use of performance measures so that everyone in the organization understands their function and purpose.

To affect accountability, it is critical that management communicate with employees. The next section of the report discusses communication.

Communication

Communication was a major topic of conversation during interviews, focus groups, and on both the employee and Board surveys. Some of the issues relating to it were already acknowledged by OCFA executives and the Board. As a recent Board agenda item conveyed:

> *In our efforts to improve communications with a variety of audiences, from the public, to the Board, to our employees and our member agencies, the Executive Committee approved an agreement for strategic communications consulting with SAE Communications. SAE has worked with the OCFA from November 2013 through the end of January 2014, providing training, assisting with media relations, directing the communications aspects of numerous projects/issues, and preparing a comprehensive Work Program.*

Therefore it is important to note that some of the issues identified by Management Partners were also identified by SAE Communications and are part of their work plan. However, given our commitment to discussing all identified areas of concern, we provide the following observations and recommendations about internal communication with the Board and Executive Committee members as well as with OCFA staff.

Board and Executive Committee Communication

The Chief meets regularly with the Board Chair and Vice Chair, but is less consistent in meeting individually with other members of the Executive Committee. An opportunity exists to improve communication by having regular individual meetings between the Chief and Executive Committee members. In fact, during interviews several Executive Committee members stated they would prefer more frequent meetings with the Chief. Similarly, some Board members would like to have more personal outreach and better communication from the Chief.

Responses to the Board survey question that asked, "What information do you find most valuable in facilitating good policy making and decision making?" mostly deal with communication. Reoccurring themes include:

- Well-written staff reports, data and projections
- Ability to communicate with staff directly regarding clarifications in reports and data
- Summaries highlighting the main findings of detailed reports and data
- Information provided to directors prior to Board meetings so that they may have time to read and take-in all information
- Complete budget and financial analysis

Some Board members also mentioned that they want to be notified in advance of OCFA-related events occurring in their jurisdiction. And, they want to be notified of significant issues or events before they are communicated to the media.

Several Board members we interviewed have had prior experience serving on other regional boards and drew comparisons about communication with OCFA executives. They reported that the engagement of the Chief in fostering Board/staff relationships is poor in comparison to level of involvement/contact they experience with executives of other regional governance bodies.

> **Recommendation 8. Hold regular monthly one-on-one meetings with Executive Committee members and with other Board members at their request.** Doing so will help foster better relationships and will enable OCFA to be more attentive to the needs of the jurisdictions they serve.

Internal Communication with Staff

Survey and focus group comments alike indicated that there is much room to improve communication. Over the course of this project, Management Partners' team members heard from many different individuals that the newspaper is the way they hear about important OCFA information instead of learning about things internally. Employees also rely on meetings and emails from their direct supervisors for information.

Survey results indicate that only 23% of the respondents agreed with the statement, "Department-wide communications are good," while 77% disagreed. Even fewer respondents (16%) agreed with the statement, "Communication from management to safety staff is good." A total of 19% indicated they did not know, leaving 64% who disagreed. Similarly, 15% of respondents agreed with the statement, "Communication from management to non-safety staff is good." However, 51% indicated "Don't know/not applicable," which reflects the characteristics of the survey respondents.

As mentioned earlier, SAE Communications developed recommendations and a work plan, which should help improve internal communications. We offer the two ideas below because they relate directly to suggestions from focus groups, interviews, and/or survey comments.

Recommendation 9. Utilize video chats from the chief on a regular basis to convey important information.

Recommendation 10. Develop a written list of key messages to be shared following executive staff meetings, so all division chiefs and battalion chiefs have the same talking points and deliver the same message.

Organizational Structure

Management Partners' team members conducted a high-level review of the OCFA's organizational structure. The Fire Prevention Department was in flux at the time we began our work. Now called the Community Risk Reduction Department, the duties have been divided among several divisions and we agree with the organizational structure that has been implemented.

One area of concern expressed by both Board members and employees in focus groups and through surveys relates to the roles and responsibilities of the division chiefs. During focus groups, some expressed the opinion there are too many division chiefs. Although Management Partners does not agree with that assessment, we do agree that the role of a division chief warrants clarification. There are different interpretations about the role of the division chief internally and externally by the jurisdictions they serve, elected and appointed officials in those jurisdictions, and some OCFA Board members.

Division chiefs have vastly different spans of control, based on the number of stations, battalions, and special operations responsibilities they are assigned. In the past, special operations were not under the purview of division chiefs. Downsizing resulted in the assignments shown in Table 1.

Table 1. *Division Responsibilities*

Division	Number of Stations	Special Operations
Division 1 (Cities of Los Alamitos, Seal Beach, and Westminster)	8 Stations (1 Battalion)	Responsible for Air Ops (Station 41)
Division 2 (City of Irvine)	9 Stations (1 Battalion)	Responsible for Hazmat, Heavy Rescue 6 and the Airport (Station 33) One reserve station (Station 11, Emerald Bay)
Division 3 (Cities of Dana Point, Mission Viejo, Rancho Santa Margarita, San Clemente, San Juan Capistrano)	18 Stations (2 Battalions)	Responsible for Staffing and transfers Responsible for Handcrew (Station 18) One reserve station (Station 16)
Division 4 (Cities of Placentia, Tustin, Villa Park, and Yorba Linda)	14 Stations (2 Battalions)	Responsible for Community Services and Training One reserve station (Station14)

Division	Number of Stations	Special Operations
Division 5 (Cities of Aliso Viejo, Laguna Hills, Laguna Woods, and Lake Forest)	6 Stations (1 Battalion)	Responsible for US&R, Swift Water and California Task Force 5 (CATF5)
Division 6 (City of Santa Ana)	10 Stations (1 Battalion)	Responsible for EMS (1 MD, EMS coordinator and 6 Nurse Educators)
Division 7 (Cities of Buena Park, Cypress, La Palma, and Stanton)	7 Stations (1 Battalion)	Responsible for CAL FIRE Agreements and Ops Budget

Recommendation 11. Clarify the roles and responsibilities of the division chiefs. This is important both inside OCFA and to the jurisdictions being served. Some cities expect that division chiefs will be at staff meetings and City Council meetings. Many division chiefs serve more than one jurisdiction and have conflicting meetings. If OCFA's expectations are consistent with the cities' expectations, implement Recommendation 12.

According to OCFA management, it is current practice for the on-duty battalion chief to attend City Council meetings or other jurisdictional events in the absence of the assigned division chief. Designating a specific battalion chief as an additional liaison with the jurisdiction would provide better continuity, however.

Recommendation 12. When a division chief serves more than one jurisdiction, assign a battalion chief as an additional liaison for each jurisdiction.

Specific Positions/Organizational Placement

Battalion chief rotation emerged as a recurring theme from interviews and focus groups. Concerns were expressed about the length of rotations, whether certain battalion chief assignments should rotate at all, and how assignments are made, particularly for some staff positions considered to be "less desirable."

The memorandum of understanding (MOU) and the side letters with the Fire Management Unit (OCFA-COA) are completely silent on how rotations, assignments, and transfers to staff positions for battalion chiefs are to be handled. There also are no general orders or standard operating procedures for management rotation or assignment. Procedures for handling rotations and assignments should either be established or made more explicit.

Recommendation 13. Establish or make more explicit the procedures for rotating battalion chief positions. This will ensure a fair and equitable system that meets department needs while providing opportunities for employee development.

A best practice for efficiency and effectiveness is to utilize non-sworn professionals for functions that do not require sworn credentials. At least one position currently filled on a rotating basis by safety personnel (corporate communications) should be filled on a permanent basis by a professional with the appropriate credentials and experience. Although OCFA is obligated to meet and confer with the OCFA-COA on the impacts, it should convert responsibility for corporate communications to a non-safety position. Other agencies, such as the City of Los Angeles Fire Department, are implementing similar changes for their communications functions.

Recommendation 14. Hire a communications professional to head the corporate communications function.

It remains common, however, for public safety agencies to designate and train sworn personnel to function as public information officers during significant incidents or events. Currently this responsibility falls on a single individual. To ensure appropriate responsiveness to media inquiries without creating burnout, one sworn position per shift should be trained to respond to media inquiries.

Recommendation 15. Assign and train three captains (one per shift) with good communication skills to assist the head of corporate communications as PIOs when needed.

It is our understanding that the community relations/education specialists were once part of the corporate communications function. They were moved out of communications into the Community Risk Reduction Department in the recent past. The job descriptions of the community relations/education specialists are appropriate; their work should be directed by the head of the division to ensure they are spending time on the right subjects and representing OCFA to the widest possible reaches of the community. The community educators should serve as ambassadors to the community and should help be the face of the department. Based on their job descriptions and OCFA's needs, it is more appropriate for them to be part of Corporate Communications.

Recommendation 16. Assign the community relations/education specialists to the Corporate Communications Division.

Recommendation 17. Develop a corporate communications calendar that details the community risk reduction strategy of the department.

Labor/Management Relations

Management Partners' team members conducted a high-level review of several MOUs and found them to be unusually lengthy with numerous side letters. During focus groups, interviews, and in comments on some surveys, individuals indicated that many policies are union-driven and that management rights have been given up over the years. Lack of experience in upper management, combined with strength of the union is seen as a limitation/weakness by the Board. OCFA has hired an outside labor negotiator for the first time in its history, which is seen as positive by Board members, but negative by some staff.

We have found that portions of the language in some side letters are inconsistent and can be confusing. As a result, some interpretations, which get discussed among staff, are incorrect. For example, a side letter to the MOU with the Orange County Professional Firefighters Association (OCPFA) allows a total of 15 vacancies for captains, engineers and for firefighters. Yet, some individuals in OCFA believe the agreement requires vacancies in each category. Regardless, it is clear that the captain vacancies create accountability issues and disciplinary issues.

> **Recommendation 18. Fill the vacant captain positions as soon as possible.** Doing so will strengthen leadership and help add consistency with discipline.

The Emergency Command Center staffing schedule and deployment, combined with lack of clarity in MOU language governing sleep and rest time, allows overtime to be manipulated. According to the General and Supervisory Management Unit MOU, staff at the Command Center work a 24-hour shift, of which 17 hours are paid. One of the paid hours is for meal time (although the MOU further states that "sleep time and meal time shall not be paid unless interrupted"). Employees are entitled to 90 minutes of paid rest or break time per day ("15 minutes for each four consecutive hours of work"). The practice is for employees to have six hours of sleep time per shift, although the exact number of sleep hours is unspecified in the MOU. The lack of clarity in the MOU results in members being able to take one hour of vacation or sick leave and get seven hours off duty. This in turn results in seven hours of overtime backfill. A more cost-effective staffing arrangement should be negotiated.

Recommendation 19. Negotiate a more cost-effective shift schedule for employees in the Emergency Command Center. Clarify language in the MOU.

The existing MOU with the General and Supervisory Management Unit (Orange County Employees Association) establishes a "Joint Labor-Management Committee" whose purpose is to "discuss, explore, study, and resolve problems" referred by either labor or management. This is a common practice for enhancing labor-management relations that is missing from the other MOUs.

Recommendation 20. Establish joint labor-management committees for all labor associations.

