

MINUTES

ORANGE COUNTY FIRE AUTHORITY

Budget and Finance Committee Meeting
Wednesday, May 12, 2010
12:00 Noon

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

CALL TO ORDER

A regular meeting of the Orange County Fire Authority Budget and Finance Committee was called to order on May 12, 2010, at 12:00 noon by Chair Trish Kelley.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Present: Neil Blais, Rancho Santa Margarita
Doug Davert, Tustin
Trish Kelley, Mission Viejo
Nancy Rikel, Yorba Linda
Tri Ta, Westminster
Steven Weinberg, Dana Point

Absent: Gary Capata, Laguna Niguel

Also present were:

Fire Chief Keith Richter
City Manager Troy Butzlaff (Placentia)
Assistant Chief Laura Blaul
Assistant Chief Dave Pierce
Clerk of the Authority Sherry Wentz

City Manager Tim Casey (Laguna Niguel)
Deputy Chief Ron Blaul
Assistant Chief Jorge Camargo
Assistant Chief Lori Zeller

PUBLIC COMMENTS

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

MINUTES (1)

1. Approval of Minutes for the April 14, 2010, Budget and Finance Committee Meeting

On motion of Director Ta and second by Director Weinberg, the Committee voted unanimously to approve the Minutes for the April 14, 2010, Budget and Finance Committee Meeting, as submitted.

CONSENT CALENDAR (2)

2. January - March 2010, Quarterly Change Order Report

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

DISCUSSION CALENDAR (3 - 8)

Director Davert arrived at this point (12:04 p.m.)

3. Communication with Auditors for FY 2009/10 Financial Audit

Assistant Chief Lori Zeller introduced Finance Manager Jim Ruane and Auditor Ken Al-Imam, C.P.A. of Mayer, Hoffman, McCann P.C., who provided a brief review of the audit process and outcome.

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

4. Rosenow Spevacek Group, Inc. (RSG) Final Property Tax Revenue Projections

Assistant Chief Lori Zeller introduced Management Analyst Dennis Sorensen who provided an overview of the RSG final property tax revenue projections.

Felise Acosta, Principal of RSG, reviewed the property tax projection methodology.

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

5. FY 2009/10 Budget Adjustments

Assistant Chief Lori Zeller provided an overview on the FY 2009/10 Budget Adjustments.

On motion of Director Davert and second by Director Rikel, the Committee voted unanimously to direct staff to place the item on the agenda for the Board of Directors meeting of May 27, 2010, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Authorize the budget adjustments identified on Attachment 1.
2. Approve the schedule of Reservations and Designations of Fund Balance as shown on Attachment 3.

6. Review of the 2010/11 Draft Proposed Budget

Assistant Chief Lori Zeller introduced Treasurer Tricia Jakubiak who provided a PowerPoint presentation on the 2010/11 Draft Proposed Budget.

The Committee received public comments from Aaron Peardon, Labor Relations Representative, Orange County Employees Association (OCEA) regarding the \$438,446 budgeted funds to offset the cost of the enhanced retirement program for non-safety personnel. He indicated concerns it was a meet and confer item.

Human Resources Director Zenovy Jakymiw indicated staff had already met with OCEA on the enhanced retirement funds and would meet with them again to discuss the matter.

A lengthy discussion on the 2010/11 Draft Proposed Budget ensued.

Fire Chief Richter suggested a full Board of Directors Budget Workshop could address the 5% deficit in the general fund and educate new Board members on the OCFA Budget process.

On motion of Director Davert and second by Director Rikel, the Committee voted unanimously to direct staff to place the item on the agenda for the Board of Directors meeting of May 27, 2010, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Authorize the temporary transfer from the following funds totaling \$57 million to Fund 121 (General Fund) to cover a projected cash flow timing deficit for 2010/11:
 - a. \$2 million from Fund 122 (Facilities Maintenance and Improvement Fund)
 - b. \$10 million from Fund 123 (Capital Projects)
 - c. \$15 million from Fund 124 (Communications/Information Systems Replacement Fund)
 - d. \$30 million from Fund 133 (Vehicle Replacement Fund)
2. Authorize the repayment of \$57 million borrowed funds from Fund 121 to Funds 122, 123, 124, and 133 along with interest, when General Fund revenues become available.

7. Monthly Investment Report

Treasurer Patricia Jakubiak included an overview of the investment reports and current market activity with the presentation of the budget.

On motion of Director Blais and second by Director Davert, the Committee voted unanimously to direct staff to place the item on the agenda for the Executive Committee meeting of May 27, 2010, with the Budget and Finance Committee's recommendation that the Executive Committee receive and file the report.

8. Workers' Compensation Reserve Projections and OCFA Budget

Assistant Chief Lori Zeller introduced Risk Management Analyst Chris King who provided a PowerPoint presentation on the Workers' Compensation Reserve Projections and OCFA Budget.

On motion of Director Davert and second by Director Weinberg, the Committee voted unanimously to direct staff to place the item on the agenda for the Board of Directors meeting of May 27, 2010, with the Budget and Finance Committee's recommendation that the Board of Directors take the following actions:

1. Reduce workers' compensation reserves to 50% confidence level for outstanding losses over FY 2010/11 and FY 2011/12 by holding the annual go-forward budget at the substantially reduced 2008 level for these two fiscal years.
2. Begin stair-stepping annual budget increases beginning FY 2012/13 to fund workers' compensation projected losses "going forward" at the 60% confidence level.
3. Direct staff to perform a mid-year actuary study to provide an additional level of ongoing reserve review to assure Workers' Compensation Program needs are consistent with proposed funding.

REPORTS

No items.

COMMITTEE MEMBER COMMENTS

No items.

ADJOURNMENT

Chair Kelley adjourned the meeting at 1:57 p.m. The next regular meeting of the Budget and Finance Committee is scheduled for Wednesday, June 9, 2010, at 12:00 noon.

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