ORANGE COUNTY FIRE AUTHORITY

AGENDA

BOARD OF DIRECTORS REGULAR MEETING

Thursday, June 26, 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 Warren Johnson

PLEDGE OF ALLEGIANCE by Director Kelley

ROLL CALL
PRESENTATIONS

1. Canine Badge Ceremony

   Recommended Action:
   Approve presentations to those present.

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 and Orange County Employees Association
   Authority: Government Code Section 54957.6

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR

MINUTES

2. Minutes from May 22, 2014, Regular Board of Directors Meeting
   Submitted by: Sherry Wentz, Clerk of the Authority

   Recommended Action:
   Approve as submitted.
CONSENT CALENDAR

3. **Amendments to the Board Rules of Procedure**
   Submitted by: Lori Zeller, Assistant Chief/Business Services Department

   **Recommended Action:**
   Adopt the proposed Resolution to amend the Board Rules of Procedure to change the regular meeting times of the Executive and Claims Settlement Committees, and amend the number of members for the Human Resources Committee.

4. **Secured Fire Protection Agreement with Kelvin and Jamboree Properties, LLC, a Delaware Limited Liability Company, for Entitlements in the 2801 Kelvin Apartments Development, Tract 17616, in the City of Irvine**
   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 Kelvin and Jamboree Properties, LLC, a Delaware Limited Liability Company, for Entitlements in the 2801 Kelvin Apartments Development, Tract 17616, in the City of Irvine.
   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 Kelvin and Jamboree Properties, LLC, a copy of the conformed document within fifteen (15) days of recordation.

5. **Approval of Assignment to Orange County Fire Authority of Cooperative Fire Protection Agreement #7CA02358 between the State of California Department of Forestry and Fire Protection and County of Orange**
   Submitted by: Dave Thomas, Assistant Chief/Operations Department

   **Recommended Action:**
   Approve and authorize the Board Chair to sign the Assignment of three-year Cooperative Fire Protection Agreement #7CA02358 between the State of California Department of Forestry and Fire Protection and the County of Orange to OCFA.

6. **Approval of the Resolution Authorizing Fire Chief to Execute an Agreement to Transfer Property or Funds for 2011 Homeland Security Grant Program Purposes between the County of Orange Sheriff-Coroner Department and the Orange County Fire Authority**
   Submitted by: Dave Thomas, Assistant Chief/Operations Department

   **Recommended Actions:**
   1. Adopt the proposed Resolution authorizing the Fire Chief, or his designee, to execute the Agreement to Transfer Property or Funds for 2011 Homeland Security Grant Program Purposes.
   2. Increase revenue and appropriations in the FY 2014/15 General Fund by $12,000 for the purchase of gas monitors.
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. Approval of the Updated OCFA Advanced Life Support (ALS) Paramedic and Basic Life Support (BLS) Medical Supplies Reimbursement Rates
   Submitted by: Lori Zeller, Assistant Chief/Business Services Department

   Recommended Actions:
   1. Conduct a Public Hearing.
   2. Upon approval of the proposed increase to the maximum BLS emergency 9-1-1 transportation billing rate by the Orange County Board of Supervisors, authorize staff to increase OCFA’s Advanced Life Support (ALS) and Basic Life Support (BLS) Medical Supply reimbursement rates by the same percentage increase effective on or after July 1, 2014.

DISCUSSION CALENDAR

8. Updated Cost Reimbursement Rates
   Submitted by: Lori Zeller, Assistant Chief, Business Services Department

   Recommended Action:
   Approve and adopt the proposed Cost Reimbursement Rate schedules effective July 1, 2014.

9. Request from City of Santa Ana for Release of Escrow
   Submitted by: Lori Zeller, Assistant Chief, Business Services Department

   Recommended Actions:
   1. Find that the City of Santa Ana’s financial condition has improved such that the need for Security has changed and that the Security should be eliminated.
   2. Authorize the release of $2.9 million held in escrow as Security for the City of Santa Ana’s financial obligations under the Fire Services and Emergency Medical Services Agreement.

10. Executive Recruiting Firm - Fire Chief Recruitment
    Submitted by: Jeremy Hammond, Director of Human Resources

    Recommended Actions:
    1. Direct staff to pursue an open recruitment using the services of an external Executive Recruiting Firm for completion of the OCFA Fire Chief recruitment.
    2. Direct staff to complete a Request for Proposals (RFP) process to facilitate selection of an Executive Recruiting Firm.
3. Direct the Fire Chief Recruitment Ad Hoc Committee to conduct interviews with the top firms, following evaluation of proposals by staff, and to make a recommendation to the Executive Committee and Board of Directors for final contract award.

11. **Director of Communications Recruitment Process**  
Submitted by: Jeremy Hammond, Director of Human Resources

**Recommended Action:**  
Delegate responsibility to the Executive Committee to conduct closed session interviews with the top Director of Communications candidates and recommend final candidates to the Board of Directors, as proposed.

**REPORTS**

12. **Chief’s Report**

**BOARD MEMBER COMMENTS**

**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)

**CLOSED SESSION REPORT**

**ADJOURNMENT** - The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for July 24, 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 19th day of June 2014.

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

UPCOMING MEETINGS:

Budget and Finance Committee Meeting       Wednesday, July 9, 2014, 12 noon
Claims Settlement Committee Meeting         Thursday, July 24, 2014, 4:00 p.m.
Executive Committee Meeting                 Thursday, July 24, 2014, 4:30 p.m.
Board of Directors Meeting                  Thursday, July 24, 2014, 6:30 p.m.
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.

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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.

The following item is added to the above stated agenda in the location noted below. This item is posted in conformance with the Brown Act and is to be considered as part of the regular agenda.

DISCUSSION

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

Recommended Action:
Receive and file proposed legislation.
AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Supplemental 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 23rd day of June 2014.

_______________________________________
Sherry A.F. Wentz, CMC
Clerk of the Authority
There are no supportive materials for Presentation Item No. 1
MINUTES
ORANGE COUNTY FIRE AUTHORITY

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 92602-0125

CALL TO ORDER
A regular meeting of the Orange County Fire Authority Board of Directors was called to order
on May 22, 2014, at 6:30 p.m. by Chair Steven Weinberg.

INVOCATION
Chaplain Jeff Hetschel offered the invocation.

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

ROLL CALL

Present:  Joseph Aguirre, Alternate, Placentia  Sam Allevato, San Juan Capistrano
         Angelica Amezcua, Alternate, Santa Ana  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
         Warren Kusumoto, Los Alamitos  Jeffrey Lalloway, Irvine
         Dave Leckness, Alternate, Mission Viejo  Kathryn McCullough, Lake Forest
         Al Murray, Tustin  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:  Trish Kelley, Mission Viejo  Jerry McCloskey, Laguna Niguel
         Roman Reyna, Santa Ana  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 Lydia Slivkoff
PRESENTATIONS
Agenda Item No. 2 was presented before Agenda Item No. 1, as recipients were not yet present.

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

   Letter of Recognition to Boy Scout Troop 1134 for Service in Assembling 450 Individual Fire Aid Kits (F: 11.09)

   On motion of Director Amezcua 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 presented certificates to Boy Scouts of America Troop 1134, Scout Master Colt Rhodes, and Senior Patrol Leader Garrett Schoonover for their assistance to OCFA by assembling 450 Individual First Aid Kits with the assistance of OCFA’s Emergency Management Services Section.

   Dave Leckness arrived at this point (6:39)

2. Trauma Intervention Program Presentation (F: 23.05)

   Wayne Fortin, Trauma Intervention Program (TIP) CEO, provided an overview of the TIP organization, its mission, and OCFA’s use of TIP on various incidents. He also thanked the OCFA for allowing TIP to use the RFOTC facility for its regular Board meetings and trainings.

PUBLIC COMMENTS (F: 11.11)

   Chair Weinberg opened the Public Comments portion of the meeting.

   Stephen Wontrobski, Mission Viejo resident, provided public comments on his recommendation to adopt Civic Openness in Negotiations (COIN) to increase OCFA transparency in its labor negotiations process. He provided a letter, which is on file in the Office of the Clerk.

   Chair Weinberg closed the Public Comments portion of the meeting.

CLOSED SESSION (F: 11.15)

   General Counsel David Kendig reported the Board would be convening to Closed Session to consider the matter on the Agenda identified as CS1, Conference with Labor Negotiator, CS2, Conference with Legal Counsel-Existing Litigation and CS3, Conference with Legal Counsel-Existing Litigation, and CS4, Conference with Legal Counsel-Anticipated Litigation.

   Chair Weinberg recessed the meeting to Closed Session at 6:55 p.m.

   Director Ta arrived at this point (6:56 p.m.)
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

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)

Chair Weinberg reconvened the meeting at 8:43 p.m.

CLOSED SESSION REPORT  (F: 11.15)
General Counsel David Kendig indicated the Board had taken no reportable action on CS1, CS2, and CS4, and the Board authorized General Counsel to file an appeal on CS3, Case Name: Orange County Fire Authority V. California Department of Industrial Relations, e.t. al., Case Number: OC Superior Court Case No. 30-2013-00628178.

REPORT FROM THE BUDGET AND FINANCE COMMITTEE CHAIR  (F: 11.12)
Budget and Finance Committee (BFC) Chair Beth Swift indicated she would provide a summary of actions regarding those items scheduled for the Board’s Consent Calendar. She noted she would report the BFC’s action for those items listed on the Discussion Calendar prior to their consideration. She noted in changing her report format, she hoped to provide the Board more information about the depth of the Committee’s review with the goal of enabling the Board to further rely on the Committee’s work. BFC Chair Swift encouraged Directors to ask the Committee members questions, and allow them to demonstrate their detailed vetting process.
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)  
(F: 11.09)

On motion of Director McCullough and second by Director Shawver, the Board voted to approve the Minutes from the April 24, 2014, Board of Directors Regular meeting and April 24, 2014, Special Board of Directors meeting, and the May 8, 2014, Special Board of Directors Meeting. The motion carried with Director Hatch abstaining from the April 24, 2014, Board of Directors Regular/Special meeting.

CONSENT CALENDAR

4. FY 2013/14 Third Quarter Progress Report on Planning and Development Services Activity  
(F: 11.09)

On motion of Director Bressette and second by Vice Chair Murray, the Board voted unanimously to 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  
(F: 11.09)

On motion of Director Bressette and second by Vice Chair Murray, the Board voted to:

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.

The motion carried with Director Bates abstaining.

6. Human Resources Committee  
(F: 11.09)

Fire Chief Richter provided a report on the Human Resources Committee.

Stephen Wontrobski, Mission Viejo resident, provided public comments on his opposition to the fraud hotline procedure.

On motion of Director Bressette and second by Director Spitzer, the Board voted unanimously to:

1. Approve the revised HR Committee Protocols, with the composition of the Committee to “not exceed seven members of the Board.”
2. Direct staff to modify the Board Rules of Procedure to reflect the change in the HR Committee composition as indicated above, and to submit the modified Rules of Procedure to the Board for approval in June.
PUBLIC HEARING

7. Adoption of the 2014/15 Proposed Budget (F:15.04)

Budget and Finance Committee (BFC) Chair Swift reported at the May 14, 2014, meeting the Committee received a detailed presentation outlining the 2014/15 Proposed Budget and provided an overview of the Committee’s review process. She noted the Committee unanimously supported the recommended actions.