The cost of labor and unfunded pension liabilities represent a significant concern to Board members. It is appropriate for these concerns to be discussed with the City's negotiator as part of an overall labor negotiations strategy.

Leadership Development and Succession Planning

In government agencies throughout the country, baby boomers have been retiring in record numbers. The recent economic recession and resulting fiscal constraints have compounded the problem. Local government agencies have had to reduce personnel to adjust their budgets. The result for many is a lack of "bench strength" at the upper and middle management levels. Yet, customers expect the same high quality service from these agencies and OCFA is no different.

For example, significant retirements at the top levels have left a void in OCFA's institutional memory and have resulted in some changes in executive leadership. Of the executive team members, two have been in their position less than three years. In addition, two of seven division chiefs are on probation and have served for less than two years as division chiefs. Lower ranks have also suffered.

During interviews and in focus groups, a recurring theme was that good people do not want to be promoted, particularly above the rank of captain. This is not a problem unique to OCFA. However a contributing factor is the significant amount of overtime available. It was pointed out that captains make more money with less responsibility because of overtime pay. However, if OCFA fills all vacant captain positions as detailed in Recommendation 18 of this report, less overtime will be required to provide adequate coverage, which in turn will reduce opportunities to earn excessive amounts of overtime. This may make promotions more desirable.

As of February 2014, the Orange County Fire Authority employed 281 division chiefs, battalion chiefs, and captains. To help assess the succession planning needs, Management Partners asked OCFA staff to provide data detailing the age and years of employment for every chief and captain currently employed. Safety employees in the OCFA are eligible for retirement by age 50. Table 2 shows the number and percentage of division chiefs, battalion chiefs, and captains eligible for retirement in the next four years. As of February 2014, approximately 43% of these managers are eligible for retirement. Based on current data, by 2017 almost two-thirds of current management (64%) will be eligible for retirement.

Table 2. *Percentage of Fire Managers Eligible for Retirement from 2014 to 2017*

Rank	Current Total	2014 Number	2014 Percent	2015 Number	2015 Percent	2016 Number	2016 Percent	2017 Number	2017 Percent
Division Chief	7	4	57%	5	71%	5	71%	6	86%
Battalion Chief	36	14	39%	24	67%	29	81%	32	89%
Captain	238	103	43%	116	49%	125	53%	142	60%
Total	281	121	43%	145	52%	159	57%	180	64%

OCFA does not have a formal succession plan. This is of concern to the Board, particularly for the executive level positions. For most administrative positions, past succession has been insular and traditional, mainly "rising through the ranks." One exception has been new staff incorporated from Santa Ana, which some described as positive because they have added a different perspective and the ability to identify and implement improvements.

Many survey participants commented on the "good old boy network," citing favoritism in promotions. It was reported that "skipping of ranks" has occurred with some being promoted to captain without being an engineer. This has caused problems and perceptions of favoritism, even though the job specification for captain does not require service as an engineer. Similarly, focus group participants consistently mentioned favoritism in promoting individuals and in some cases, detailed cases where individuals were "prohibited" from applying for open positions. Obviously, such practices should not be tolerated.

According to executive management, all open positions are posted on NeoGov and on OCFA's SharePoint site. Both of these resources are accessible to any employee. Consequently, while employees may have been discouraged from applying for promotional opportunities, supervisors do not have the authority to prohibit someone from submitting an application.

Recommendation 21. Evaluate the selection and promotion process to ensure all hiring practices are nondiscriminatory and fair. This will help reduce the perceptions of favoritism and ensure the best applicants are hired.

One of the side letters with the General and Supervisory Management Employees Unit establishes an "Advisory Promotional Process Review Committee" that met in 2011 to review promotional selection procedures and submit mutually agreeable recommendations to the Fire Chief. A similar approach could be taken to address concerns with the promotional process for safety members.

Recommendation 22. Establish an Advisory Promotional Process Review Committee to develop recommendations for improving the promotional selection process for safety positions.

With large numbers of retirements on the horizon, developing a succession plan to address the future is critical to support the ability of those not retiring to have the skills needed for promotion or lateral moves into other positions. Elements of a good succession plan include:

- Developing a corporate-wide framework that is understood, supported and accessible;
- Assessing organizational needs on a regular basis;
- Identifying job requirements and competencies that are needed for each critical position;
- Creating training and professional development opportunities that allow existing staff to acquire the skills and competencies to compete for promotional opportunities;
- Identifying critical positions in the organization (including those with special certifications or positions that are particularly hard to fill) for special attention regarding training and development;
- Assessing and identifying talent;
- Supporting change and knowledge transfer as the organization changes; and
- Funding and coordinating an implementation strategy through Human Resources so that succession planning aligns with overall OCFA objectives.

The traditional approach of filling positions is the "just in time" method of beginning a recruitment process once someone has announced his/her retirement. The best practice approach is to engage employees several years before they expect to retire in the process of planning for their succession. This allows time to cultivate competencies within the existing workforce and can prevent significant institutional knowledge from disappearing as larger numbers of people leave in a compressed period of time. Organizations are also documenting institutional knowledge where possible, providing for overlap from the incumbent to the new person in a position, and mentoring candidates in advance so they will be ready to take on higher-level responsibilities. Doing so minimizes the uncertainty experienced by staff and helps achieve the goal of seamless delivery of quality services.

Recommendation 23. Develop a formal succession plan for executive and senior management positions.

Recommendation 24. Create opportunities for cross-training, job shadowing, officer training, professional development, and mentoring. Providing overlap is also important to ensure continuity of programming and management.

OCFA used to provide a Leadership Institute to prepare staff for management and supervisory positions. Reports are that it was effective in developing staff for future leadership. The Institute was discontinued in 2008 due to budget concerns. A similar curriculum is now available through the International Leadership and Ethics Institute (ILEI). However, it is not clear how individuals were chosen to participate (due to loss of institutional memory). Guidelines for participation should be developed if this resource is made available to OCFA managers.

Within the past year a leadership training program provided by Foxhole Leadership has been implemented. Because space is limited, individuals must apply to participate. According to executive management, the intent is to continue this program as long as funding remains available.

Recommendation 25. Explore the feasibility of providing additional leadership development. Offering leadership development opportunities such as the curriculum from the former OCFA Leadership Institute is a key element of an effective succession plan.

Board Development

Similar to the tenure of OCFA executives, the OCFA Board does not have the benefit of years of continuity. In fact, currently 60% of the Board has served for two years or less. Because of the way Board members are appointed, turnover has resulted in a lack of knowledge by some about OCFA policies and procedures and differences in perceived roles and responsibilities.

Based on survey results, Board members agree that their role is to represent the interests of all communities being served by OCFA, in addition to their own community. However, one-third (33.4%) disagree that their role is to be an advocate for OCFA and the services it provides and 16% believe their role is to be involved in OCFA operations. These results indicate there is a need to clarify Board roles.

During interviews, Management Partners heard that chief executives of other regional agencies are more proactive in helping board members understand their roles and responsibilities. Two strategies, a more robust board orientation and offering one-on-one meetings to discuss board member concerns or OCFA policies, would be helpful to board members.

Although 82% of the respondents agreed with the statement, "The information I received during my orientation as a Board member helped me understand the expectations of a Board member," interviews revealed that this is not the case. Some Board members reported they had not received any orientation or briefing. They mentioned it would be good to have an overview of the budget and strategic plan, as well as a discussion about board-level policies and procedures. Even though Board members may serve for more than one year, it is a best practice to review roles and responsibilities annually.

Recommendation 26. Review information with Board members on an annual basis that stresses their roles and responsibilities, including Board norms for behavior.

Recommendation 27. Provide an in-depth orientation for new Board members within 30 days of appointment.

A common theme from interviews is that Board members should be more empowered and engaged in their policy-making role. Suggestions include:

- More frequent Board meetings (meeting once per month instead of once every two months)
- Distribution of committee appointments to more Board members, so they have a reason to be more engaged. (Currently only 11 out of 25 Board members have committee appointments. Five additional Board members are identified as alternates to the Executive Committee.)

Committee appointments are made solely by the Chair. The perception is that the Chair appoints people he likes and feels comfortable with.

Recommendation 28. Authorize the Chair to make recommendations to Committee appointments, with ratification by the full Board.

One last theme from Board surveys and interviews was a desire expressed by OCFA Board members for better Board member behavior during meetings. Specifically, individuals mentioned concerns about unprofessional and rude behavior. Lack of civility and respect in public meetings erodes public confidence and trust. Many boards have discussions about norms to gain consensus about the "dos and don'ts" of conduct during meetings to ensure their business is conducted professionally and efficiently.

Recommendation 29. Establish Board norms for behavior.

Conclusion

The Orange County Fire Authority is an organization dedicated to continuous improvement. As this study highlighted, although OCFA has the elements of an effective management system in place, they are not being used consistently and regularly throughout the organization to guide employee decision making or behavior.

The recommendations contained in this report suggest improvements to improve accountability, the organizational structure, labor/management relations, leadership development and succession planning, and Board development. Thoughtful implementation of the recommendations will have a positive impact on the organization and benefit the local governments, customers, and employees alike.

Attachment A – List of Recommendations

Recommendation 1. Develop clear expectations for accountability as well as the consequences if individuals do not fulfill expectations.

Recommendation 2. Establish a professional standards unit for investigating complaints (and reviewing chain-of-command investigations), reports of rule violations and employee misconduct, including complaints by residents.

Recommendation 3. Ensure investigations are conducted expediently and consistent with the California Firefighters Procedural Bill of Rights.

Recommendation 4. Establish a database to track investigations, recommendations, and actions taken.

Recommendation 5. Provide training to all supervisors about how to give positive and negative feedback to employees.

Recommendation 6. Develop a timeline for choosing and implementing a new performance evaluation system.

Recommendation 7. Provide training on the importance and use of performance measures so that everyone in the organization understands their function and purpose.

Recommendation 8. Hold regular monthly one-on-one meetings with Executive Committee members and with other Board members at their request.

Recommendation 9. Utilize video chats from the chief on a regular basis to convey important information.

Recommendation 10. Develop a written list of key messages to be shared following executive staff meetings, so all division chiefs and battalion chiefs have the same talking points and deliver the same message.

Recommendation 11. Clarify the roles and responsibilities of the division chiefs.

Recommendation 12. When a division chief serves more than one jurisdiction, assign a battalion chief as an additional liaison for each jurisdiction.

Recommendation 13. Establish or make more explicit the procedures for rotating battalion chief positions.

Recommendation 14. Hire a communications professional to head the corporate communications function.

Recommendation 15. Assign and train three captains (one per shift) with good communication skills to assist the head of corporate communications as PIOs when needed.

Recommendation 16. Assign the community relations/education specialists to the Corporate Communications Division.

Recommendation 17. Develop a corporate communications calendar that details the community risk reduction strategy of the department.

Recommendation 18. Fill the vacant captain positions as soon as possible. Doing so will strengthen leadership and help add consistency with discipline.

Recommendation 19. Negotiate a more cost-effective shift schedule for employees in the Emergency Command Center.

Recommendation 20. Establish joint labor-management committees for all labor associations.

Recommendation 21. Evaluate the selection and promotion process to ensure all hiring practices are nondiscriminatory and fair.

Recommendation 22. Establish an Advisory Promotional Process Review Committee to develop recommendations for improving the promotional selection process for safety positions.

Recommendation 23. Develop a formal succession plan for executive and senior management positions.

Recommendation 24. Create opportunities for cross-training, job shadowing, officer training, professional development, and mentoring.

Recommendation 25. Explore the feasibility of providing additional leadership development.

Recommendation 26. Review information with Board members on an annual basis that stresses their roles and responsibilities, including Board norms for behavior.

Recommendation 27. Provide an in-depth orientation for new Board members within 30 days of appointment.

Recommendation 28. Authorize the Chair to make recommendations to Committee appointments, with ratification by the full Board.

Recommendation 29. Establish Board norms for behavior.

Attachment B – OCFA Board of Directors Survey Results

In January 2014 OCFA Board members were asked to complete Management Partners' survey via Survey Monkey. Of the 25 Board members, 21 began filling out the survey while 19 finished the survey in its entirety.

Question 1: How long have you served on the OCFA Board of Directors?

Table 3. *Length of Service on the Board of Directors*

How long have you served on the OCFA Board of Directors?		
Answer Options	Response Percent	Response Count
Less than 1 year	15%	3
One to two years	45%	9
Three or more years	40%	8
answered question		20
skipped question		1

Of the directors who responded, 60% have been on the Board for two years or less.

Question 2: Thinking about the OCFA, what are its organizational strengths as a regional agency?

Of the 21 survey participants, 18 answered this question.

Reoccurring responses regarding OCFA's organizational strengths include:

- Great economies of scale for the resources needed when it comes to manpower, training, equipment, routine fire/EMS calls, and mutual aid
- Great recognition and respect for providing first-rate fire/EMS services
- Representative of the diverse community

Other responses regarding OCFA's organizational strengths include:

- Good community relationships
- Experienced and well-managed administration

Question 3: What are the limitations or weaknesses of the OCFA?

Out of the 21 participants, 18 answered this question.

Reoccurring responses regarding OCFA's limitations and weaknesses include:

- Lack of adequate succession planning and employee development to replace the loss of knowledge and experience from retirements
- Lack of clear corporate communication between Board, management, and line staff
- Large size of the Board increases bureaucracy, redundancy from work already done in committees and makes decision making more difficult
- Lack of investment in technology – automated and computerized systems are antiquated or missing from a modern fire department

Other responses regarding OCFA's limitations and weaknesses include:

- Some member cities would like their own municipal fire departments
- OCFA fails to establish itself as a regional public safety entity, not just fire
- Administration is understaffed
- Committee assignments are limited to the favor of the Chair
- Influence of the labor unions restricts ability of management to better operate and staff the organization

Question 4: What opportunities exist for the future? What should OCFA be concentrating on as an organization?

Out of the 21 participants, 18 answered this question.

Reoccurring responses regarding OCFA's limitations and weaknesses include:

- Determining how to improve corporate communication within the organization, the media, and the general public
- Identifying ways to decrease debt, the budget deficit, and retirement costs
- Working with the labor unions to lower labor costs
- Use the OCFA's great reputation to seek an increase in membership with other cities and agencies
- Need to better improve succession planning to maintain quality management and leadership
- Establishing a long-term plan with goals and performance standards to measure annual performance of the Board and administration

Other responses regarding OCFA's limitations and weaknesses include:

- How to better improve fire/EMS field services with advanced technology
- Evaluate administrative needs of the organization and their impact on fire service

Question 5: What issues threaten the OCFA?

Out of the 21 participants, 18 answered this question.

Reoccurring responses regarding threatening issues include:

- Pension liability
- Personnel costs reducing the availability of resources needed for present and future equipment, facility, and infrastructure needs
- Labor MOU obligations
- Poor management of staff which has led to poor communication, teamwork, and morale

Other responses regarding threatening issues include:

- Increased costs to members
- Conflict between Board members and their direction to the Chief and his administration
- Anti-public agency sentiments and perception from the County, media, and public
- Lack of engagement and accountability for certain Board members
- Lack of administrative support and resources

Question 6: Board Roles and Responsibilities

Table 4. *Degree of Agreement or Disagreement*

For each of the following statements please indicate to what extent you agree or disagree.					
Answer Options	Strongly Agree or Agree	%	Strongly Disagree or Disagree	%	Response Count
I believe one of my duties as an OCFA Board member is to represent the interests of my community.	19	100%	0	0	19
I believe one of my duties as a Board member is to represent the interests of all communities being served by OCFA.	19	100%	0	0	19
OCFA provides me with information that I need to fulfill my role as a Board member.	14	78%	4	22%	18
The information I received during my orientation as a Board member helped me understand the expectations of a Board member.	14	82%	3	18%	17
The information I receive from OCFA staff supports my ability to provide effective policy direction and decision making as a Board member.	14	78%	4	22%	18
My role is to be an advocate for OCFA and the services it provides.	12	67%	6	33%	18
My role is to be involved in the OCFA operations.	3	17%	15	83%	18
answered question					19
skipped question					2

Statements that the majority of the Board agreed with include:

- 100% agree that one of their duties is to represent the interests of their respective communities
- 100% agree that one of their duties is to represent the interests of all communities served by the OCFA
- 78% agree that the OCFA provides information necessary to fulfill the role of a Board member
- 82% agree that the information received during orientation helped to understand the expectations of a Board member
- 78% agree that the information received from OCFA staff supports effective policy and decision making as a Board member
- 67% agree that one of their duties is to be an advocate for OCFA

Statements that the majority of the Board disagreed with include:

- 83% disagree that their role is to be involved in the OCFA operations

Question 7: What information do you find most valuable in facilitating good policy making and decision making?

Out of the 21 participants, 17 answered this question.

Reoccurring responses regarding vital information in decision making include:

- Well-written staff reports, data and projections
- Ability to communicate with staff directly regarding clarifications in reports and data
- Summaries highlighting the main findings of detailed reports and data
- Information provided to directors prior to Board meetings so that they may have time to read and take-in all information

Other responses regarding vital information in decision making include:

- Roundtable discussion with all departments within the OCFA
- Notification of media involvement
- Complete budget and financial analysis
- Updates from the legal and administrative staff
- Financial background for recommendations; scientific background for decisions
- Opportunities for field/hands-on experience to better understand issues regarding equipment, stations/facilities

Question 8: If there is information that you are not currently receiving that you would like to have to facilitate good policy making and decision making, please describe it.

Out of the 21 participants, 14 answered this question.

Most responses indicated they do not need additional information aside from what they receive already from the Chief and staff.

Other general requests include:

- Comprehensive analysis of pension liability projected out
- Calendar of events as a part of every Agenda Packet
- Copies of every contract that Board members are asked to approve

Question 9: Is there information about OCFA activities in your community that you would like to receive that you are not currently receiving?

Table 5. *Additional Information on OCFA Community Activities*

Is there information about OCFA activities in your community that you would like to receive that you are not currently receiving?		
Answer Options	Response Percent	Response Count
Yes	32%	6
No	68%	13
answered question		19
skipped question		2

The majority of respondents indicated there is no additional information they would like to receive regarding OCFA community activities.

Question 10: What kinds of information would you like to receive that you do not currently receive?

Out of the 21 participants, seven answered this question.

Reoccurring responses regarding other desired information include:

- Information and detail regarding emergency and high-profile incidents

Other responses regarding other desired information include:

- Advanced notice of monthly events and presentations involving OCFA participation, preferably events listed by district so that Board members can especially anticipate attending events in their own district
- Workers' compensation claims
- Overtime compensation information

Question 11: Please provide any suggestions you have for improving the effectiveness of decision making by the OCFA Board of Directors.

Out of the 21 participants, 17 answered this question.

Reoccurring suggestions for improvement include:

- Stronger structure and guidelines (Roberts Rules of Order) for running Board and committee meetings so as to use time more efficiently
- Keep discussions on topic
- Maintain civility, and
- Manage meeting time

Other suggestions for improvement include:

- Team building workshops or retreat
- Board needs to practice staying on policy matters and not to attend to every minor media or political sentiment or issue
- Having the Board stray from micro management and focus on policy decisions
- Committee assignments should be determined based upon qualifications rather than Chair's preference (five Board members have four or more committee assignments while 14 have none)

Question 12: How often would you like to meet with the Chief and/or other senior OCFA staff? What length of time would you want to spend in this meeting?

Out of the 21 participants, 18 answered this question.

Reoccurring suggestions for frequency of meetings with the Chief/senior staff include:

- Monthly, for 30 to 60 minutes, or as needed
- Twice a year with the Chief and/or his Leadership Team, for an hour, or as needed
- Flexibility to host meetings as frequently or as long as necessary depending on the activity and topic
- No suggestions to change the status quo due to the availability of the Chief and his senior staff to answer questions when they arise

Other suggestions for frequency of meetings with the Chief/senior staff include:

- Quarterly, 30 to 60 minutes

Attachment C – OCFA Employee Survey Results

Through the month of January 2014, OCFA employees were asked to complete a survey via Survey Monkey. Of 1,425 possible responses, 532 employees responded (37% response rate). The survey asked participants about their opinions on a wide range of issues related to staffing, supervision, accountability and communication.

As Table 6 shows, positive responses regarding how employees view staffing issues include:

- 52% agree that the department performs a good job recruiting safety staff
- 67% agree that the department performs a good job retaining safety staff
- 70% agree that the department has sufficient promotional opportunities

Negative responses regarding how employees view staffing issues include:

- 58% disagree that supervisory staffing is the right size
- 65% disagree that their department recognizes employees appropriately
- 81% disagree that employee morale is good
- 75% disagree that succession planning meets the department's needs

Table 6. *OCFA Staffing Issues*

Please review the following list of statements about OCFA staffing issues and indicate whether you strongly agree, agree, disagree or strongly disagree. If you don't know, you can indicate that as well.						
Answer Options	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**	**Don't Know / Not Applicable**	**Response Count**
1. Supervisory staffing is the right size to meet department needs.	5.9% (31)	31.5% (165)	30.7% (161)	26.9% (141)	5.0% (26)	524
2. Our department does a good job recruiting safety staff.	7.7% (40)	44.6% (233)	19.9% (104)	12.6% (66)	15.1% (79)	522
3. Our department does a good job recruiting non-safety staff.	1.9% (10)	31.4% (164)	21.4% (112)	15.3% (80)	30.0% (157)	523
4. Our department does a good job retaining safety staff.	18.1% (94)	48.5% (251)	10.6% (55)	7.9% (41)	14.9% (77)	518
5. Our department does a good job retaining non-safety staff.	6.7% (35)	35.1% (182)	16.2% (84)	8.5% (44)	33.5% (174)	519
6. Our department has sufficient promotional opportunities.	18.6% (97)	51.7% (270)	12.5% (65)	14.6% (76)	2.7% (14)	522
7. Our department recognizes employees appropriately.	3.5% (18)	27.6% (144)	34.2% (178)	30.9% (161)	3.8% (20)	521
8. Employee morale in the department is good.	0.4% (2)	16.8% (88)	36.5% (191)	45.0% (236)	1.3% (7)	524
9. Succession planning meets the needs of our department.	0.4% (2)	11.5% (60)	36.5% (191)	38.0% (199)	13.6% (71)	523
answered question						*530*
skipped question						2