Assistant Chief Zeller introduced Accounting Manager Deborah Gunderson who provided a PowerPoint presentation on the FY 2014/15 Proposed Budget.

A lengthy discussion ensued.

Chair Weinberg opened the Public Hearing.

Stephen Wontrobski, Mission Viejo resident, provided public comments in opposition to the adoption of the proposed budget, and his concerns with staff fringe benefits, vehicle replacement, and fire station construction. He provided supportive materials regarding his concerns, which are on file in the Office of the Clerk.

Chair Weinberg closed the Public Hearing.

On motion of Director Bressette and second by Director Hernandez, the Board voted to:
1. Adopt the submitted 2014/15 Proposed Budget.
2. Adopt Resolution No. 2014-04 adopting and approving the appropriations budget.
3. Approve and authorize a FY 2013/14 budget adjustment to increase General Fund revenues by $1,329,186 and appropriations by $551,777.

RESOLUTION NO. 2014-04
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 motion carried with Director Amezcua voting in opposition and Director Barnett abstaining.

DISCUSSION CALENDAR

8. Approval of 2014 Tax and Revenue Anticipation Notes (TRANs) (F: 11.09)

BFC Chair Swift reported at the May 14, 2014, meeting of the BFC, the Committee received a detailed presentation from staff regarding the proposed Tax & Revenue anticipation notes. She indicated staff answered BFC questions and confirmed the cost of the TRANs had no impact to cash contract city charges. She reported the Committee unanimously supported the recommended actions.
Assistant Chief Zeller introduced Treasurer Tricia Jakubiak who provided a PowerPoint presentation on the 2014 Tax and Revenue Anticipation Notes.

On motion of Director Spitzer and second by Director Bressette, the Board voted to:

   RESOLUTION NO. 2014-05
   A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY
   BOARD OF DIRECTORS AUTHORIZING THE ISSUANCE AND SALE OF
   NOT TO EXCEED $50,000,000 OCFA 2014-2015 TRANS; 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

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.

The motion carried with Director Barnett abstaining.

9. Management Partners’ Organizational Structure and Management System Review
(F: 11.09)

Fire Chief Richter introduced Cathy Standiford from Management Partners who provided a PowerPoint presentation on the Organizational Structure and Management System Review.

A lengthy discussion ensued.

Dave Phillips, President, Orange County Chief Officers Association, provided public comments stating that it would be premature to consider the recommended actions, as Executive Management and Management Partners had not yet met with all labor groups.

David Rose, President of the Orange County Professional Firefighters Association, Local 3631, provided public comments indicating the recommendations should not move forward until they are reviewed with the labor groups.

Senior Labor Representative Aaron Peardon, Orange County Employees Association, provided public comments indicating the Fire Chief and Management Partners had met with his labor group to discuss the report.
Fire Chief Richter indicated meetings with labor groups have been scheduled.

On motion of Director Lalloway and second by Director Kusumoto, the Board voted to:
1. Receive and file the submitted Management Partners final report.
2. Direct staff to meet with labor groups.
3. Direct staff to provide an update at the June 26, 2014, Board of Directors meeting.

The motion carried with Directors Aguirre, Barnett, Goedhart, Hernandez, Johnson, Shanks, and Shawver voting in opposition.

10. **Board Stipends** (F: 11.09)

Chair Weinberg indicated this item was placed on the agenda at his direction and requested Board members reconsider increasing the Board stipend.

Discussion ensued.

On motion of Director Spitzer and second by Director Gamble, the Board voted unanimously to not take any action.

**REPORTS**

11. **Chief’s Report** (F: 11.14)

**BOARD MEMBER COMMENTS** (F: 11.13)

Director Bressette thanked Director McCullough for providing the Buddy Poppies to remind everyone to remember veterans. He indicated he carries a coin in remembrance of Lance Corporal Alex Cappawood who gave his life to ensure our freedom.

Director Baker commended OCFA and the Marine Corp for keeping the Camp Pendleton fire out of the City of San Clemente.

Director McCullough asked everyone to remember the sacrifices of every man and woman, and their families, who fought for our freedom, and reminded everyone to pick up a Buddy Poppy.

Director Johnson thanked Fire Station 17 for providing the “Every 15 Minutes” presentation at Cypress High School.

Director Hernandez thanked Fire Chief Richter and Battalion Chief Adams for allowing him to participate in the USAR Joint Exercise with Los Angeles.

Director Shawver thanked Division Chief McKeown and Fire Station 46 for participating in Student Governance Day in the City of Stanton, and for attending the annual car show.
Vice Chair Murray thanked the Fire Chief and staff who participated in a press conference in Lower Peters Canyon to address the importance of brush clearance in wildfire areas.

Director Swift thanked Battalion Chief Anderson, responding firefighters, and Trauma Intervention Program volunteers for their response to the Farrell’s Ice Cream Parlor incident in Buena Park.

ADJOURNMENT - Chair Weinberg adjourned the meetings at 11:20 p.m. in memory of those who lost their lives serving our country and their families, along with active and inactive veterans. The next regular meeting of the Orange County Fire Authority Board of Directors is scheduled for June 26, 2014, at 6:30 p.m.

Sherry A.F. Wentz, CMC
Clerk of the Authority
TO: Board of Directors, Orange County Fire Authority  
FROM: Lori Zeller, Assistant Chief  
        Business Services Department  
SUBJECT: Amendments to the Board Rules of Procedure  

Summary:  
This agenda item is submitted to amend the Board Rules of Procedure to change the regular the  
meeting times of the Executive and Claims Settlement Committees, and amend the number of  
members for the Human Resources Committee.  

Recommended Action:  
Adopt the proposed Resolution to amend the Board Rules of Procedure to change the regular  
meeting times of the Executive and Claims Settlement Committees, and amend the number of  
members for the Human Resources Committee.  

Background:  
At the May 22, 2014 meeting, the Executive Committee authorized staff to bring back a  
Resolution for the Board’s consideration to amend the Board Rules of Procedure to change the  
regular meeting times of the Claims Settlement and Executive Committees by moving the time  
up by one hour to better accommodate the business of the Executive Committee. The regular  
meeting time for the Claims Settlement Committee will be changed from 5:00 p.m. to 4:00 p.m.,  
and the Executive Committee regular meeting time will be changed from 5:30 p.m. to 4:30 p.m.  
The Board also had a brief dialogue concerning the recruitment challenges for members to serve  
on the newly formed Human Resources Committee. The Executive Committee recommended  
revising the Human Resources Committee membership as follows: “(1) The Human Resources  
Committee consists of shall not exceed seven members of the Board of Directors.”  

Impact to Cities/County:  
Not Applicable.  

Fiscal Impact:  
Not Applicable.  

Staff Contacts for Further Information:  
Lori Zeller, Assistant Chief/Business Services Department  
lorizeller@ocfa.org  
(714) 573-6020
Consent Calendar - Agenda Item No. 3
Board of Directors Meeting
June 26, 2014 Page 2

Sherry Wentz, Clerk of the Authority
sherrywentz@ocfa.org
(714) 573-6041

Attachment:
Proposed Resolution
RESOLUTION NO. 2014-XX

A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY
AMENDING THE BOARD OF DIRECTORS RULES OF PROCEDURE

WHEREAS, the Orange County Fire Authority Board of Directors adopted Resolution No. 99-04, on January 28, 1999, establishing the Board of Directors Rules of Procedure, and

WHEREAS, the Board of Directors has periodically amended said Rules, the most recent amendment occurring on March 28, 2013; and

WHEREAS, the Board is considering amendments to these Rules.

NOW, THEREFORE, BE IT RESOLVED as follows:

The Board of Directors Rules of Procedures is amended as indicated by the redline version attached hereto as Exhibit A.

PASSED, APPROVED and ADOPTED this 26th day of June 2014.

_______________________________________
STEVEN WEINBERG, CHAIR
OCFA Board of Directors

ATTEST:

___________________________________
SHERRY A.F. WENTZ, CMC
Clerk of the Authority
RULE 1. TIME AND PLACE OF MEETINGS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

(a) Except as otherwise provided in this Rule or by Resolution of the Board, a regular meeting of the Board of Directors shall be held on the fourth Thursday of each odd-numbered month, commencing at the hour of 6:30 p.m. in the Board Meeting Room, Regional Fire Operation and Training Center (RFOTC), One Fire Authority Road, Irvine. The meeting for the month of November shall be scheduled for the third Thursday, commencing at the hour of 6:30 p.m. in the Board Meeting Room, RFOTC, One Fire Authority Road, Irvine. Special meetings may occur on other dates, times, and/or locations as noticed.

(b) Except as otherwise provided in this Rule, a regular meeting of the Executive Committee shall be held on the fourth Thursday of each month, with the exception of December, commencing at the hour of 5:30 p.m. in the Board Meeting Room.
Meeting Room, RFOTC, One Fire Authority Road, Irvine. Special meetings may occur on other dates, times, and/or locations as noticed.

(c) The Clerk of the Authority shall maintain the official meeting calendar, and shall post same in the display case located in the lobby of the Board Meeting Room and posting case outside main entry gate, RFOTC, One Fire Authority Road, Irvine.

(d) Any meeting of the Board may be adjourned to any other date and time when necessary for the transaction of business. Any adjourned meeting of the Board is part of a regular meeting.

(e) Special meetings of the Board may be called pursuant to and in accordance with Section 54956 of the Government Code. The Clerk shall prepare the notice and call of any special meeting. The notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such special meeting. A copy of the notice of the special meeting shall also be posted at the places designated in subsection (c) of Rule 1.

(f) In the event the Board or Executive Committee, or their respective Chairs, determine it advisable to hold a regular meeting at a location other than the Board Meeting Room, RFOTC, One Fire Authority Road, Irvine, a notice specifying the location of such meeting shall be posted in the display case in the lobby of the Board Meeting Room and posting case outside main entry gate, RFOTC, One Fire Authority Road, Irvine. Additional notices shall be posted and maintained as set forth in (c) above.

RULE 2. AGENDAS/MINUTES FOR MEETINGS OF THE BOARD OF DIRECTORS

(a) Items for the agenda for any regular meeting of the Board may be included on the agenda only with the approval of the Fire Chief or the Chair of the Board.

(b) During the Board Member Comments portion of a Board meeting, any member may request that an item be placed on a future agenda of the Board of Directors. Staff will prepare reports as appropriate and place the item on the agenda for the next meeting of the Board of Directors. At any other time, any Board Member may contact the Chair to request that an item be placed on the agenda of the next meeting of the Board of Directors. This item will be placed on the Board Discussion Calendar portion of the agenda for concurrence by the Board. No staff reports or materials will be prepared until the full Board directs that the item be placed on an agenda.

(c) As required by the Ralph M. Brown Act, items not on the posted agenda for a meeting shall not be considered by the Board except as follows:

(1) Upon determination by a majority vote of the Board that an emergency situation exists. The determination shall be made prior to Board consideration of the emergency item. An emergency situation is limited to:

(a) Work stoppage or other activity which severely impairs public health, safety or both.
(b) Crippling disaster which severely impairs public health, safety or both.

(2) Upon determination by a two-thirds vote of the Board Members present, or a unanimous vote if less than two-thirds of the Members are present, that there is a need to take immediate action and that the need came to the attention of the Authority subsequent to the agenda being posted. The determination shall be made prior to Board consideration of the item.