As Table 7 shows, 54% agree that their department policies and procedures are clear. However, the negative responses regarding how employees view the OCFA organization far outweighed the positive. These include:

- 54% disagree that teamwork within OCFA is good
- 77% disagree that department-wide communications are good
- 68% disagree that employees are empowered to make decisions
- 64% disagree that communication from management to safety staff is good

Table 7. *Organization, Communication, and Support Services*

Please review the following list of statements about OCFA organization, communication and support services and indicate whether you strongly agree, agree, disagree or strongly disagree. If you don't know, you can indicate that as well.						
Answer Options	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**	**Don't Know / Not Applicable**	**Response Count**
1. Teamwork within OCFA is good.	3.9% (20)	41.1% (209)	34.8% (177)	18.9% (96)	1.2% (6)	508
2. Department-wide communications are good.	1.2% (6)	21.4% (109)	45.8% (233)	31.2% (159)	0.4% (2)	509
3. Employees are empowered to make decisions.	2.0% (10)	28.3% (143)	40.8% (206)	27.3% (138)	1.6% (8)	505
4. Communication from management to safety staff is good.	1.0% (5)	15.2% (77)	32.7% (166)	31.8% (161)	19.3% (98)	507
5. Communication from management to non-safety staff is good.	1.0% (5)	14.1% (72)	18.8% (96)	15.3% (78)	50.8% (259)	510
6. Department policies and procedures are clear.	4.1% (21)	49.9% (253)	31.2% (158)	14.2% (72)	0.6% (3)	507
7. New employee orientation is adequate.	5.3% (27)	35.0% (178)	20.6% (105)	15.5% (79)	23.6% (120)	509
answered question						513
skipped question						19

As Table 8 shows, the majority of respondents agree that emails from their supervisor, emails from the Fire Chief, meetings with their supervisors, and internal announcements were the most common forms of communication.

Table 8. *Formal Methods of Communication*

What formal methods of communication are used to convey important information about OCFA? (Check all that apply.)		
Answer Options	Response Percent	Response Count
Email from my supervisor	79%	407
Meeting with my supervisor	61%	311

What formal methods of communication are used to convey important information about OCFA? (Check all that apply.)		
Email from the Fire Chief	69%	356
All hands department meetings or briefings	25%	130
Division meetings or briefings	21%	106
Communication from Labor association leadership	38%	196
Internal newsletter/announcements	50%	258
Other (please specify)	16%	84
answered question		513
skipped question		19

Table 9 shows that the top three preferred means of communication are:

- Meeting with my supervisor (41%)
- All hands department meetings or briefings (17%)
- Email from my supervisor (13%)

Table 9. *Preferred Methods of Communication*

Of the formal communication mechanisms listed below, which do you prefer? (Please select one.)		
Answer Options	Response Percent	Response Count
Email from my supervisor	13%	68
Meeting with my supervisor	41%	208
Email from the Fire Chief	8%	42
All hands department meetings or briefings	17%	84
Division meetings or briefings	8%	38
Communication from Labor association leadership	4%	20
Internal newsletter/announcements	4%	19
Other (please specify)	5%	27
answered question		506
skipped question		26

Table 10 shows the following positive responses regarding how employees view accountability and performance:

- 88% agree that they understand what is expected of them in their day-to-day duties
- 71% agree that their performance is evaluated regularly
- 59% agree that their performance evaluations provide constructive feedback for their professional development

Negative responses regarding how employees view accountability and performance include:

- 78% disagree that individuals are held accountable for their actions
- 56% disagree that department policies support accountability
- 69% disagree that quality performance is recognized and rewarded

Table 10. *Accountability and Performance Issues*

Please review the following list of statements about OCFA accountability and performance issue areas and indicate whether you strongly agree, agree, disagree or strongly disagree. If you don't know, you can indicate that as well.						
Answer Options	**Strongly Agree**	**Agree**	**Disagree**	**Strongly Disagree**	**Don't Know/ Not Applicable**	**Response Count**
1. Individuals are held accountable for their actions.	0.8% (4)	18.6% (95)	37.7% (193)	40.4% (207)	2.5% (13)	512
2. Department policies support accountability.	1.4% (7)	39.9% (204)	32.9% (168)	22.7% (116)	3.1% (16)	511
3. Quality performance is recognized and rewarded.	1.4% (7)	27.1% (138)	43.9% (224)	24.9% (127)	2.7% (14)	510
4. I understand what is expected of me in my day-to-day duties.	23.7% (121)	64.1% (327)	8.6% (44)	3.3% (17)	0.2% (1)	510
5. My performance is evaluated regularly.	13.1% (67)	57.7% (295)	16.2% (83)	10.2% (52)	2.7% (14)	511
6. My performance evaluations provide constructive feedback for my professional development.	10.8% (55)	48.1% (245)	22.8% (116)	14.1% (72)	4.1% (21)	509
answered question						513
skipped question						19

As Figure 2 shows, almost one-fourth of respondents (23%) have been with OCFA for six to ten years, followed by 11 to 15 years (19%), and one to five years (13%). Overall, approximately 58% of employees have been with OCFA for 15 years or less.

Figure 2. Length of Employment

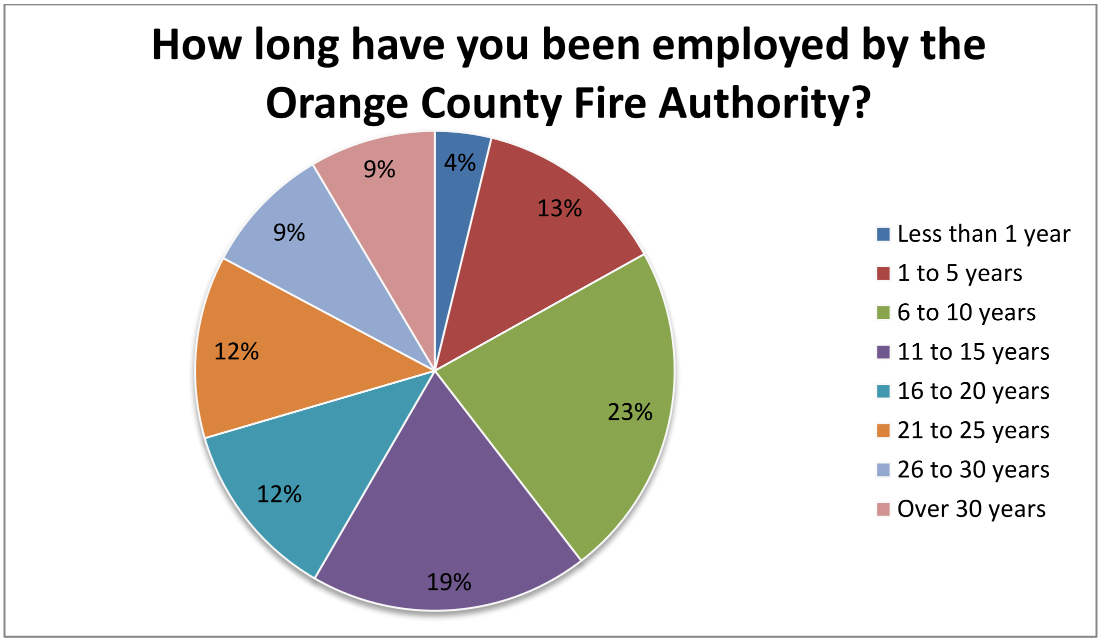


Table 11. *Employee Job Classification*

Which of the following describe your position with the OCFA? (Please check all that apply.)		
Answer Options	Response Percent	Response Count
Firefighter	24%	116
Engineer	13%	62
Captain	25%	121
Battalion or Division Chief	7%	34
Any other Chief level title	1%	5
Non-safety staff member	23%	110
Non-safety manager or supervisor	10%	47
Other	4%	19
answered question		486
skipped question		46

Note: Respondents could check more than one option, which is why data total more than 100%.

Over half (283) of the respondents provided comments in addition to completing the questions on the survey. Comments were quite varied, ranging from suggested improvements to complaints about past issues to illustrate a survey response. All were considered as Management Partners' team members completed their work on this project.

Attachment D – Focus Group Summary

Seven employee focus groups were held on January 29 and 30. A total of 38 employees and one representative from the Orange County Employees Association participated. The seven groups were:

- Division Chiefs
- Battalion Chiefs
- Captains
- Chief Officers Association
- Union 3631
- Administrative (non-safety)
- Orange County Employees Association

Each group was asked for their input about what is working well and what needs to be improved. A plus sign (+) indicates comments about what is working well. Bullets (•) reflect opportunities or suggestions for improvement. The intent of the focus groups was not to strive for consensus, but to capture as many perspectives as possible. This summary does not include duplicative comments, i.e., comments that were mentioned in multiple groups have been listed only once.

Organizational Structure

+ Everyone pulls together in bad times
+ Leadership is strong; good span of control
+ Chief is doing a good job with making the changes he was hired to do
+ Dynamic team in Service Center
+ Chief has good presence for administrative staff
+ Spans of control in OCFA are appropriate
+ BCs reporting to DCs = good span of control
+ Fire chief and executive management structure is solid
+ Biggest battalions have 10 stations (this is the max and it is fine)
+ Fire Chief has stated that DCs are the local fire chiefs – positive, empowerment
+ Fire prevention – improved greatly in past four months (slow but obvious)
+ Overall department structure works
+ USAR team is a success; this is a complex area, but captain running it is doing a great job

Leadership

+ Assistant Chief for Business Services – honest, integrity, no games and the only competent one
- Lack of leadership

- There are more managers than leaders for some BC positions, people either aren't a good fit or are obviously just passing through
- Union runs more of the department than it should – more than hours, wages, etc. They weigh in on every decision
- Chief style = business
  - Results in misunderstanding
  - "Harmony in the ranks" wasn't really true, it was circumstance during good financial times – no one said "NO"
- Chief puts a wedge between divisions, e.g., between Ops and Dispatch
- Deputy chief not a leader, not active
- Turnover in executive operations (Assistant Chief?) = three years and out
- Lack of support from upper management
- Misplaced trust in leaders without appropriate knowledge (e.g., gave Fire Prevention Chief the job of writing task book for Ops – No ops experience – chosen because she "raised her hand," not for knowledge)
- Used to have committees that allowed buy-in – abolished them

General Comments Relating to the OCFA Organization

- Previously OCFA was a best practice organization, but no longer
- We had a customer services emphasis 15-18 years ago
- Fewer resources, but adding programs
- Fire Prevention couldn't handle inspections, so it went to BCs – no workload adaptation
- Organization has become data-driven, but there is no support for non-data-driven factors (e.g., training)
- Santa Ana increased OCFA by 25% but there was no increase in support
- In training, reporting should be directly to an Ops Chief, not Division Chief (roadblock)
- Lack of IT expertise to support critical systems and too many contractors – e.g., Banner - expert is a contractor, only one person
- Too many job classifications – lots of dead ends in some jobs; no career ladders
- Should not need to only follow chain of command to put forth good ideas
- Too many managers in some areas
- Keep staff rotations – needed to understand the organization and develop relationships; provides the balance
- As you go down the chart, some things don't make sense (e.g., educators in IT; supervisors with no one to supervise)