(3) The item was posted for a prior meeting occurring not more than five calendar days prior to the date action is taken on the item and at which prior meeting, the item was continued to the meeting at which action is being taken.

(d) The OCFA Board has adopted the use of Robert’s Rules of Order as its official guideline in the creation of minutes. All Board/Committee meeting will be documented using action-type minutes. Minutes will document the record of what actions were taken by the governing body, not what was said. The minutes will not contain personal comments or someone’s opinion about what happened.

(1) The minutes shall document the items identified in Rule 3 in the Board’s Order of Business.

(2) Public comments will identify the name of the speaker, their city of residences/or organization they represent (if provided by the speaker), and identify the subject to which their comments are being submitted. If commenting on a specific agenda item, the minutes will record the speaker’s name, their city of residences/or organization they represent (if provided), and identify if they are speaking in support or opposition of that item.

**RULE 3. ORDER OF BUSINESS FOR MEETINGS OF THE BOARD OF DIRECTORS**

(a) The order of business for regular meetings of the Board shall be:

- Invocation
- Pledge of Allegiance
- Roll Call
- Presentations
- Committee Reports
- Public Comments
- Minutes
- Consent Calendar

(1) Agenda review at call of the Chair to identify those items on the Consent Calendar which a member of the Board or public requests the opportunity to discuss.

(2) Approval at the call of the Chair of those items for which there is no request for discussion.

(3) Discussion of items that the public has requested an opportunity to discuss shall be taken in sequential order.

- Public Hearing(s)
- Discussion Calendar
- Chief’s Report
Closed Session
Closed Session Report
Adjournment

The Chair may alter or deviate from this order of business.

(b) 9:30 p.m. Rule: At the hour of 9:30 p.m. the meeting will take a brief moment from the agenda at hand and make a determination as to which items will be considered and those that may be continued to the next regular meeting.

(c) 10:30 p.m. Curfew: All meetings will end business at 10:30 p.m. unless the hearing body elects to extend the curfew by a three-fifths vote of all members present.

RULE 4. MOTIONS DURING MEETINGS OF THE BOARD OF DIRECTORS

(a) Action of the Board shall be taken by motion. Any action of the Board may be proposed by the motion of any Member. Such a motion, if seconded by any member, shall be on the floor and must be considered, unless a substitute motion has been made, seconded, and adopted. If a motion is not seconded, the motion fails for lack of a second, and shall be so declared by the Chair.

(b) A motion may be withdrawn or amended by its maker at any time before adoption or rejection, with the consent of the second. Absent the consent of the second, the original motion shall remain on the floor. The second to a motion may be withdrawn by the seconder at any time before adoption or rejection of the motion. Upon withdrawal of the second, the motion will be lost for lack of a second and so declared by the Chair unless seconded by another Member.

(c) After a motion has been seconded, any Member may discuss the subject of the motion. The Chair may, on any motion, call for the vote if it appears that further discussion will be repetitious or that a majority of the Members present concur in the call.

(d) A motion to reconsider the vote on an agenda item may be made at the meeting at which the item was acted upon, or any adjourned session of the same meeting.

RULE 5. DECORUM FOR PUBLIC MEETINGS

(a) Members of the Board shall conduct themselves in an orderly and business-like manner to ensure that the business of the Authority shall be attended to efficiently and thoroughly and to ensure that the integrity of the deliberative process of the Board is maintained at all times. Members of the Board shall maintain a polite, respectful, and courteous manner when addressing one another, Authority staff, and members of the public during the meetings.

(b) Subject to direction by a majority of the Board, the Chair, or in the Chair's absence the Vice Chair, or in their absence any other member designated by the Board, shall be responsible for resolving all procedural issues and for maintaining the orderly conduct and decorum of meetings. It shall be the duty of the Chair to
ensure that the rules of decorum contained herein are observed. The Chair shall maintain control of communication among Board Members, and between Board Members and the public.

(c) Communication by Board Members

1. Board Members should be recognized by the Chair before speaking.

2. A Board Member who is speaking shall remember that the purpose of the meeting is to attend to and resolve Authority business. Board Members shall avoid repetition and shall endeavor to limit their comments to the subject matter at hand. Board Members shall endeavor to express their views without engaging in lengthy debates.

3. When one Board Member is speaking, other Board Members shall not interrupt or otherwise disturb the speaker.

(d) Communication with members of the public addressing the Board.

1. Board Members may question the person addressing the Board at the conclusion of the person’s comments. A Board Member wishing to ask questions of a member of the public should first be recognized by the Chair.

2. Board Members shall not engage the person addressing the Board in a dialogue, but shall confine communication to a question and answer format.

3. If a member of the audience has addressed the Board on matters which are not on the agenda, Board Members shall refrain from extended discussions of the matter. If a Board Member so wishes, he/she may, during the Board Member Comments portion of the meeting, request that the matter be placed on a future agenda.

(e) Authority Staff shall not engage in a dialogue with members of the public during Board meetings. When addressed by the Board, staff shall respond in a polite and respectful manner.

(f) Members of the Audience shall not engage in disorderly or boisterous conduct, including the utterance of loud, threatening or abusive language, clapping, whistling, and stamping of feet or other acts which disturb, disrupt, impede or otherwise render the orderly conduct of the Board meeting unfeasible. A member of the audience engaging in any such conduct shall, at the discretion of the Chair or a majority of the Board Members, be subject to removal from that meeting.

(g) Members of the public may address the Board of Directors during the Public Comment Period and prior to the consideration of any agenda item. Any person wishing to speak, whether during the Public Comment Period or on an agenda item, shall first complete a request to speak form slip and submit the form to the Authority Clerk prior to the calling to order of the meeting or as soon as possible thereafter.

(h) No person shall address the Board of Directors without first being recognized by the Chair.

(i) The purpose of addressing the Board of Directors is to formally communicate to the Board on matters relating to Authority business or citizen concerns within the
subject matter jurisdiction of the Board. Persons addressing the Board on an agenda item shall confine the subject matter of their remarks to the particular matter before the Board.

(j) Each person addressing the Board of Directors shall do so in an orderly manner and shall not engage in any conduct, which disrupts, disturbs, or otherwise impedes the orderly conduct of the Board meeting. Any person who so disrupts the meeting shall, at the discretion of the Chair or a majority of the Board Members, be subject to removal from that meeting.

(k) Persons addressing the Board of Directors shall address the Board as a whole and shall not engage in a dialogue with individual Board Members, Authority staff, or members of the audience.

(l) A time limit of approximately three minutes per person shall be allocated to all persons addressing the Board of Directors, however, at the discretion of the Chair, an individual speaking on behalf of a group sharing common concerns or opinions may be allocated additional time to speak for the group. A total of approximately thirty minutes will be allocated at the beginning of the meeting for Public Comments, with additional time granted at the discretion of the Chair. If needed, additional time for Public Comments will be provided at the conclusion of the normal business of the Board.

(m) Upon a violation of the rules of decorum established herein, the procedure to enforce the rules is as follows:

1. **Warning** The Chair shall first request that a person who is violating the rules cease such conduct. If, after receiving a request from the Chair, the person persists in violating these rules, the Chair shall order a recess. Any representative of the local assigned law enforcement personnel who is present at the meeting when the violation occurred shall be authorized to warn the person that his/her conduct is violating the rules and that he/she is requested to cease such conduct. If upon resumption of the meeting the violation persists, the Chair shall order another recess, whereupon the local assigned law enforcement personnel shall have the authority to order the person removed from the meeting and/or cited in violation of Penal Code Section 403.

2. **Motion to Enforce** If the Chair of the Board fails to enforce the rules of decorum set forth herein, any Board Member may move to require the Chair to do so, and an affirmative vote of a majority of the Board shall require the Chair to do so. If the Chair fails to carry out the will of the majority of the Board, the majority may designate another Board Member to act as Chair for the limited purpose of enforcing the rules of decorum established herein.

3. **Clearing the Room** Pursuant to Government Code Section 54957.9, in the event that any meeting is willfully interrupted by a person or groups of persons so as to render the orderly conduct of such meeting unfeasible and order cannot be restored by the removal of the individuals who are willfully interrupting the meeting, by a majority vote of the Board Members the meeting room may be ordered cleared and the meeting shall continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those
participating in the disturbance, shall be allowed to attend any session held pursuant to this Section 54957.9.

4. **Violation of the California Penal Code** A person or persons who substantially impair(s) the conduct of a Board meeting by knowingly and intentionally violating these rules of decorum may be prosecuted under Penal Code Section 403 for disturbing a public meeting. Every person who violates Penal Code Section 403 is guilty of a misdemeanor.

**RULE 6. ELECTION OF CHAIR AND VICE CHAIR OF THE BOARD OF DIRECTORS/ABSENCE OF PRESIDING OFFICER**

(a) The officers of the Board are the Chair and Vice Chair.

(b) Elections for Chair and Vice Chair shall be held at the first meeting of each fiscal year.

The method of nomination and election of the Chair and Vice Chair will be at the discretion of the Board.

(c) The Presiding Officer of the Board, who shall be the Chair, or in the Chair’s absence the Vice Chair followed by the Immediate Past Chair, then the Budget and Finance Committee Chair.

**RULE 7. RETENTION OF EXHIBITS AND DOCUMENTARY MATERIAL RECEIVED IN HEARINGS BEFORE THE BOARD OF DIRECTORS**

All exhibits, including documentary materials such as photographs, drawings, maps, letters, petitions, and other physical evidence received by the Board at hearings shall be retained by the Clerk as part of the record of the hearings. To the extent possible, the Clerk may furnish copies of such materials to persons requesting them upon payment of the fee prescribed for copies of public records.

**RULE 8. CEREMONIAL FUNCTIONS AND PROCLAMATIONS**

The Chair is authorized to represent the Authority at ceremonial functions, proclamation ceremonies, and other similar events when the Board has not otherwise designated one of its Members to represent the Authority.

**RULE 9. THE EXECUTIVE COMMITTEE**

(a) The Executive Committee shall conduct all business of the Authority, with the exception of policy issues, including labor relations, budget issues, and other matters specifically retained by the Board of Directors.

(b) The Executive Committee shall consist of no more than nine members of the Board of Directors. Members of the Executive Committee shall serve until a new member is seated in their stead by virtue of appointment or assumption of one of
the designated positions. The Executive Committee membership is comprised of the following designated positions: the Chair and Vice Chair of the Board of Directors, the immediate past Chair of the Board, and the Chair of the Budget and Finance Committee. In addition, membership as constituted, shall include at least one member of the County Board of Supervisors. The Chair shall appoint the remaining at-large members, who shall serve subject to approval by majority vote of the Directors present at a subsequent meeting. Said members are authorized to serve pending such vote of the Board. In the selection of at-large members, appointments shall be made in such a manner as to achieve approximately the ratio of cash contract cities to total member agencies of the Authority. The Chair of the City Managers Technical Advisory Committee shall serve as the ex officio non-voting member of the Executive Committee and shall not be included in the determination of a quorum for any meeting.

(c) The Chair shall appoint a three-member panel of structural fire fund Alternate Directors and a three-member panel of cash contract city Alternate Directors. If an at-large member of the Executive Committee notifies the Clerk of the Authority that he or she cannot attend an Executive Committee meeting, the Clerk shall call, on a rotating basis, Alternate Directors from the respective panels in an attempt to replace a structural fire fund Director with a structural fire fund Alternate and/or a cash contract city Director with a cash contract city Alternate, as the case may be.