- Pre-fire group at loose ends, but those people are needed – reassign some of the groups, increase their value
- We're down to three educators, not enough; one was just given change in duties; this affects on-call staff/events

Comments relating to Division Chiefs (DC) and Battalion Chiefs (BC)

- Division Chief responsibility should be just for their geographic areas, not other specialties
- Division Chiefs' messaging is not consistent
  - They are all doing things differently
  - They make their own decisions
  - People are looking for direction and they are not giving it
- Should restore admin. captains for every DC (Note: no consensus on this)
- Most DC's are responsible for multiple cities; many city council meetings on same night
  - Vested in these areas
  - City expectation of customer service includes the high level liaison
  - Some regions/contracts pay more for more support (not every DC has admin support)
- Used to be six divisions + one ops support division
  - Now ops is spread out among DCs
  - Model is good and bad
  - Waters down local fire chief model
- Used to be physically located in city halls
  - Set the staff for expectations from cities
  - Worked well for one-city DCs; not so well for multiples
- Structure falls apart below DC level
  - Div. chiefs = local fire chiefs
  - BCs and DCs have a seat in the city
  - Drawback – customers add admin responsibilities and have greater expectations
    - Admin aid to DCs ("cabin boys") reduced/eliminated
    - But, there is no letup on expectations
- DCs can't be everywhere at once
  - Small city or big city, expectations are the same
  - Model is DCs = Fire Chief of City
- Division Chiefs too focused on micro issues, e.g., who hasn't signed drug log; paying department credit card bills

- Structure – more division chiefs than LA Fire
  - Too many division chiefs
  - Too many assistant chiefs
- Unions want fewer DCs; they compare OCFA to other agencies BUT – their models aren't local fire chief and customer service oriented organization
- BC promotions are a stepping stone and they don't do well in some important areas
- Turnover with BCs (e.g., PIO)
  - Some positions should be permanent
  - Some positions need specialization, training
- Media shouldn't be a BC position (Safety staff doesn't like media – 1 PIO is a 24-hr position)
- The 24-hr PIO position is too hard, no one wants it – burn out
- Continue to rotate BC for corporate communications position
- Examine BC rotation longevity – if two years is minimum and that's all you get, make minimum longer. Eliminate some rotations and replace with permanent positions (e.g., comm. risk reduction)
- Some BCs do not want to come to HQ – often they get put where they don't want to be
- BCs are being asked to attend more and more meetings in cities
  - Have to find a way to say no to some of these cities, but (at least one) Division Chief always says yes
  - Customer Service - we're contractors and we need to keep customer service in mind

Comments Related to Board

- Executive management's relationship with current Board is not good
  - Board members insert themselves into organization
  - Lots of turnover; need to educate Board about role
  - Some drive executive direction by being outspoken
  - Past leadership wouldn't have allowed this to go on
- Board won't allow negotiations to be handled internally but want to hire their own negotiator
  - First time since 1980
  - No confidence in executive management
- BOD turnover – takes a while to learn
  - Better now, they ask more questions
  - Politically driven, separate agendas

Roles and Responsibilities

+ Good job running the calls and accomplishing day-to-day workload
+ Crews know what they need to do
+ Roles and responsibilities are well-defined in some areas (e.g., Clerk Department)
+ Critical responsibilities are well documented (not all agreed)
+ Some BCs are well-rounded and beneficial to the organization
+ Rank and file know how to do their jobs, good customer satisfaction
+ "We Care Team" – mixed group to talk about what is working with group of mentors – ability to talk to managers and rotate people every six months
+ Roles and responsibilities used to be blurry, better in last few months. Know who to go to now
+ In some sections, roles and responsibilities are well defined (e.g., Clerk's office, admin. divisions)

Comments about Decision Making and Management

- Individuals are not empowered to make decisions
- Inconsistency leads to variability in the field and confusion
- Lots of micro-managing – used to be more freedom to make decisions
- People are afraid to manage
- Negative management style
- Management by crisis; No strategy for priorities/tactics
- Chief not strong; aggressive, but has to react to BOD (often in the paper)
    - Some BOD from small towns, little experience
    - Board members need more education, discussion, oversight
    - Need to remind Board they set policy, get them to stop micromanaging operations
- Farming out to consultants to determine operations/policy – erodes confidence, especially since staff often provides all the work
- Motives are not good – want people to fail; then they promote upward
- DCs don't have chief-style authority to deploy resources; need to have authority for management decisions that affect their area
- Need to better manage expectations of cities
- Deputy chief used to deal with labor - does not now
- Managers should manage (don't micromanage) , let staff do what they need to

- Adversarial relationship between union and management wasn't there in previous administration. (This administration expects that, but kicks union down so as to not seem weak.)

Comments about Confusion in Roles

- What is our role? Fire fighters? Inspectors? Admin? It has been unclear, especially in the last year; Lost focus on why we're here
- We're trying to be too many things , e.g., Home smoke detector program
  - Can't do all things well – need to do fewer things and do them really well
  - No attempts to evaluate programs
- Need better defined roles for BCs (procedures spelled out)
- BCs used to be able to focus more on operations – administrative burden now too high
- BCs want to make their mark and change things
- Lack of clarity results in blame (e.g., the process is flawed or someone was unclear)
- Business needs are often not met – some don't have the business skills
- Individuals recently promoted are awful – no operational experience
- Because so many activities are data-driven, people will do anything to be able to check a box, not useful acts
- Difficult to get people on board with fire prevention duties
  - People weren't into it, so it trailed off
  - Now roles are unclear
  - That group put guys on the defensive (positive – now guys do their own data entry, don't get blamed for errors someone else makes)
- Lack of training for most staff
- Don't dictate individual schedules – people know what needs to be done
- Perception that union gets people off – it's really about mishandling of investigations, bad HR processes
- No incentive to improve – running joke is "you better do something wrong if you want to promote"
- Lately, command experience is deemphasized because leadership doesn't have it
- People get used to doing what they wanted to, don't want to hear any rules now (e.g., no red zone parking)
- Empower Ops chief to make final decisions based on input – too much "what do you think?" (e.g., workout issue – held two meetings, no decision)
- Note: DCs don't have to deal with politics/unions when decisions are made
- Managers sometimes come in to do line work – makes people unclear

- HR "not my job" attitude – kick downhill
- Supervisors not clear on roles and expectations
- Need efficiency, technology
  - Payroll still on paper time slips (only staff/non-safety on this system)
  - Efficiencies are based on favoritism
  - They use labor instead of invest in equipment because perception is that labor is free

Communication

+ Good video newsletter
+ Good briefing binder
+ Multimedia has done a good job
+ Know who to call for support
+ SharePoint – good for info access, dispersal (+ new division portal, IT help desk)
+ Good that we now get conference call debrief before new rollouts
+ Better at getting input from the line staff
+ Good turnaround on more face-to-face communication in the divisions instead of one-way delivery method
+ Communication is not an issue in the field

Comments about Lack of Communication

- People are anxious for information
- No idea of vision/direction for organization
- Not a lot of direct communication from Division Chiefs and above
- Lots of decisions made at Division Chief meeting without input from program managers; sometimes bring in people for discussion/presentation; seems like they are asking for that as a formality, not because they want input
- Big organization – we need better communication
- We see minutes from Ops meetings, never exec. meetings
- Communicating up the chain of command breaks down – lot of layers
- Chief's blog on SharePoint not well used
- Division chief/Ops chief communication not happening.-- Div. chief makes own plans in opposition with other divisions; Ops chief should take care of it and does nothing
- Communication is non-existent from captain level
  - Or messages drastically change before getting to the field – 180 degrees
  - No corrections to misinformation

- Gaps in internal communication; need to work on consistency
- Chief had focus group one year ago
  - He's heard all of these comments
  - Not one thing has been addressed yet
- We're asked our priorities, but what comes back isn't reflected – why ask? Just for lip service/placate
- COA makes ourselves available to help problem solve – not involved from beginning enough
- 90% of rank and file interactions are bad but 95% of them are doing a great job

Comments about How Decisions Are Conveyed

- Communication about plans always has a negative message – back to generalizing the issues
- Division chiefs make decisions about how to run their division; messages from fire chief down is not consistent
- CYA attitude – everyone gets emails about every potential issue (right or wrong)
- They seek input and then do the opposite
- Messages are not consistent (lied regarding Feb. 1 implementation)
- DCs now are strongest the group has been – working on better communication
- Communication methods aren't our problem; no one knows how to communicate properly
- Need to vet ideas before deploying, they don't and things go wrong and then there is a credibility gap
- Disconnect between 'meet and confer' and 'meet and discuss'
- People get frustrated when they think we're not listening, but they just don't agree with decision
- Mixed messages during the vetting process – 40 people weighing in all at once
- Training info goes out without follow-up
  - Just check boxes, get through it
  - No team mentality, all individual
  - Need open and clear discussion

Other Comments

- Large-scale overreaction to seat belt incident – should have been handled in the division
- Too much lip service about making improvements
- No meetings with division chief – no help, no support, no answers to questions

- People don't answer phones (Finance is good); Culture change, budget cuts, people relaxed
- New tools are not well communicated e.g., Help Desk didn't know Div. Portal
- Need to harness technology better
  - Some things are low cost, useful (e.g., GIS, records management system)
  - Redundant data, not compatible
- People don't want to share knowledge; they worry about losing power/clout
- Managers should request improvement ideas – promote the "open door policy" and make it a reality
- Integrity issues at every level (some are motivated to lie)
- Equipment recommendations ignored (e.g., Navy seal gave input about ballistic equipment and it was ignored)
- Active action shooter reported
  - Probationary chiefs got out of it
  - Should have been publicized for learning purposes
  - If firefighters had done it, there would have been 1,000 emails
- Messages start with "don't shoot the messenger"
- Strong union – takes misinformation and makes a big deal with others
- Unresponsiveness – people not helpful (e.g., HR questions may not be addressed)
- Method not the issue – need TRUST

Accountability

+ Fire prevention now on track with laws/state mandates, paying people back for overcharges
+ Accountability getting payroll out on time
+ Service center works well
+ Finance very attentive and helpful
+ There is accountability within running incidents
+ It's been this way for years (not just current chief)

Comments about Consistency with Discipline

- Hard to be consistent
- Inconsistent disciplinary actions (e.g., some people get sent home and others don't for the same issue)
- Have had cases overturned due to inconsistencies in discipline – they (unions) appeal hard enough, and BC becomes neutered

- Rank and file are accountable for actions in the field (only this level)
- BCs are not well supported, but they still want BCs to enforce policy
- Have to fight for support/it's a hassle to implement discipline even for simple policy matters
- A handful of people misbehaving results in new policies for all; they don't deal with individuals
- Single incident resulted in two staff being sent home but nothing happening to DC who was also responsible
- Issues are generalized rather than holding individuals accountable (e.g., everyone is told to be on time when one person is late. One person not in uniform and everyone overreacts about the whole department.)
- BCs won't act on obvious disciplinary issues
- Threat of severe discipline, e.g., parking rig in red zone, yet chief parks in handicap spot and when firefighters tried to help, he didn't take the help
- Lack of consistency in addressing issues/solving problems throughout headquarters
- DCs are working on consistency in the area of accountability
    - Perception is that it depends on DC
    - Group is discussing it more
    - Realize past inconsistencies
- This was the #1 issue in 2008 strategic planning survey
- One of the labor groups doesn't want consistency
- People used to get away with a lot, even when ops chief was "iron fist"
- Chief Officers Association is tasked with owning and selling bad directives to the organization
- Old Ops chief ruled with an iron fist – he was respected
- Now, lack of trust – lots of manipulation

General Comments about Accountability

- Favoritism and bullying are widespread throughout HQ
    - It's being allowed and managers are not stopping it
    - Managers and executives don't address the negatives
    - Harassment – retaliation – not addressed
- Accountability is lacking at executive level – don't hold themselves accountable
- Accountability needs to start at the top; Chief and executives should lead by example
- Captains not held accountable enough
    - BCs blamed for captain's responsibilities

  - They (captains) have hard time disciplining their friends
- Micro-management – if you go outside your chain of command you get hammered
- Mistakes are not allowed; if you make one, there is retribution
- No one is empowered to decide what needs to be done
- Investigations where many rank and file report the same thing; they believe them, but believe one executive
- Major personnel files "missing" showing problems, incidents – HR has not been accountable for managing records
- Messengers: dishonest, bad behavior
- Self-interest at heart, not OCFA
- Lots of scrutiny in our jobs – people are hesitant to act
- Org culture often shuts down new ideas (depends on supervisor)
- Some managers don't have enough to do (others are busy – frustrating)
- Lack of transparency – e.g., new HR director hire went wrong, they wouldn't own up to it and didn't communicate anything
- Too much blow back from when we make mistakes; need to learn from mistakes
- Management - very little big incident ability (is also happening in other areas of the org. and is succession planning issue)
- Will lose accreditation next year
  - We're not following direction of accreditation board
  - Executive management are too scared to decide and enforce what's needed
- Investigations can happen quickly; Union always attacks
- Leadership allows some things to continue by not taking a position
- Labor continues to destabilize organization
- A lot to improve on
  - HR questions sometimes not answered
  - General responsiveness
  - Consistency all over the map from battalion to battalion
- Annual recruitment – HR not prepared
- HazMat issue – staff raised red flags for years; Some staff were petitioned by managers to leave union
- Whistleblower investigation (harassment) split in two so one of them could close, be clean (small scope) – other investigation ongoing, but no one knows about it (Note: there are different opinions on this)
- Performance evaluations sometimes used to convey negatives in work, but it's really personal retaliation

- Many supervisors don't support their staff (want to be friends as supervisors, don't assume their role properly)

Succession Planning

+ Training/professional development is available
+ BC to DC is a natural progression
+ Not all BCs want to promote up, but it's common and can result in instability at BC level
- Succession planning is not done strategically
  - Not sure where OCFA is headed, so it's hard to prepare people
  - We do a bad job getting people from firefighter to captain
  - Qualified number of guys is shrinking
  - Need to address at entry level
- Have a captain academy, BC academy
- Would like a program where you take a captain (from list of those who want to promote) out to show various opportunities
  - Would help us, would be great for them
  - Makes their first year as BC easier
- Have people spend time working up to see what others' jobs are like – would be hard here (union, culture)
  - Try job shadowing
  - Work out kinks, share task books when done (new rolling out)
- People are put in charge of duties without the proper background
- Promotions given to those who tell the Chief what he wants to hear
- Senior captains are not interested in promoting up
  - Hassle, job is frustrating
  - Too many cliques
  - Too much politics
  - Too much micro-managing discourages succession planning
- "Cabin boy" = guaranteed promotion
- Some spots are hand-picked – not as well qualified, and then they're promoted again
- No consistency advertising vacancies for recruitments – some people are chosen for promotions, some are advertised; some are told they aren't "eligible to apply."
- Succession planning needed in IT –There is no one on staff who knows Banner (and other systems)
- Can't take a step down to move to another area (notices go to only a small group)
- Wrong people getting hired
  - Become a "cabin boy" sit with chief and do paperwork

  - No balance between ops and staff positions
- People who are promoted have not had enough experience in ops
- Chief ineffective, people beneath him incompetent, people promoted this way
- People chosen to lead (projects) because they "raise their hand," not because they're capable
- PIO promoted even though people knew he'd be an issue
- Policies against firefighters are demoralizing, keep people from wanting to be a part of higher positions
- Chief admits "I don't have a very deep bench" (We can all agree on that)
- Many retirements because of disappointment with exec. management
- "Yes" men only now; dissenters were pushed out or demoted
- Most of the qualified people (e.g., captains) who would do a good job, don't want the promotions
- Even people who fail the test, or in one case didn't finish, still get promoted
- Share with us what happens in the field – visibility to the larger org.
- Chief surrounded by incompetents and people who tell him what he wants to hear
- Perception that DCs are just admins who got in good with Chief – (getting better)
- Dissenters demoted
- Forces competent people to keep their heads down
- Stigma of promotions (worse now than before)
- Retirements – no depth on the list
- Unqualified promotions
- Good people don't want the job
- DC not enticing position (e.g., 4/10 schedules not available)
- BC rotations to staff positions have too much turnover –administrative positions with previous chief were difficult to get, more competition, more admin understanding. Rotations good, but hiring/process not handled well
- Two years and out is a bad idea
- Need to adequately prepare for BC positions
- BC staff rotation is good – need the org. perspective; BC shouldn't be a "super captain"
- Numerical promotion list is a negative because it makes it appear you don't need to prepare for position; no incentive to work staff
- It's still "who you know"
- Hard to get traction on creating career development plans; need clear policy
- Don't understand role's purpose (support and respect – not about being buddies)
- Lacking in planning and development/comm. risk reduction

- Upcoming retirements – starting in March (80% of staff will retire in next 10 years)

Suggestions for Improvement

- Document processes
- Reinstitute flex time to encourage promotions (needs to be supported by management)
- Negative perception of moving up; think they can't fight fires anymore
- Supervisor training needed (especially about performance evaluations, expectations)
- Need a mentoring program (this is mentioned in the strategic plan)
- Gauge interest first, have a useful handoff (e.g., 6 months lead time)
- Informal planning – shadowing with people who have raised their hand
- Admin captains are a good way to make sure there is succession planning
- New people coming in need tools, role understanding, something to improve on
- Provide overlap – Now, retirements announced, position not open until the person leaves
- Focus on promoting from within
- Lack of mentoring – no sit-down to transfer duties (e.g., BCs or new managers don't know expectations of new positions, hired without needed expertise
- Those interested in promoting should proactively learn about upcoming positions
- Non-safety positions often have few opportunities to move up
- Need good employee orientation
    - Handbook
    - Walk-around
- Need 360 degree reviews of everyone, especially managers
- They need to hear the truth from employees, those doing the work
- Evaluations not standardized
- Open it up, let people know special training opportunities – all, not just one
- Should not be afraid to pick someone for job shadowing; plan for succession

Desired Outcomes

- Communicate vision/direction
- Make this a fun place to work again
- Recognize the good work being done, less focus on checking the boxes/what we're not doing
- Regain sense of purpose, fundamentals, camaraderie
- Decision-making ability

- Deal with individuals who aren't doing their responsibility – it's the captain's job to handle isolated issues – not broad solutions (e.g., seat belt issue)
- Stop micro-managing
- People in wrong positions who are otherwise qualified – make changes of job rather than stripping core job duties (result of promoting unqualified people)
- Make recruiting fair (outside vs. hand-picked vs. public advertising varies by position, ops/non-safety)
- Opportunity for development/training (e.g., spend a day with another department)
- Implement the study/recommendations
- Be open to listening, improving
- Make employees a part of change, improvements by tapping into employee expertise, energy
- A true open door policy (it is stated, but it is not happening)
- Better recognition of non-safety employees
- With implementation, communicate changes more effectively
- Make the Board aware of what is happening so they understand what is happening
- Reorganize executive management to include new leaders
- Honest, open assessment of the organization
- This place is broken and with current leadership it can't be fixed – we have tried to fix it over the last two years
- Identify need for organizational support to get back to a class A organization – starts with the BOD level, on down
- Get back to planning, not reacting
- Fire Chief needs to lead
- Stop putting out info from "Office of the Fire Chief"
- Create a new Strategic Plan (one that's meaningful, streamlined)
- Emphasize that we need more time – still working on plan coming together (new group dynamic)
- DCs are moving in the right direction
- Strong leadership from top
  - Use chain of command for strong communication
  - "Stay in your lane"
- Acknowledge organizational complexity
- Define clear direction, and then let DCs come to decide how to get there
- Make Management Partners report available to staff
- Blowback against dissenters needs to stop.

- Focus on organization structure function over the personality (e.g., not who likes who); put right function in right area
- Show follow-up to this report – progress
- Written procedures
    - Old SOPs got chopped down
    - Need one on reporting/prohibiting bullying
- Help the department believe in itself again

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Management Partners Report
Fire Chief Richter's Responses: Executive Summary

Management Partners recently completed a full management review of our agency and found the Orange County Fire Authority is a respected agency with a rich history and an incredible mission to protect the residents of Orange County. It's one of the reasons I'm so proud of the men and women of the OCFA. Together, my team consistently receives a 97 percent positive approval rating from the residents of Orange County. In fact, of the more than 26,000 fire departments in the U.S., the OCFA is one of only 192 fire agencies to receive international accreditation, which demonstrates that public safety - the life and health of our residents – is our highest mission.

Our consultant identified some administrative areas where we as an agency need to do better, and as the Fire Chief, I accept full responsibility for any shortcomings – and the full responsibility to make permanent and positive change. Below are some of the items identified in the Management Partners report.

Management Systems and Accountability:
The report identified breakdowns in accountability and found that some employees felt a culture of harassment or retaliation exists. Let me be clear: harassment or retaliation has no place at the OCFA and will not be tolerated. Any employee who feels harassed may report this directly to me, and we will deal with it.

Communications and Board Relations:
The report found that some OCFA employees and Board members felt that they did not receive information on agency activities or that agency efforts were communicated inconsistently. In response, we will hire a civilian director of communications to assist the leadership team and me in better communicating with our employees, Board members, and stakeholders.

Organizational Structure, Labor/Management Relations, Leadership & Board Development:
The report found we must become more efficient, including clarifying our roles and responsibility, as well as leadership development and opportunities for advancement. We will provide our leaders additional training, and we'll also immediately begin evaluating options for greater efficiency on this and other areas.

Attached to this summary are 29 recommendations by Management Partners accompanied by my plan to implement each one. Eight of these recommendations have already been implemented and are noted as such. As we implement these recommendations, we will provide continuous updates to the Board.

Orange County Fire Authority

Implementation Action Plan

May 2014

Making the Most of the Implementation Action Plan

This Implementation Action Plan is intended to guide the implementation by OCFA staff of Management Partners' 29 recommendations. The work involved in implementing the recommendations must be integrated into the other work of the organization, with appropriate assignments of responsibility for implementation and with the identification of specific planned completion dates. The Action Plan begins that process with guidance about the length of time that might be required to complete an individual recommendation (estimated total task time).