In the absence of the member of the Executive Committee representing the County Board of Supervisors, the Alternate voting member shall be, in order: the second regular member of the Board of Directors representing the County Board of Supervisors, and then the alternate member representing the County Board of Supervisors.

In the absence of the Budget and Finance Chair, the Alternate voting member shall be the Vice Chair of the Budget and Finance Committee.

Should the position of Immediate Past Chair on the Executive Committee become vacant, the most recent past Chair, who is a Director and who is not currently seated on the Executive Committee, shall serve in that capacity. Should there be no prior Board Chair on the Board of Directors, the current Director with the most tenure and not currently seated as a member of the Executive Committee will be seated on the Executive Committee and shall serve in the interim until there is an Immediate Past Chair.

There shall be no Alternate Directors appointed in the absence of the Chair, Vice Chair, or immediate past Chair.

Should the Board Chair or Vice Chair be unable to officiate over a Board and/or Executive Committee meeting that the Immediate Past Chair followed by the Budget and Finance Committee Chair assume the duty of presiding over the meeting.

RULE 10.  THE STANDING COMMITTEES
(a) Standing Committees may be established by the Board of Directors for the purpose of facilitating a thorough review of various issues before presentation to and action by the full Board. Alternate Directors shall not act as alternates for Directors on standing committees.

(b) The Budget and Finance Committee shall be established as a standing committee. The regular meetings of the Budget and Finance Committee will be on the second Wednesday of each month, with the exception of December, at 12 noon located in Classroom 1 (Board Breakout Room) at the RFOTC. Special meetings may occur on other dates, times, and/or locations as noticed.

1. The Chair shall make all appointments to the Budget and Finance Committee. Appointments to the Budget and Finance 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.

2. At the first meeting of the Budget and Finance Committee following the annual election of the Chair and Vice Chair of the Board of Directors, the Directors assigned to the Budget and Finance Committee shall elect from their members a Chair and Vice Chair of the Committee.

3. The Chair, or in his/her absence, the Vice Chair, of the Budget and Finance Committee shall serve as a member of the Executive Committee.

4. Items for the agenda for any regular meeting of the Budget and Finance Committee shall be included on the agenda only with the approval of the Committee Chair or the Staff Liaison.

5. The Board of Directors, through the Chair, shall appoint one City Manager to the Budget and Finance Committee. The City Manager shall serve as an ex officio non-voting member of the Budget and Finance Committee. As an ex officio member, the City Manager shall not be included in the determination of a quorum for any meeting.

(c) The Claims Settlement Committee shall be established as a standing committee. The regular meetings of the Claims Settlement Committee will be at 5:40 p.m., prior to and on the same days as the regular meetings of the Executive Committee meetings. The Committee will meet in Classroom 1 (Board Breakout Room) at the RFOTC. Special meetings may occur on other dates, times, and/or locations as noticed.

1. The Claims Settlement Committee consists of the Board Chair and Vice Chair, the Budget and Finance Committee Chair, the Fire Chief, and the Human Resources Director. The Deputy Fire Chief shall, in the absence of the Fire Chief, be an alternate Committee member. The Risk Manager shall in the absence of the Human Resources Director, be an alternate Committee member. In the absence of a member of the Board of Directors, the absent member may designate in writing, filed with the Clerk of the Authority, an alternate Committee member from the Executive Committee who may attend and participate to the full extent as the designated Committee member.

2. Staff to the Committee will be the Risk Manager or his or her designee. Additional subject matter experts may attend Committees as necessary.
(3) The Claims Settlement Committee shall have authority to (a) settle workers’ compensation claims for amounts over $50,000, not to exceed $250,000, exclusive of any statutorily required future medical payments; (b) settle non-workers’ compensation claims for amounts over $50,000, not to exceed $250,000; and (c) advise and recommend to OCFA’s attorney of record the settlement of any lawsuit in an amount not to exceed $250,000.

(d) The Human Resources Committee shall be established as a standing committee. The regular meetings of the Human Resources Committee will be established by the Committee. The Human Resources Committee will meet in Classroom 1 (Board Breakout Room) at the RFOTC. Special meetings may occur on other dates, times, and/or locations as noticed.

(1) The Human Resources Committee consists of shall not exceed 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.

(2) 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 their members a Chair and Vice Chair of the Committee.

(3) Staff to the Committee will be the Human Resources Director or his or her designee. Additional subject matter experts may attend Committees as necessary.

(4) The Human Resources Committee shall advise OCFA staff and make 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.

**RULE 11. DESIGNATED LABOR NEGOTIATIONS**

(a) For purposes of holding a closed session concerning compensation and benefits for the Fire Chief, the Board of Directors' designated representatives shall be the Chair, the Vice Chair and the Budget and Finance Committee Chair. Should the Board and/or Budget and Finance Committee reorganize prior to the completion of the Fire Chief’s evaluation process the negotiators that began the process will complete the evaluation.

(b) For purposes of holding a closed session concerning compensation and benefits for all other represented and unrepresented employees, the Board of Directors' designated representatives shall be the Deputy Fire Chief, the Human Resources Director and any other representative so designated at a meeting of the Board of Directors.
RULE 12. ALTERNATE DIRECTORS

An Alternate Director may act in the absence of the Director for his or her member agency and, in that capacity, may attend closed sessions of the Board of Directors. Alternate Directors shall not act as alternates for Directors on the Executive Committee or standing committees.

RULE 13. COMPENSATION/REIMBURSEMENT FOR EXPENSES

(a) Compensation: Members of the Board of Directors are entitled to receive $100 per meeting per day, with a maximum of $300 per month, for voting member attendance at OCFA publicly noticed (Brown Act compliant) meetings and the monthly Chair/Chief meeting.

(b) Authorized Expenses: OCFA funds, equipment, supplies (including letterhead), titles, and staff time must only be used for authorized OCFA business. The following types of occurrences qualify a Board Member to receive payment and/or reimbursement of expenses relating to travel, meals, lodging, and other actual and necessary expenses, and generally constitute authorized expenses, as long as the other requirements of this policy are met:

1) Communicating with representatives of regional, state and national government on OCFA adopted policy positions;

2) Attending conferences designed to improve Board Member’s expertise and information levels, including, but not limited to, ethics training required pursuant to California Government Code Section 53234;

3) Participating in regional, state and national organizations whose activities affect OCFA’s interests;

4) Recognizing service to OCFA (for example, acknowledging a longtime employee with a retirement gift or celebration of nominal value and cost);

5) Attending OCFA events.

All other expenditures require prior approval by the OCFA Board of Directors at a public meeting. The following expenses also require prior Board of Directors’ approval:

1) International travel;

2) Expenses exceeding $2,500 per person, per trip.

Examples of personal expenses that OCFA will not reimburse include, but are not limited to:

1) The personal portion of any trip;

2) Political contributions or events;

3) Family expenses, including partner’s expenses when accompanying a Board Member on OCFA-related business, as well as children or pet-related expenses;
4) Charitable contributions or events, unless the event has a direct relationship to OCFA business, (for example, acknowledging extraordinary deeds by OCFA personnel) is approved by the Fire Chief and does not exceed $250;

5) Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;

6) Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline;

7) Personal losses incurred while on OCFA business.

Any questions regarding the propriety of a particular type of expense should be resolved before the expense is incurred.

(c) Expense and Reimbursement Guidelines: To conserve OCFA resources and keep expenses within appropriate standards for public officials, expenditures, whether paid directly by OCFA or reimbursed to a Board Member, Members should adhere to the following guidelines. Unless otherwise specifically provided, reimbursement for travel, meals, lodging, and other actual and necessary expenses shall be at the Internal Revenue Service rates presently in effect as established in Publication 463 or any successor publication.

Transportation: The most economical mode and class of transportation reasonably consistent with scheduling needs and space requirements must be used, using the most direct and time-efficient route. In the event that a more expensive transportation form or route is used, the cost borne by OCFA will be limited to the cost of the most economical, direct, efficient and reasonable transportation form. Government and group rates offered by a provider of transportation services shall be used when available.

Automobile mileage is reimbursable at Internal Revenue Service rates in effect at the time of travel (see www.irs.gov). These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable.

Reasonable and necessary charges for public transportation, taxi, or shuttle service are reimbursable at actual cost with receipts.

Rental vehicles may be used during out-of-county travel and will be reimbursed at actual cost. Rental vehicles may be used when the efficient conduct of OCFA business precludes the use of other means of transportation or when car rental is the most economical mode available. Itemized original receipts must be submitted with vehicle rental claims.

Lodging: Actual lodging costs will be reimbursed or paid for when travel on official OCFA business reasonably requires an overnight stay. If such lodging is in connection with a conference or organized educational activity, lodging costs shall not exceed the group rate published by the conference or activity sponsor for the meeting in question, provided that the group rate is available at the time of
booking. Government and group rates offered by a provider of lodging services shall be used when available.

Non-reimbursable lodging-related expenses include, but are not limited to, costs for an extra person staying in the room, costs related to late check out or uncanceled reservations, in-room pay-per-view movie rentals, and non-OCFA business related phone calls. Itemized receipts must accompany claims for lodging reimbursements.

Meals: Meal expenses and associated gratuities should be moderate, taking into account community standards and the prevailing restaurant costs of the area. OCFA will pay the actual cost of the meals, but will not pay for alcohol/personal bar expenses.

Telephone/Fax/Cellular: Board Members will be reimbursed for actual telephone and fax expenses incurred on OCFA business. Telephone bills should identify which calls were made on OCFA business. For cellular calls when the Board Member has a particular number of minutes included in the Board Member’s plan, the Board Member can identify the percentage of calls made on OCFA business.

Airport Parking: Long-term parking should be used for travel exceeding 24-hours. OCFA will pay the actual cost of long-term parking.

Other: Baggage handling at then current airport baggage rates per bag and gratuities of up to 15 percent will be reimbursed.

Miscellaneous: Actual expenses for registration, tuition, and parking are reimbursable for OCFA authorized business. Miscellaneous expenses must be supported with itemized receipts.

Expenses for which Board Members receive reimbursement from another agency are not reimbursable.

(d) Expense Report Content and Submission Deadline: Expense reports must document that the expense in question meet the requirements of the policy. For example, if the meeting is with a legislator, the Board Member should explain whose meals were purchased, what issues were discussed and how those relate to the Authority’s adopted legislative positions and priorities.

Board Members must submit their expense reports within 30 days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the necessary documentation. Receipts for gratuities and tolls under $5 are not required.

(e) Audits of Expense Reports: All expenses are subject to verification of compliance with this policy.

(f) Reports to Governing Board: At the following Board of Directors’ meeting, each Board Member shall briefly report on meetings attended at OCFA expense. If multiple Board Members attended, a joint report may be made.
(g) Compliance with Laws: Board Members should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All documents related to reimbursable agency expenditures are public records subject to disclosure under the California Public Records Act.

(h) Violation of this Policy: Misuse of public resources or falsifying expense reports in violation of this policy may result in any or all of the following: 1) loss of reimbursement privileges, 2) a demand for restitution to OCFA, 3) OCFA’s reporting the expenses as income to the elected official to state and federal tax authorities, and 4) prosecution for misuse of public resources.