Prudent implementation of most recommendations requires "circling back" after implementation and fine-tuning the result based on experience. The step to do that is not spelled out for each recommendation in this document on the assumption that it would be part of our normal management system for any newly implemented change.

Rec#	Recommendation	Implementation Steps	Planned Completion	Person Responsible	Comments
1	Develop clear expectations for accountability as well as the consequences, if individuals do not fulfill expectations.	· Draft an outline of core expectations for employee accountability, including consequences · Develop and execute strategy for communicating expectations and consequences throughout the organization (i.e., Chief's video chat, blast emails, station visits) · Establish a process to reinforce expectations through training, corrective action and if necessary, discipline	June 30, 2014 June 30, 2014 June 30, 2014	Deputy Chief Fire Chief Deputy Chief	 Assistance from Communications Lab Includes reinforcement by managers and supervisors in the organization
2	Establish a professional standards unit for investigating complaints (and reviewing chain-of-command investigations), reports of rule violations and employee misconduct, including complaints by residents.	· Obtain information about how existing units in Los Angeles and Sacramento were established · Confer with legal counsel about meet and confer requirements, if any · Determine whether unit could be staffed with existing personnel or if new resources are required · Obtain approvals to establish unit · Recruit and/or train staff for unit · Communicate full implementation	June 30, 2014 June 30, 2014 July 31, 2014 Aug. 28, 2014 Oct. 31, 2014 Nov. 30, 2014	Human Resources (HR) Director HR Director HR Director HR Director HR Director HR Director	
3	Ensure investigations are conducted expediently and consistent with the California Firefighters Procedural Bill of Rights (FFBOR).	· Review established protocols for handling investigations and modify as needed · Establish a reporting process to monitor status of each investigation to ensure compliance	June 30, 2014 July 31, 2014	Deputy Chief Deputy Chief	Support from HR Director Support from HR Director
4	Establish a database to track investigations, recommendations, and actions taken.	· Work with Information Technology Division to establish database · Provide training on the use of the database	Completed June 30, 2014	HR Director HR Director	 Support from IT as needed

Rec#	Recommendation	Implementation Steps	Planned Completion	Person Responsible	Comments
5	Provide training to all supervisors about how to give positive and negative feedback to employees.	· Review training modules for delivering positive and negative feedback in Battalion Chief and Fire Captain academies and update as needed · Develop refresher training for supervisors to coincide with rollout of new performance evaluation system · Communicate the importance of providing regular verbal feedback to all supervisors, along with simple tips for doing so through video chats, email blasts and station visits	Sept. 2014 Nov. 30, 2014 July 31, 2015	HR Director HR Director Fire Chief	Assistance from Communications Lab
6	Develop a timeline for choosing and implementing a new performance evaluation system.	· Confirm the current schedule for procuring and implementing the system · Complete the RFP evaluation · Award contract · Customize, populate and test system · Train supervisors on the use of the system · Meet with labor associations to preview system. · Announce system implementation and how it will affect the delivery of performance-related feedback to employees	June 30, 2014 July 31, 2014 Aug. 21, 2014 Nov. 30, 2014 Dec. 31, 2014 Jan. 1, 2015	HR Director HR Director Board of Directors IT Manager HR Director HR Director Fire Chief	Assistance from IT Division Assistance from vendor Assistance from vendor Assistance from Communications Lab
7	Provide training on the importance and use of organizational performance measures so that everyone in the organization understands their function and purpose.	· Develop training on what organizational performance measurement is, how to effectively monitor and report performance data, and how to use results to aid decision making and continuous improvement · Identify participants for training · Conduct training	Jan. 31, 2015 Jan. 31, 2015 Mar. 30, 2015	Asst. Chief of Support Services (SS) Deputy Chief Asst. Chief of SS	May require outside help to develop and execute training

Rec#	Recommendation	Implementation Steps	Planned Completion	Person Responsible	Comments
8	Hold regular monthly one-on-one meetings with Executive Committee members and with other Board members at their request.	· Establish a standing meeting schedule for each Executive Committee member · Identify other Board members desiring monthly one-on-one meetings · Establish a standing meeting schedule for each Board member wanting a monthly meeting	June 19, 2014 June 19, 2014 June 30, 2014	Fire Chief Fire Chief Fire Chief	
9	Utilize video chats from the Fire Chief on a regular basis to convey important information.	· Continue the monthly video newsletter · Evaluate opportunities to expand the use of video chats and/or videoconferencing to share information in real time	Ongoing Sept. 30, 2014	Fire Chief Communications Director	Assistance from Communications Lab Implement once new director is hired
10	Develop a written list of key messages to be shared following executive staff meetings, so all Division Chiefs and Battalion Chiefs have the same talking points and deliver the same message.	· Establish format and protocols for writing and conveying key messages from executive staff meetings · Meet with Division and Battalion Chiefs to communicate expectations for consistent delivery of key messages	June 30, 2014 July 31, 2014	Deputy Chief Fire Chief	Assistance from Communications Lab, Communications Director (once hired)
11	Clarify the roles and responsibilities of the Division Chiefs.	· Meet with each Board member and City Manager to discuss the desired role of Division Chiefs in their community and confirm OCFA's abilities to meet expectations · Document and communicate critical tasks, core responsibilities, and expectations to Division Chiefs	Mar. 31, 2015 July 31, 2014	Fire Chief Asst. Chief Ops.	Assistance from Deputy Chief and Asst. Chief Ops. Potential change in Board members in Jan. 2015
12	When a Division Chief serves more than one jurisdiction, assign a Battalion Chief as an additional liaison for each jurisdiction.	· Designate a battalion chief from each division to serve as the back-up liaison · Introduce back up liaison to Board member and City Manager from each jurisdiction	Completed June 30, 2014	Asst. Chief Operations (Ops.) Fire Chief	Assistance from Division Chiefs

Rec#	Recommendation	Implementation Steps	Planned Completion	Person Responsible	Comments
13	Establish or make more explicit the procedures for rotating staff Battalion Chief positions.	· Document procedures for rotating staff Battalion Chief positions · Confer with legal counsel on meet and confer obligations as needed · Meet with Chief Officer Association to review procedures and their implementation	Sept. 30, 2014 Sept. 30, 2014 Sept. 30, 2014	Asst. Chief Ops. Asst. Chief Ops. Asst. Chief Ops.	
14	Hire a communications professional to head the corporate communications function.	· Obtain Board authorization for position · Recruit and hire position	Complete June 30, 2014	HR Director Fire Chief	Assistance from Communications Lab
15	Assign and train three Captains (one per shift) with good communication skills to assist the head of corporate communications as PIOs when needed.	· Document list of existing trained Captains · Identify whether additional personnel need training · Develop formal protocols for assigning PIO responsibility to trained Captains	June 30, 2014 July 31, 2014 Aug. 28, 2014	HR Director Asst. Chief Ops. Communications Director	Assistance from Communications Lab
16	Assign the community relations/education specialists to the Corporate Communications Division.	· Transfer community relations/education specialist positions from the Community Risk Reduction Department to the Corporate Communications Division	Complete	Deputy Chief	Completed in April 2014 with Community Risk Reduction department reorganization
17	Develop a corporate communications calendar that details the community risk reduction strategy of the department.	· Complete recruitments for Fire Marshal and Communications Director · Develop community risk reduction goals, objectives and communication strategies · Develop annual calendar of community risk reduction activities, events and public information messages to be delivered to the community · Establish a process to evaluate effectiveness of community risk reduction communication strategies at six month intervals	June 30, 2014 Nov. 21, 2014 Dec. 19, 2014 Jan. 1, 2015	HR Director Fire Marshal Communications Director Communications Director	Assistance of Communications Director/Communications Lab

Rec#	Recommendation	Implementation Steps	Planned Completion	Person Responsible	Comments
18	Fill the vacant Captain positions as soon as possible.	· Establish promotional list for Captain positions · Fill vacant positions from list	Oct. 21, 2014 Nov. 28, 2014	Asst. Chief Ops Asst. Chief Ops	Support from HR Director Support from HR Director
19	Negotiate a more cost-effective shift schedule for employees in the Emergency Command Center. Clarify language in the MOU.	· Evaluate impacts of alternative shift schedules on staffing, overtime and associated costs · Develop and present recommendations to Board (closed session) · Meet and confer with OCEA on proposed shift changes	Oct. 31, 2014 Nov. 20, 2014 Dec. 31, 2014	Asst. Chief Bus. Services Asst. Chief Support Services HR Director	Involve Asst. Chief Support Services and HR Director Assistance of HR Director Assistance of Asst. Chief Business Services, Asst. Chief Support Services
20	Establish joint labor-management committees for each labor association.	· Invite each labor associations to participate in a joint-labor committee · Establish protocols for referring issues to joint-labor committees	July 31, 2014 August 29, 2014	Deputy Chief Deputy Chief	Support from HR Director Support from HR Director
21	Evaluate the selection and promotion process to ensure all hiring practices are nondiscriminatory and fair.	· Review and evaluate existing selection and promotion policies, procedures and practices · Report results of the evaluation to the Chief, with recommendations for improvement · Communicate results of the evaluation to labor association leaders	Mar. 31, 2015 April 30, 2015 April 30, 2015	HR Director HR Director Fire Chief	
22	Establish an Advisory Promotional Process Review Committee to develop recommendations for improving the promotional selection process for safety positions.	· Invite Local 3631 and Chief Officers Association to participate on Committee · Meet to develop recommendations for improving the process · Present recommendations to the Fire Chief	Dec. 31, 2014 Feb. 28, 2015 Mar. 31, 2015	HR Director HR Director Chair of Advisory Committee	May delay until completion of labor negotiations Support from HR Director

Rec#	Recommendation	Implementation Steps	Planned Completion	Person Responsible	Comments
23	Develop a formal succession plan for executive and senior management positions.	· Create a succession plan including the following components: o Additional workforce analysis to forecast future leadership needs o Identification of core competencies and job requirements for each position o Identification of training and professional development opportunities o Mechanisms for identifying and mentoring talent o Processes for documenting institutional knowledge o Implementation strategies and resources required · Communicate the succession plan to the Board and OCFA organization once developed	Oct. 31, 2015 Nov. 30, 2015	HR Director Fire Chief	Involve the executive management team, Division Chiefs, and Board Human Resources Committee
24	Create opportunities for cross-training, job shadowing, officer training, professional development, and mentoring.	· Provide information on effective mentoring and encourage employees to find a mentor and to mentor others · Enlist the help of managers and supervisors to identify and implement cross training and/or job shadowing opportunities · Establish a process for tracking and documenting the results of cross training and job shadowing activities	May 31, 2015 Oct. 31, 2015 Nov. 30, 2015	HR Director HR Director HR Director	
25	Explore the feasibility of providing additional leadership development.	· Develop recommendations for expanding leadership training opportunities beyond the current program and identify the required resources · Present recommendations for funding as part of the FY 2015-16 budget	April 30, 2015 May 30, 2015	HR Director Fire Chief	

Rec#	Recommendation	Implementation Steps	Planned Completion	Person Responsible	Comments
26	Review information with Board members on an annual basis that stresses their roles and responsibilities, including Board norms for behavior.	· Schedule a special Board meeting to discuss roles, responsibilities, and other areas to enhance Board member effectiveness · Review and update Board handbook materials to ensure clarity of roles, responsibilities and norms for behavior	Feb. 28, 2015 and annually thereafter Jan. 31, 2015	Fire Chief Deputy Chief	Also general counsel Also general counsel
27	Provide an in-depth orientation for new Board members within 30 days of appointment.	· Establish a process to invite new Board members for an orientation as soon as they have been appointed · Review and update Board orientation materials	Nov. 28, 2014 Dec. 28, 2014	Fire Chief Asst. Chief Bus. Services	Have executive team participate in orientation Include input from executive team and general counsel
28	Authorize the Chair to make recommendations to Committee appointments, with ratification by the full Board.	· Schedule discussion of a change in policy regarding Committee appointments for a Board meeting	Aug. 28, 2014	Board Chair	
29	Establish Board norms for behavior.	· Incorporate into special Board meeting referenced in Recommendation 26. · Establish a process to periodically review Board norms for behavior	Feb. 28, 2015 Feb. 28, 2015	Fire Chief Executive Committee	

DISCUSSION CALENDAR – AGENDA ITEM NO. 10
BOARD OF DIRECTORS MEETING
May 22, 2014

TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: **Board Stipends**

Summary:
This agenda item is submitted at the request of Board Chair Weinberg to revisit the discussion regarding Board stipends.