RULE 14. AMENDMENT OF RULES OF PROCEDURE

No rule of the Board shall be adopted or amended except by resolution adopted by the Board.
HISTORY

Board Rules of Procedure adopted 01/28/99, Resolution 99-004

Rule 1 Meeting schedule adopted by Board of Directors 03/30/95
Revised meeting schedule 03/01/97
Revised meeting schedule 08/28/97
Sections (a), (b), (c), and (f) revised to reflect change in meeting location 11/2/1/0, Resolution 2002-20
Sections (a), (b), (c), and (f) revised, to reflect change in meeting location 01/22/04 Resolution 2004-01
Section (b) reflect meeting going dark in December 09/23/10 Resolution 2010-14
Section (c) and (f) includes prior practice of posting agendas outside main entry gate 09/23/10 Resolution 2010-14
Section (a) define acronym RFOTC and remove June Board meeting dedicated for the purpose of approving the budget Resolution No. 2011-02.
Section (a) modify “Except as other provided in this Rule,” to read, “Except as otherwise provide in this Rule or by Resolution of the Board” inclusion of “Special meetings may occur on other dates, times, and/or locations as noticed.” Resolution No. 2014-01
Section (b) reflect meeting time being changed from 6:00 p.m. to 5:30 p.m. 01/23/14 and inclusion of “Special meetings may occur on other dates, times, and/or locations as noticed.” Resolution No. 2014-01
Section (b) reflect meeting time being changed from 5:30 p.m. to 4:30 p.m. Resolution No. 2014-XX

Rule 2 Title to include “Minutes”
Section (b) adopted 06/22/96
Section (b) reflects prior practice of identifying Board “Member” Comments and Discussion “Calendar” on agenda 09/23/10 Resolution 2010-14
Section (2) corrects missing hyphen typo “two-thirds” 09/23/10 Resolution 2010-14
Section (d) adopted 09/27/12 Resolution 2012 05

Rule 3 Includes current practice in listing the order of business to include: Committee Reports, Minutes, Public Comments, and Closed Session Report 09/23/10 Resolution 2010-14 (b) and (c) added by Resolution 2013-07

Rule 4 Section (a) revised 01/22/04 Resolution 2004-01

Rule 5 Adopted 10/23/97 Resolution 97-024

Rule 6 Election date specified in the Joint Powers Agreement Creating the Authority, Article II, Section 7
Section (c) adopted 09/27/12 Resolution 2012-05

Rule 9 Formation specified in the JPA Agreement, Article II, Section 6
Membership revised to include standing committee chairs 06/22/96
Number of members to be set by Board of Directors 10/24/96
Powers delegated to Executive Committee 03/01/97
Standing Committee Chair alternate and At-large member 03/01/97
City Manager TAC as ex officio member 06/26/97
Membership revised to include immediate past Chair of the Board 10/23/97
Section (b) revised to define membership, 03/23/00 Resolution 2000-06
Section (b) revised and Section (c) added to clarify alternate member of the Executive Committee 09/27/01 Resolution 2001-13
Section (b) revised number of members and ratio 01/22/04 Resolution 2004-01
Section (c) includes designation of voting alternate of the Budget and Finance Chair and filling vacancy of Immediate Past Chair position 09/23/10 Resolution 2010-14
Section (c) inclusion of clause should no prior Board of Directors be available to sit on Executive Committee as Immediate Past Chair Resolution No. 2011-02.

Rule 10
Committees established by Board 06/22/96
Section (g) adopted by the Executive Committee on 05/22/97
Committee chair elections set by Board 10/23/97
Section (c) amended to achieve balance on Budget and Finance Committee between the number of members representing Structural Fire Fund and Cash Contract cities, 07/22/99 Resolution 99-23
Sections (a) through (g) revised to reflect disbanding of Administration & Personnel and Planning & Operations Committees 03/23/00 Resolution 2000-06
Section (a) designates that alternate directors shall not stand in for directors on standing committees 09/23/10 Resolution 2010-14
Section (b) designates regular Budget and Finance Committees meetings date, time, and location 09/23/10 Resolution 2010-14
Section numbers (c-f) renumbers to subsections (b1-b4) 09/23/10 Resolution 2010-14
Section (c) changed to (c1-c3) reflecting the new Claims Settlement Committee 09/23/10 Resolution 2010-14
Section (c) changed Claims Settlement Committee meeting time from 5:00 p.m. to 5:30 p.m.
Section (b) inclusion of “Special meetings may occur on other dates, times, and/or locations as noticed.” Resolution No. 2014-01
Section (c) changed Claims Settlement Committee meeting time from 5:30 p.m. to 5:00 p.m. inclusion of “Special meetings may occur on other dates, times, and/or locations as noticed.” Resolution No. 2014-01
Section (d) added reflecting the new Human Resources Committee 01/23/14 Resolution 2014-01
Section (c) changed Claims Settlement Committee meeting time from 5:00 p.m. to 4:00 p.m. Resolution No. 2014-XX
Section (d)(1) changed the membership of the Human Resources Committee from “consists of seven members” to “shall not exceed seven members”. Resolution No. 2014-XX

Rule 11
Adopted 03/24/05, Resolution 2005-05
Changed Rule 11 subject to Designated Labor Negotiations renumbered former Rule 11 to Rule 12 09/23/10 Resolution 2010-14
Amended Rule 11(a) to include reorganization of Board/BFC Committee prior to completion of Fire Chief’s Evaluation process 09/27/12 Resolution 2012-05
Section (b) Change title from Chief Deputy to Deputy Fire Chief and remove the word “management” Resolution 2014-

Rule 12
Policy set forth in the JPA Agreement, Article II, Section 2.
Revised 07/27/95 Resolution 95-13
Revised to allow compensation 03/23/00 Resolution 2000-08
Rule Number changed from 11 to 12, 03/24/05 Resolution 2005-05
Revised to add Travel Reimbursement Policies 11/17/05 Resolution 2005-30
Former Rule 11 changed to Rule 12, due to renumbering of former Rule 11 to Rule 12 and reflect that alternate directors will stand in for directors on the Executive Committee 09/23/10 Resolution 2010-14
Rule 13  Rule Number changed from 12 to 13, 03/24/05 Resolution 2005-05
Former Rule 12 changed to Rule 13, due to renumbering of Rule 11 09/23/10 Resolution 2010-14
Section (c) Other: changes baggage handling fee to current airport baggage rates 09/23/10 Resolution 2010-14
Rule 13 (a) amended to clarify “publicly noticed (Brown Act compliant) meeting are stipend eligible meetings 09/27/12 Resolution 2012-05

Rule 14  Rule Number changed from 12 to 13, 03/24/05, Resolution 2005-05
Former Rule 13 changed to Rule 14, due to renumbering of Rule 11 09/23/10 Resolution 2010-14
TO: Board of Directors, Orange County Fire Authority

FROM: Brian Stephens, Assistant Chief
Support Services Department

SUBJECT: Secured Fire Protection Agreement with Kelvin and Jamboree Properties, LLC, a Delaware Limited Liability Company, for Entitlements in the 2801 Kelvin Apartments Development, Tract 17616, in the City of Irvine

Summary:
This item is submitted to authorize the Fire Chief to enter into a Secured Fire Protection Agreement (SFPA) with Kelvin and Jamboree Properties, LLC, a Delaware Limited Liability Company, for Entitlements in the 2801 Kelvin Apartments Development, Tract 17616, in the City of Irvine. 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 Kelvin and Jamboree Properties, LLC, a Delaware Limited Liability Company, for Entitlements in the 2801 Kelvin Apartments Development, Tract 17616, in the City of Irvine.
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 Kelvin and Jamboree Properties, LLC, a copy of the conformed document within fifteen (15) days of recordation.

Background:
Kelvin and Jamboree Properties, LLC will be developing a 381 unit apartment complex. Under standard conditions for the Irvine Business Complex (IBC) specific plan area approved by the City of Irvine Council, a Secured Fire Protection Agreement is required. Payments will be made to OCFA after the agreement is signed and recorded.

The proposed agreement should provide OCFA and Kelvin and Jamboree Properties, 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 in the IBC area.

Impact to Cities/County:
This agreement has no negative impacts to any of our member cities or the County.

Fiscal Impact:
Revenue produced by full entitlements would be $228,600.
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

Kelvin and Jamboree Properties, LLC

Effective Date: ____________

Project Name: 2801 Kelvin Apartments
ORANGE COUNTY FIRE AUTHORITY
SECURED FIRE PROTECTION AGREEMENT
WITH
Kelvin and Jamboree Properties, LLC

This Secured Fire Protection Agreement ("Agreement") is made between the Orange County Fire Authority, a California Joint Powers Authority ("OCFA") and Kelvin and Jamboree Properties, 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 Irvine ("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 Irvine 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. 17616.

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 Irvine, a member of OCFA.

"Company" means Kelvin and Jamboree Properties, 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 $228,600.00 (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 381, 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 381, 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 381 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

To: Kelvin and Jamboree Properties, LLC
Attn: Legal Department
1745 Shea Center Drive
Suite 200
Highlands Ranch, CO, 80129

**WITH COPY TO:**
David E. Kendig, General Counsel
Woodruff, Spradlin & Smart
555 Anton Blvd., Suite 1200
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: ___________________________ Date: ___________________________

Sherry Wentz
Clerk of the Orange County
Fire Authority

APPROVED AS TO FORM:

DAVID E. KENDIG
GENERAL COUNSEL

By: ___________________________ Date: 6/18/14

[Signature]
COMPANY:

KELVIN AND JAMBOREE PROPERTIES, LLC
a Delaware limited liability company

By: UDR/METLIFE MASTER LIMITED PARTNERSHIP, a Delaware limited partnership, its Sole Member

By: UDR/ML VENTURE LLC, a Delaware limited liability company, its General Partner

By: UDR, INC., a Maryland corporation, its Sole Member

Harry G. Alcock
Senior Vice President – Asset Management

Date: 6/12/14

STATE OF COLORADO )
COUNTY OF DOUGLAS ) ss.

Subscribed and sworn to before me, in my presence, by Harry G. Alcock, who is personally known to me and who executed the within instrument in his authorized capacity of Senior Vice President – Asset Management of UDR, Inc., a Maryland corporation, the Sole Member of UDR/ML Venture LLC, a Delaware limited liability company, the General Partner of UDR/MetLife Master Limited Partnership, a Delaware limited partnership, the Sole Member of Kelvin And Jamboree Properties, LLC, a Delaware limited liability company, this 12th day of June 2014.

Witness my hand and official seal.

Leslie E. Green, Notary Public

My commission expires April 20, 2016
EXHIBIT A

LEGAL DESCRIPTION OF THE PROJECT AREA

PARCEL 2, AS SHOWN ON PARCEL MAP FILED IN BOOK 78, PAGES 12 AND 13 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION CONVEYED TO THE CITY OF IRVINE, A MUNICIPAL CORPORATION BY GRANT DEED RECORDERED OCTOBER 21, 1994 AS INSTRUMENT NO. 94-0623078 OF OFFICIAL RECORDS.

EXCEPT ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS, AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THOSE HEREINABOVE DESCRIBED, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS, AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO READDRL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN, AND OPERATE ANY SUCH WELLS OR MINES. WITHOUT HOWEVER, THE RIGHT TO DRILL, MINE, EXPLORE AND OPERATE THROUGH THE SURFACE OR THE UPPER FIVE HUNDRED (500) FEET OF THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AS RESERVED BY THE IRVINE COMPANY, A CORPORATION, IN THE DEED RECORDED IN BOOK 9277 PAGE 256, OFFICIAL RECORDS.

ALSO EXCEPT ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS, AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR AND STORING IN AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THOSE HEREINABOVE DESCRIBED, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS, AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO READDRL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN, AND OPERATE ANY SUCH WELLS OR MINES, WITHOUT HOWEVER, THE RIGHT TO DRILL, MINE, STORE, EXPLORE AND OPERATE THROUGH THE SURFACE OR THE UPPER FIVE HUNDRED (500) FEET OF THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AS RESERVED IN THE DEED FROM THE IRVINE COMPANY, A MICHIGAN CORPORATION, SUCCESSOR BY MERGER WITH IRVINE INDUSTRIAL COMPLEX, A CALIFORNIA CORPORATION, RECORDED SEPTEMBER 21, 1977, IN BOOK 12384, PAGE 1900 OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM ALL WATER RIGHTS OR INTERESTS IN WATER RIGHTS NO MATTER HOW ACQUIRED AND OWNED OR USED IN CONNECTION WITH OR WITH RESPECT TO SAID LAND, WHETHER SUCH WATER RIGHTS SHALL BE RIPARIAN, OVERLYING, APPROPRIATE, PERCOLATING, PRESCRIPTIVE OR CONTRACTUAL, PROVIDED, HOWEVER, THAT THE EXCEPTION AND RESERVATION MADE HEREIN SHALL NOT RESERVE ANY RIGHT TO ENTER UPON THE SURFACE OF SAID LAND, IN THE EXERCISE OF SUCH RIGHTS, AS RESERVED IN THE DEED FROM THE IRVINE COMPANY, A MICHIGAN CORPORATION, SUCCESSOR BY MERGER WITH IRVINE INDUSTRIAL COMPLEX, A CALIFORNIA CORPORATION, RECORDED SEPTEMBER 21, 1977, IN BOOK 12384, PAGE 1900 OF OFFICIAL RECORDS.

APN: 435-072-11
<table>
<thead>
<tr>
<th>Dwelling Units</th>
<th>Rate</th>
<th>Obligation</th>
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<tr>
<td>381</td>
<td>$600</td>
<td>$228,600</td>
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<tr>
<td>Total Units – 381</td>
<td>$600</td>
<td>$228,600</td>
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</table>
TO: Board of Directors, Orange County Fire Authority
FROM: Dave Thomas, Assistant Chief
Operations Department

SUBJECT: Approval of Assignment to Orange County Fire Authority of Cooperative Fire Protection Agreement #7CA02358 between the State of California Department of Forestry and Fire Protection and County of Orange

Summary:
This item is submitted for approval of an Assignment for Cooperative Fire Protection Agreement between California Department of Forestry and Fire Protection (CAL FIRE) and the County of Orange to Orange County Fire Authority (OCFA).

Recommended Action:
Approve and authorize the Board Chair to sign the Assignment of three-year Cooperative Fire Protection Agreement #7CA02358 between the State of California Department of Forestry and Fire Protection and the County of Orange to OCFA.

Background:
The State, through CAL FIRE, is responsible for fire protection services in State Responsibility Areas (SRAs) in Orange County. Those SRAs are generally unincorporated wildland open space. Since 1980, the State has contracted to pay the County to perform those services. Since the formation of the OCFA, it has been necessary to have a tri-party agreement among the County, CAL FIRE, and OCFA that allows OCFA to continue providing CAL FIRE services in the SRA. This three-year agreement begins July 1, 2014, and will terminate on June 30, 2017, and will continue to provide the ability to bill CAL FIRE for OCFA-owned aircraft, fire engines, specialized equipment, and handcrews deployed on SRA fires. In addition, it provides the ability to seek reimbursement from other agencies for fire suppression resources provided on an assistance-for-hire basis.

The Orange County Board of Supervisors approved this agreement at its May 13, 2014, meeting.

Impact to Cities/County:
Not Applicable.

Fiscal Impact:
Projected Budget Revenue for:
- FY 14/15 in the amount of $5,063,441
- FY 15/16 in the amount of $5,316,613
- FY 16/17 in the amount of $6,379,935
  Total Agreement $16,759,989
Staff Contacts for Further Information:
Dave Thomas, Assistant Chief/Operations Department
davidthomas@ocfa.org
(714) 573-6012

Mike Petro, Battalion Chief
mikepetro@ocfa.org
(714) 573-6028

Attachment:
Cooperative Fire Protection Agreement #7CA02358
STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 06/03)

<table>
<thead>
<tr>
<th>AGREEMENT NUMBER</th>
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<tbody>
<tr>
<td>7CA02358</td>
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<tr>
<td>REGISTRATION NUMBER</td>
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</table>

1. This Agreement is entered into between the State Agency and the Contractor named below:
   STATE AGENCY'S NAME
   Department of Forestry and Fire Protection (CAL FIRE)
   CONTRACTOR'S NAME
   County or Orange / Assignee Orange County Fire Authority

2. The term of this Agreement is: July 1, 2014 through June 30, 2017

3. The maximum amount of this Agreement is: $16,759,989.00
   Sixteen Thousand Seven Hundred Fifty-Nine Thousands Nine Hundred Eight-Nine and no cents.

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement:

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Pages</th>
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<tbody>
<tr>
<td>STD 213, Attachment 1 - Additional Signatures</td>
<td>1 page(s)</td>
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<tr>
<td>Exhibit A - Scope of Work</td>
<td>1 page(s)</td>
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<tr>
<td>Attachment 1 - Recitals</td>
<td>1 page(s)</td>
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<tr>
<td>Attachment 2 - Detailed Scope of Work</td>
<td>2 page(s)</td>
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<tr>
<td>Exhibit B - Budget Detail and Payment Provisions</td>
<td>1 page(s)</td>
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<tr>
<td>Exhibit C* - General Terms and Conditions</td>
<td>4 page(s)</td>
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<tr>
<td>Exhibit D - Special Terms and Conditions</td>
<td>1 page(s)</td>
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<tr>
<td>Exhibit E - Additional Provisions</td>
<td>1 page(s)</td>
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<tr>
<td>Exhibit F - Gray Book</td>
<td>1 page(s)</td>
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<tr>
<td>Exhibit G - Operating Plan</td>
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Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

<table>
<thead>
<tr>
<th>CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)</th>
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<tbody>
<tr>
<td>County of Orange / Assignee: Orange County Fire Authority</td>
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<tr>
<th>DATE SIGNED (MM/DD/YYYY)</th>
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<td>5/13/14</td>
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<tr>
<th>PRINTED NAME AND TITLE OF PERSON SIGNING</th>
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<tr>
<td>Shawn Nelson, CHAIRMAN, BOARD OF SUPERVISORS</td>
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<thead>
<tr>
<th>ADDRESS</th>
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<tbody>
<tr>
<td>P.O. Box 57115, Irvine, CA 92619-7115</td>
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STATE OF CALIFORNIA

<table>
<thead>
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<th>AGENCY NAME</th>
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<tr>
<td>Department of Forestry and Fire Protection (CAL FIRE)</td>
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<tr>
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<tr>
<th>PRINTED NAME AND TITLE OF PERSON SIGNING</th>
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<tbody>
<tr>
<td>Clare Frank, Deputy Director, Fire Protection</td>
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<tbody>
<tr>
<td>P.O. Box 944246, Sacramento, CA 94244-2460</td>
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California Department of General Services Use Only

Exempt per: _____
ADDITIONAL SIGNATURES

SOUTHERN REGION DEPARTMENT OF FORESTRY AND FIRE PROTECTION

By: 

Signature

Dale Hutchinson
Region Chief
CAL FIRE

APPROVED AS TO CONTENT:

By: 

Signature

Chairman
Orange County Board of Supervisors

Date 5/13/14

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. § 25103, Reso. No. 79-1535

Attest:

Robin Stieler

Printed Name

APPROVED AS TO FORM:

By: 

Signature

Mark Servino

Printed Name

Date: May 6, 2014

Orange County Counsel
EXHIBIT A
(Scope of Work)

SCOPE OF WORK

1. Contractor agreement between California Department of Forestry and Fire Protection (CAL FIRE) and County of Orange/Assignee Orange County Fire Authority to provide services as described herein:

The terms and conditions of this agreement have been previously reviewed and approved by the Department of General Services (DGS) during prior agreement reformatting and rewrites. The completed agreement signed by CAL FIRE (STATE) and County of Orange/Assignee Orange County Fire Authority (COUNTY) provides wildland fire protection to State Responsibility Area (SRA) lands within COUNTY pursuant to Public Resources Code (PRC) Section 4129. Agreement also provides for COUNTY to assist STATE outside of COUNTY on a reimbursable basis when requested by STATE. Agreement contains a hold over clause for time required to obtain agency review and approvals.

2. The services shall be performed at the SRA within the County.

3. The services shall be provided during any 24-hour period, Monday through Sunday, year round.

4. The Project Representatives during the term of this agreement will be:

<table>
<thead>
<tr>
<th>State Agency: Department of Forestry and Fire Protection</th>
<th>Contractor: County of Orange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: Deputy Director, Fire Protection</td>
<td>Name: Fire Chief, Orange County Fire Authority</td>
</tr>
<tr>
<td>Phone: (530) 224-2462</td>
<td>Phone: (714) 573-6010</td>
</tr>
<tr>
<td>Fax: (530) 224-2496</td>
<td>Fax: (714) 368-8800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State Agency: Department of Forestry and Fire Protection</th>
<th>Contractor: County of Orange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attention: Deputy Chief, Contract Counties</td>
<td>Attention: Fire Chief, Orange County Fire Authority</td>
</tr>
<tr>
<td>Address: 2524 Mulberry Street, Riverside, CA 92501</td>
<td>Address: 1 Fire Authority Road</td>
</tr>
<tr>
<td></td>
<td>Irvine, CA 92603</td>
</tr>
<tr>
<td>Phone: (951) 320-6102</td>
<td>Phone: (714) 573-6010</td>
</tr>
<tr>
<td>Fax: (951) 320-6395</td>
<td>Fax: (805) 368-8800</td>
</tr>
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Direct all inquiries to:

<table>
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<th>State Agency: Department of Forestry and Fire Protection</th>
<th>Contractor: County of Orange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section/Unit: Business Services – Acquisitions Unit</td>
<td>Section/Unit: Orange County Fire Authority</td>
</tr>
<tr>
<td>Attention: Leslie Cary</td>
<td>Name: Financial Services – Accounts Payable</td>
</tr>
<tr>
<td>Address: P.O. Box 944246</td>
<td>Address: P.O. Box 51985</td>
</tr>
<tr>
<td></td>
<td>Irvine, CA 92619-1985</td>
</tr>
<tr>
<td>Phone: (916) 324-5979</td>
<td>Phone: (714) 573-6316</td>
</tr>
<tr>
<td>Fax: (916) 323-1888</td>
<td>Fax: (714) 888-8834</td>
</tr>
</tbody>
</table>

5. THIS AGREEMENT, made between the County of Orange through its Board of Supervisors, hereinafter called COUNTY, and the State of California, Department of Forestry and Fire Protection (CAL FIRE), through duly appointed, qualified, and acting officers, hereinafter called STATE. Where the standard clauses, for example in Exhibit C, use the word “Contractor” that word shall mean COUNTY as COUNTY is used in this Agreement.
EXHIBIT A, Attachment 1
(Recitals)

RECITALS

The STATE and the COUNTY agree that the background of this Agreement is as follows:

1. There are within COUNTY areas designated by the State Board of Forestry and Fire Protection as State Responsibility Areas for fire protection through authority vested in STATE by Section 4125, of the Public Resources Code.