Recommended Actions:
Option 1:
1. Receive and file the report.

Option 2:
1. Receive and file the report, and
2. Direct staff to amend the Board Rules of Procedue to increase the stipend cap to $500 per month and bring back the amended Board Rules of Procedure for Board's approval at its next regular meeting.

Background:
Board Chair Weinberg requested staff to schedule the re-consideration of Board stipends, and consider raising the current stipend cap from not to exceed $300 per month to a not to exceed cap of $500 per month.

Board Stipends
Compensation for the Board of Directors has been a topic of discussion on various occasions in the past. The Joint Powers Agreement (JPA) creating the OCFA prohibited compensation to the Directors, but did allow for reimbursement of expenses. The Amended JPA (Article 1, Section 4-T) allowed the Authority to determine the compensation of Directors.

On July 27, 1995, the Board of Directors adopted Resolution No. 95-13, which set the expense reimbursement rate of twenty dollars ($20) per meeting, not to exceed eighty dollars ($80) per month.

During a Board workshop on February 11, 2000, the Board agreed to increase the rate to one hundred dollars ($100) per meeting per day, with a maximum of $300 per month. Compensation would only apply to voting members attending Board or Committee meetings and the monthly Chair/Chief meeting. This action was approved by the Board at its regular March 23, 2000, meeting.

On January 28, 2010, the Board considered cost containment measures to address the dramatic loss in revenue, due to the recession. The Board discussed various ways that it could directly reduce its operational costs, including discussion concerning Board compensation, agenda distribution, the Annual Report, and Board meals. At that time, the Board took action to reduce costs for agenda distribution and meals, returned the production of the Annual Report in-house, and left stipends unchanged. Therefore, the Board stipend has remained at $100 per meeting per day with a maximum cap at $300 per month for 14 years. In addition, although the Chair also attends monthly Chair/Fire Chief meetings, there is no current provision for a stipend above the $300 cap for these additional meetings.

At a special meeting of the Board of Directors on December 11, 2013, the Board had a brief dialogue concerning past standing committees, potential need for additional standing committees, current Board stipends, and Board Member attendance at scheduled meetings.

At its February 27, 2014, meeting the Board elected to postpone its discussion of these matters, due to the lateness of the evening, and continued the item to its March 27, 2014, meeting. While the Board had participated in discussion regarding a potential increase in the amount and frequency of stipends, there was no action to modify the current stipend practice.

Impact to Cities/County:
Not Applicable.

Fiscal Impact:
Dependent upon the direction of the Board. There is potential fiscal impact should the Board implement a stipend increase.

Staff Contacts for Further Information:
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(714) 573-6041

Attachment:
Stipend Survey

Attachment

2014 Organizations Stipend Survey

Agency	Meeting Schedule	Stipend	Mileage Reimbursement	Number of Board Officials	Notes
California Joint Powers Insurance Authority 8081 Moody, La Palma 90623 (800) 229-2343	3rd Wednesday of July	$100.00	For any miles over 100.	122	Hotel reimbursed up to $200.
Orange County Council of Governments 550 S. Main Street, Orange 92868 (714) 560-5613	4th Thursday of month	None	No	20, additional 8 ex officio non voting	
Orange County Library Advisory Board 1501 St. Andrew Place, Santa Ana 92702 (714) 566-3040	As needed	None	No	26	
Orange County Sanitation District 10844 Ellis Avenue, Fountain Valley 92708 (714) 962-2411	4th Wednesday of month	$212.50 per meeting	Yes	25	Maximum 6 meetings per month. Chair gets stipend for up to 10 meetings per month.
Orange County Transportation Authority 550 S. Main Street. Orange 92863 (714) 560-6282	2nd & 4th Mondays of month	$100.00 per meeting	Yes	18 – 17 voting, 1 ex officio	$500.00 Max per month. Ex Officio does not get stipend
Orange County Vector Control 13001 Garden Grove Boulevard Garden Grove 92843 (714) 971-2421	3rd Thursday of month	$100.00 per meeting	No	35	Maximum of 12 meetings per year. Max of $1,200.00 per year.
Orange County Water District 18700 Ward Street Fountain Valley, CA 92708 (714) 378-3200	1st & 3rd Wednesdays	$221.12 per day	No	10	Up to 10 meetings a month with multiple meetings on same day.
Southern CA Association of Governments 818 West 7th, 12th Floor Los Angeles 90017 (213) 236-1858	1st Thursday of month	$120.00 per month	Yes	84	May have 5 regular meetings per month; $120 max per month.
Transportation Corridor System 125 Pacifica #120, Irvine 92619 (949) 754-3492	2nd Thursday of month	$120.00 per meeting	Yes	24	Max of 18 meetings per quarter.
Orange County Fire Authority	4th Thursday of month	$100 per day	No	25	$300.00 Max per month

REPORTS – AGENDA ITEM NO. 11
BOARD OF DIRECTORS MEETING
May 22, 2014

CHIEF'S REPORT

1. Customer Satisfaction Survey Results by City - April 2014
2. Chief's Monthly Report dated May 14, 2014

CUSTOMER SATISFACTION SURVEY

Attachment 1

Data by City for April 1 - 30, 2014

CITY/AREA	FORMS SENT	FORMS RETURNED *	PERCENT RETURNED *	AVERAGE RATING
Aliso Viejo	90	26	28.89%	98.02%
Buena Park	241	55	22.82%	97.20%
Coto de Caza	16	3	18.75%	100.00%
Cypress	96	37	38.54%	98.63%
Dana Point	124	22	17.74%	96.43%
El Modena	5	0		
Emerald Bay	0	0		
Irvine	490	97	19.80%	96.86%
La Palma	48	8	16.67%	95.92%
Ladera Ranch	34	5	14.71%	97.14%
Laguna Hills	123	20	16.26%	97.98%
Laguna Niguel	156	44	28.21%	98.68%
Laguna Woods	216	80	37.04%	96.90%
Lake Forest	171	42	24.56%	97.22%
Los Alamitos	54	12	22.22%	100.00%
Las Flores	6	1	16.67%	100.00%
Midway City	26	4	15.38%	89.88%
Mission Viejo	296	115	38.85%	97.74%
Modjeska Canyon	0	0		
Orange Park Acres	3	1	33.33%	100.00%
Placentia	114	34	29.82%	96.72%
Portola Hills	0	0		
Rancho Santa Margarita	117	33	28.21%	96.94%
Rossmoor	23	11	47.83%	96.10%
San Clemente	156	51	32.69%	96.77%
San Juan Capistrano	132	31	23.48%	98.45%
Santa Ana	700	112	16.00%	95.77%
Santa Ana Heights	16	0		
Santiago Canyon	3	1	33.33%	100.00%
Seal Beach	154	63	40.91%	96.38%
Silverado Canyon	2	0		
Stanton	133	18	13.53%	95.44%
Trabuco Canyon	9	1	11.11%	100.00%
Tustin	282	47	16.67%	97.18%
Villa Park	14	10	71.43%	98.57%
Westminster	279	61	21.86%	94.60%
Yorba Linda	126	57	45.24%	98.31%
Non-OCFA cities	99	20	20.20%	95.73%
TOTALS/AVERAGE	4,554	1,122	24.64%	97.36%

** Forms Returned and Percent Returned include forms sent in prior months, received this month.*

Orange County Fire Authority
Executive Management

M E M O

DATE: May 14, 2014

TO: OCFA Board of Directors

FROM: Keith Richter, Fire Chief

SUBJECT: **Chief's Monthly Report**

Communications

- Application period for Director of Communications closes May 16. We anticipate filling this new position in July 2014.
- Battalion Chief Mike Petro will assume Corporate Communications assignment on May 16, 2014.
- Developing new protocols through Communications Lab for consistent communication practices by the Corporate Communications Section.
- New station alerting system installation complete in all 71 fire stations.

Awareness

- Digital timer installation for apparatus bays complete in 62 fire stations. Timers start when the station incident alert system is activated. Get out time goal is 90 seconds.
- Electronic calendar and station log application continues to be field tested. Additional development should be completed in May after a short delay due to loss of key programmer.

Structure

- The community education staff is being moved to the Corporate Communication Section to better align the function with their core mission.
- A daily routine Standard Operating Procedure (SOP) for field battalions is in final review. This SOP outlines critical tasks and timelines to be performed daily by each rank. Expected implementation June 1, 2014.
- The Fire Marshal recruitment is progressing and final interviews are planned for this month with an anticipated start date of July 2014.
- The final Management Partners' report will be presented in open session during the May Board meeting, along with recommendations and timelines for follow up.

Accountability

- The OCFA received a unanimous approval for the Statement of Findings on the Annual Compliance Report from the Center for Public Safety Excellence (CPSE). This document indicates that we have met the CPSE requirements and allows our national accreditation to continue for the next year.
- Electronic dashboard for managers is in use and new modules for the tool are being developed over the next six months
- The weekly Comparative Statistics (CompStat) report presented to Executive Management continues. Reports focus on the three core themes of "risk reduction," "readiness," and "response" for the section being presented.
- The responsive bids for a new performance appraisal system have been received. An evaluation panel is planned with labor groups invited to participate.
- A software system to deliver and track on-line training for our personnel has been approved for purchase through the California Firefighters Joint Apprenticeship Committee (JAC) apprenticeship fund. We anticipate additional revenue from better reporting of reimbursable training hours will exceed the cost of the purchase and will sustain ongoing costs each year.

Change Management

- The Standard of Coverage and Deployment report is still under review. Technological changes such as the new CAD system, station alerting system, and criteria-based dispatching are in process. Response time changes resulting from these incremental changes will be monitored and results reported back to the Board.
- A status update on our Strategic Plan objectives is being compiled for Executive Team review.
- Initial meetings to begin contract negotiations with Local 3631 have begun. The current contract term expires June 30, 2014.