2. STATE, under authority of Public Resources Code Section 4141, may assign responsibility to a Federal Forest Agency within COUNTY for the prevention and suppression of all fires on State Responsibility Areas within Federal Forest Agency’s Direct Protection Areas.

3. Designated State Responsibility Areas in Federal Forest Agency’s Direct Protection Areas are delineated on maps on file with STATE in Sacramento, California.

4. COUNTY, by authority of Public Resources Code Section 4129, has elected to assume responsibility for the prevention and suppression of all fires on State Responsibility Areas (SRA) within COUNTY’S SRA Protection Areas (CPA).

5. Designated State Responsibility Areas in COUNTY’S SRA Protection Areas are delineated on maps on file with STATE in Sacramento, California.

6. STATE recognizes the capability and efficiency of the COUNTY fire protection organization now maintained by the COUNTY and its qualification to provide the fire protection services described within this agreement.

7. COUNTY has the responsibility for providing life and property fire protection in areas designated as State Responsibility Areas within COUNTY SRA Protection Areas.

8. Under the Budget Act, and in accordance with the STATE’S Fire Protection Plan, there is annually appropriated to CAL FIRE, funding for wildland fire protection in said COUNTY.

9. Under the authority of Section 4135, of the Public Resources Code, monies paid by STATE to COUNTY shall be expended by COUNTY for the sole purpose to fund the fire suppression resources outlined in the “Gray Book”, incorporated by reference and marked Exhibit F, of this Agreement, for fire prevention, pre-suppression forces preparedness, and suppression of all fires on State Responsibility Areas within COUNTY’S SRA Protection Areas; and STATE, by authority of Section 4475 of the Public Resources Code, may enter into contracts for prescribed burning on wildlands.
EXHIBIT A, ATTACHMENT 2
(Detailed Scope of Work)

1. State and County Responsibilities

The STATE and the COUNTY agree that the following work shall be done under this agreement:

A. STATE shall supply to COUNTY, the “Gray Book”, which outlines and describes the organization to be funded by the STATE to provide fire protection services on a total of approximately 104,826 acres of State Responsibility Area within COUNTY’S SRA Protection Areas.

B. COUNTY shall provide to STATE a plan of operations and organization for the COUNTY department contemplated hereunder on forms approved by the STATE, a copy of which is attached marked Exhibit G of this Agreement, which shall show that COUNTY organization is capable of meeting the requirements set forth in the “Gray Book.”

C. STATE shall jointly develop and annually review an Operating Plan with the COUNTY that will document those factors specific to that COUNTY. The factors may include specific dispatching procedures, pre-approved initial attack dispatch levels, agency fire protection organization, reimbursement criteria, and other elements agreed to by the STATE and the COUNTY.

D. The STATE’s designated representative shall annually examine, on-the-ground with the COUNTY’s designated representative, the facilities and services the COUNTY has made available in order to ascertain whether the terms of the agreement have been met. Notwithstanding the foregoing, COUNTY shall permit inspection, at any time by representatives of STATE, of crews, vehicles, property and other components of the organization established under the terms of this Agreement.

E. Should the operations or organization of COUNTY, in reasonable judgment of the STATE, fail to meet the standard of protection required by this agreement, the STATE shall so inform COUNTY and take any reasonable action to maintain the required level of fire prevention and suppression capability.

F. For the purpose of effecting mutual aid in times of fire emergency, either STATE or COUNTY may contribute without cost to the other, such persons and facilities as the contributing party may be willing and able to contribute, and which the receiving party may be willing to accept and direct; this provision shall not abrogate the terms and conditions specified in any other written agreement entered into by the parties hereto, for the specific purpose of exchanging fire control forces, either on a voluntary or upon a pay basis.

G. Rewards as provided in Public Resources Code Section 4417, may be paid by STATE from funds not included in this contract upon recommendation of the Chief of the COUNTY’S department.

H. COUNTY shall furnish adequate supervision for said fire protection through a qualified and duly appointed Chief Officer of the department providing services contemplated hereunder. When it becomes necessary to contract for the services of other entities to suppress a wildland fire on State Responsibility Area within COUNTY’S SRA Protection Areas, STATE agrees to accept its proportionate level of financial responsibility for those contracts and services required to protect State Responsibility Areas within COUNTY’S SRA Protection Areas, provided that the COUNTY obtains prior approval from STATE and exercises reasonable care and due diligence in the selection and the supervision of the contracting entities.

I. COUNTY shall submit, when required by the STATE, reports relating to fire occurrence and history, law enforcement, personnel status, and fire prevention activity.

J. COUNTY shall annually appropriate and expend a sum not less than the amount established annually in the STATE’S Budget Act for said COUNTY for the purpose of preventing and suppressing forest fires as defined in Section 4103, of the Public Resources Code, on the designated State Responsibility Areas within COUNTY’S SRA Protection Areas during the term of this agreement.

K. COUNTY shall comply with applicable rules and regulations for prescribed burning of wildlands as described in Sections 4461 to 4480, of Public Resources Code.
EXHIBIT A, ATTACHMENT 2
(Detailed Scope of Work)

2. Emergency Operations

When COUNTY resources, equipment, and/or personnel are assigned to a State Responsibility Area wildland fire within COUNTY SRA Protection Area, costs over and above the "Gray Book" allotment may be reimbursed by STATE. Such reimbursements will be in accordance with the following provisions:

A. COUNTY may use and bill STATE for COUNTY funded engine companies, bulldozers, hand crews, aircraft, specialized equipment, and overhead personnel when used to protect STATE interests. Under certain conditions as outlined in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement, COUNTY may also bill STATE for STATE-funded COUNTY engine companies and bulldozers. These reimbursements to COUNTY will be from the STATE Emergency Fund and shall be in addition to the annual payment amount described in Exhibit B, Paragraph 1.A., of this Agreement.

The following conditions shall apply for reimbursement of COUNTY engine companies, bulldozers, aircraft, hand crews, and specialized equipment:

1) ENGINE COMPANIES

   (a) STATE shall reimburse COUNTY for engine companies when used on a State Responsibility Area wildland fire within the COUNTY’S SRA Protection Areas in accordance with criteria for determining reimbursement eligibility as outlined in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.

   (b) STATE shall reimburse COUNTY for engine companies that provide move-up and cover to STATE-funded COUNTY stations within the COUNTY when such cover assignments are the result of a State Responsibility Area wildland fire within COUNTY’S SRA Protection Areas. Specific conditions for approval of move-up and cover assignments shall be outlined in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.

   (c) Reimbursement of COUNTY engine companies shall be based on COUNTY rates on file with STATE at time of initial dispatch.

   (d) County engines billed to STATE must be identified by an incident order and request number and the associated cost; such costs shall be limited to engine, officer, operator, and crew.

2) BULLDOZERS

   (a) STATE shall reimburse COUNTY for COUNTY bulldozers when used on a State Responsibility Area wildland fire within COUNTY’S SRA Protection Areas in accordance with criteria for determining reimbursement eligibility as outlined in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.

   (b) Payment of County bulldozers, transports, and operators shall be based on COUNTY operating rates on file with STATE at time of initial dispatch.

   (c) County bulldozers billed to STATE must be identified by an incident order and request number and the associated cost; such costs shall be limited to dozer transport and operator, and dozer and operator.

   (d) COUNTY shall provide STATE a list of bulldozers, size, model, and identification number, which shall be subject to this agreement. These shall be included in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.
3) AIRCRAFT

(a) STATE shall reimburse COUNTY for COUNTY aircraft when used on a State Responsibility Area wildland fire within COUNTY SRA Protection Areas in accordance with criteria for determining reimbursement eligibility as outlined in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.

(b) Reimbursement of COUNTY aircraft shall be based on COUNTY operating rates on file with STATE at time of initial dispatch.

(c) STATE shall pay aircraft pilots at COUNTY rate.

(d) STATE shall pay for one air tactical officer accompanying a COUNTY fixed-wing aircraft and one crew member assigned to each COUNTY helicopter at the COUNTY rate.

(e) COUNTY aircraft billed to STATE must be identified by an incident order and request number and the associated cost.

(f) COUNTY shall provide STATE a list of aircraft by make, model and aircraft identification number, which shall be subject to this agreement. These shall be included in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.

4) SPECIALIZED EQUIPMENT

(a) STATE shall reimburse COUNTY for COUNTY specialized equipment when used on a State Responsibility Area wildland fire within COUNTY SRA Protection Areas in accordance with criteria for determining reimbursement eligibility as outlined in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.

(b) For the purpose of this Agreement, Specialized Equipment shall include but is not limited to dozer tenders, helitenders, water tenders, communications units, and mobile kitchens or food service units. Other kinds of specialized equipment may be eligible for reimbursement if authorized by STATE.

(c) Reimbursement of COUNTY specialized equipment shall be based on COUNTY operating rates on file with STATE at time of initial dispatch.

(d) COUNTY specialized equipment billed to STATE must be identified by an incident order and request number and the associated cost; such cost shall be limited to the cost of the equipment usage and equipment operator.

5) HAND CREWS

(a) STATE shall reimburse COUNTY for COUNTY hand crews when used on a State Responsibility Area wildland fire within COUNTY'S SRA Protection Areas in accordance with criteria for determining reimbursement eligibility as outlined in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.

(b) When the California Department of Corrections and Rehabilitation or other State Agency pays the base salary of a hand crew, including COUNTY fire department supervisors, correctional officers and inmates, then STATE shall only pay those costs which exceed the basic salary of the crew (e.g. overtime and incidental operating expenses) accrued on the emergency.

(c) The STATE shall pay only for additional COUNTY personnel needed as crew strike team leaders to a limit of one strike team leader per crew strike team as defined in Incident Command System (ICS) standards for a crew strike team and for one technical specialist-crews per incident.
EXHIBIT A, ATTACHMENT 2
(Detailed Scope of Work)

6) OVERHEAD PERSONNEL

(a) STATE shall reimburse COUNTY for COUNTY overhead personnel when used on a State Responsibility Area wildland fire within the COUNTY’S SRA Protection Areas in accordance with criteria for determining reimbursement eligibility as outlined in the State/County Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.

(b) Reimbursement of COUNTY Overhead Personnel shall be based on COUNTY rates on file with STATE at the time initial dispatch.

B. NOTIFICATION

1) Whenever COUNTY expects payment for services under the provisions of this paragraph, COUNTY must notify STATE of the commitment of any of these resources that have been pre-approved for use as an element of initial attack and so documented in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement. This notification must occur in a timely manner so that an appropriate audit trail can be established.

2) For those resources employed after initial attack, notification will occur when the request for approval of use is made to STATE.

C. STATE shall reimburse COUNTY for COUNTY resources (equipment and personnel) when ordered by STATE or COUNTY in support of a special staffing pattern in accordance with conditions for approval of a special staffing pattern as outlined in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.

3. Assistance for Hire

A. COUNTY resources (equipment and personnel) requested directly by STATE for an out-of-county assignment will be reimbursed as Assistance-for-Hire for actual costs incurred by COUNTY.

B. For any State Responsibility Area wildland fire where costs are incurred pursuant to the terms of this AGREEMENT, STATE and COUNTY will comply with the processes and procedures for incident billing established in the STATE/COUNTY Operating Plan described in Exhibit A, Attachment 2, Paragraph 1.B. and 1.C., of this Agreement.
EXHIBIT B
(Budget Detail and Payment Provisions)

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Invoicing and Payment Provisions

A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the STATE shall annually pay to COUNTY that amount which is set forth in the STATE’S budget for each fiscal year involved as the STATE’S contribution to the support of the organization maintained by COUNTY for the prevention and suppression of wildland fires on lands described herein. The total amount payable by STATE to COUNTY for Gray Book-County Budget Detail (Gray Book) shall not exceed the amount specified on STANDARD FORM 213, Item 3, during the term of this agreement. This amount shall not include payments to the COUNTY for COUNTY resources used to suppress state responsibility fires under conditions set forth in Exhibit A, Attachment 2, Paragraphs 2, A, 1) through 6) of this Agreement.

B. COUNTY shall request payment in an amount not to exceed the sum designated in Paragraph A above in the manner described hereinafter.

C. COUNTY shall prepare and submit “Gray Book” invoices to STATE monthly, quarterly, semi-annually, or annually at COUNTY’s option, in arrears after STATE has certified that such services have been satisfactorily provided in accordance with this Agreement, during the period covered by said invoice. The final statement for any fiscal year covered by this Agreement shall be submitted no later than sixty days following the end of that fiscal year. “Gray Book” invoices shall include the Agreement Number and shall be submitted in triplicate in arrears to:

California Department of Forestry and Fire Protection
Southern Region
Attention: Deputy Chief, Contract Counties
2524 Mulberry Street, Riverside, CA 92501

D. In the event that the STATE during the term of this Agreement increases salary, augments staffing, or other expense items, having the effect of increasing such cost, the “Gray Book” may be amended to reflect such increase provided that funds have been appropriated and are available for such purpose. Similarly, in the event that the STATE receives a budget reduction having the effect of decreasing such cost, the “Gray Book” may be amended to reflect such decrease. In the event no appropriation is made for the purpose of this Agreement, the obligations of the parties to each other under this Agreement shall cease and this Agreement shall become null and void.

2. Budget Contingency Clause

A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the STATE shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the STATE shall have the option to either cancel this Agreement with no liability occurring to the STATE, or offer an agreement amendment to Contractor to reflect the reduced amount.

3. Prompt Payment Clause

Upon receipt of a properly submitted, undisputed invoice, STATE shall pay COUNTY within forty-five (45) days, or automatically calculate and pay the appropriate late payment penalties as specified in Government Code, Chapter 4.5, Section 927. In the event of an emergency, as defined in Section 927.11, late payment penalties may not apply. Specific to STATE, if an invoice from a business under contract with STATE becomes subject to late payment penalties during the annually declared fire season, then the required payment approval date shall extend 30 calendar days beyond the initial 45-day period. The total shall include the current applicable CAL FIRE Administrative Rate.
EXHIBIT B
(Budget Detail and Payment Provisions)

4. **“GRAY BOOK” FUNDING INFORMATION**

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EXHIBIT C
(General Terms and Conditions)

GENERAL TERMS AND CONDITIONS

The General Terms and Conditions are included in the contract by reference at:

http://www.documents.dgs.ca.gov/ols/GTC-610.doc
SPECIAL TERMS AND CONDITIONS

1. **Excise Tax**

   The State of California is exempt from federal excise taxes, and no payment will be made for any taxes levied on employees' wages. The STATE will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Agreement. California may pay any applicable sales and use tax imposed by another state.

2. **Settlement of Disputes**

   In the event of a dispute, within ten (10) days of discovery of the problem contractor shall file a "Notice of Dispute" with:

   California Department of Forestry and Fire Protection (CAL FIRE)
   Attention: Contracts Manager
   P.O. Box 944246
   Sacramento, CA 94244-2460

   Within ten (10) days of STATE receiving contractor's notice, the contracts manager or designee shall advise contractor of the findings and recommend a method to resolve the dispute. Decision of the contracts manager or designee shall be final.

   In the event of a dispute, the language contained within this Agreement shall prevail over any other language including that of the bid proposal.

3. **Right to Terminate**

   Either party may terminate this Agreement at any time by giving a minimum of 12 months written notice to the other party. In the event of termination, STATE shall pay Contractor for all costs and un-cancelable obligations incurred to the date of termination up to but not exceeding the maximum amount payable.

4. **Potential Subcontractors**

   Nothing contained in this Agreement or otherwise, shall create any contractual relation between the STATE and any subcontractors, and no subcontract shall relieve the Contractor of his responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the STATE for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the STATE shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

5. **Evaluation of Contractor**

   Performance of the Contractor under this Agreement will be evaluated. The evaluation shall be prepared on Contract/Contractor Evaluation Sheet (STD 4), and maintained in the Agreement file. For consultant agreements, a copy of the evaluation will be sent to DGS, Office of Legal Services, if it is negative and over $5,000.

6. **Agency Liability**

   The Contractor warrants by execution of this Agreement, that no person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the STATE shall, in addition to other remedies provided by law, have the right to annul this Agreement without liability,
paying only for the value of the work actually performed, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

7. **Force Majeure**

Neither party shall be liable to the other for any delay in or failure of performance, nor shall any such delay in or failures of performance constitute default, if such delay or failure is caused by “Force Majeure.” As used in this section, “Force Majeure” is defined as follows: Acts of war and acts of God such as earthquakes, floods, and other natural disasters such that performance is impossible.

8. **Contractor Name Change**

Contractor shall provide a written notice to the STATE at least thirty (30) days prior to any changes to the Contractor’s current legal name.

9. **Assignment**

Paragraph 3 of Exhibit C, General Terms and Conditions, does not apply because it is superseded by this Paragraph.

Contractor may only assign this Agreement to the Orange County Fire Authority which is a Joint Powers Authority. Any such assignment must be made by a Resolution adopted by the Orange County Board of Supervisors. If such assignment is made, a copy of the Resolution must be sent to STATE. Resolution must contain an Orange County Fire Authority contact person.
EXHIBIT E
(Additional Provisions)

ADDITIONAL PROVISIONS

1. Holding Over

   A. In the event STATE or COUNTY decides not to renew this Agreement, STATE or COUNTY shall provide the other a minimum of 12 months written notice of such intention. If no such notice is received, and a new agreement has not been executed, this Agreement shall be automatically extended on the same terms and conditions as contained herein, together with amendments if any, until the earlier of:

      1) The date on which a new renewal agreement is fully executed, or

      2) Termination of this holdover agreement by the mailing by either COUNTY or STATE of 12 months written notice to the other party.

   B. Renewal agreements shall be retroactive to the end of the term of the present agreement. Any payments made during a holdover period shall, if necessary, be promptly adjusted to comply with payments called for in the new agreement. Such adjustments shall occur within 60 days after approval of the new agreement by the DGS. COUNTY shall invoice STATE for any billing correction made necessary because of changes in the contract rates.

   C. The effectiveness of this Exhibit E, Paragraph 1, is conditional upon the lawful appropriation and availability of STATE funding for COUNTY’S services during the term of this Agreement.

2. Indemnification

   Paragraph 5 of Exhibit C, General Terms and Conditions, does not apply because it is superseded by this Paragraph.

   COUNTY agrees to indemnify, defend and hold harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by COUNTY in the performance of this Agreement.

   Pursuant to Government Code Section 925 et seq., STATE agrees to indemnify, defend and hold harmless the COUNTY, its officers, agents and employees from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by STATE in the performance of this Agreement.

3. Indemnification For Vegetation Management Projects

   The STATE agrees to indemnify, defend, and hold harmless the COUNTY, its agents, officers and employees, from and against any and all liability expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, arising solely out of performance by the COUNTY of approved vegetation management projects undertaken as part of fire prevention activities under this Agreement.

4. Notwithstanding the terminology of Public Resources Code Sections 4119, 4153, 4423, and 4436, the COUNTY shall not act as an agent of the STATE but shall exercise the powers granted in those sections independently as authorized by Public Resources Code Section 4129.

5. Paragraph 15, of Exhibit C, does not apply to this Agreement because the services provided in this Agreement were not obtained by means of a competitive bid.
GRAY BOOK

The "Gray Book" referenced in Exhibit A, Attachment 2, Paragraph 1.B., is hereby incorporated by reference and made a part of this agreement as if attached hereto.
EXHIBIT G
(Operating Plan)

OPERATING PLAN

The Operations Plan provided by the COUNTY, in accordance with Exhibit A, Attachment 2, Paragraph 1.B. and 1.C. of this Agreement, is hereby incorporated by reference and made a part of this agreement as if attached hereto.
TO: Board of Directors, Orange County Fire Authority

FROM: Dave Thomas, Assistant Chief
Operations Department

SUBJECT: Approval of the Resolution Authorizing Fire Chief to Execute an Agreement to Transfer Property or Funds for 2011 Homeland Security Grant Program Purposes between the County of Orange Sheriff-Coroner Department and the Orange County Fire Authority

Summary:
This item is submitted for approval of a resolution authorizing the Fire Chief to execute an agreement to receive grant funds to transfer or purchase equipment/services to the Orange County Fire Authority (OCFA) as a sub-grantee to the Orange County Sheriff-Coroner Department.

Recommended Actions:
1. Adopt the proposed Resolution authorizing the Fire Chief, or his designee, to execute the Agreement to Transfer Property or Funds for 2011 Homeland Security Grant Program Purposes.
2. Increase revenue and appropriations in the FY 2014/15 General Fund by $12,000 for the purchase of gas monitors.

Background:
The State Homeland Security Grant Program is one of seven Homeland Security Grant Programs. The goal of the State Homeland Security Grant Program is to provide funds to build the capabilities at the state and local levels to prevent, prepare, respond, and recover from a terrorism act, and natural and manmade disasters.

These funds will be used to purchase gas monitors that will added to the equipment compliment of Heavy Rescue 6 which will enhance operational capabilities.

At this time, staff recommends that revenue and appropriations be increased by $12,000 in the FY 2014/15 General Fund.

Impact to Cities/County:
None.

Fiscal Impact:
Increase of $12,000 to revenue and appropriations in the FY 2014/15 General Fund.
Staff Contacts for Further Information:
Dave Thomas, Assistant Chief,
davidthomas@ocfa.org
(714) 573-6012

Mike Petro, Battalion Chief
mikeypetro@ocfa.org
(714) 573-6028

Attachments:
1. Proposed Resolution
2. FY11 State Homeland Security Grant Program Agreement to Transfer Property or Funds for 2011 Homeland Security Grant Program Purposes
RESOLUTION NO. XX

A RESOLUTION OF THE ORANGE COUNTY FIRE AUTHORITY
BOARD OF DIRECTORS AUTHORIZING FIRE CHIEF TO EXECUTE
DOCUMENTS NECESSARY TO OBTAIN FEDERAL ASSISTANCE

WHEREAS, the County of Orange, acting through its Sheriff-Coroner Department in its capacity as the lead agency for the Orange County Operational Area, has applied for, received and accepted a Federal Homeland Security Grant Program grant (the “Grant”), subgranted by the State of California, acting through its California Emergency Management Agency, to enhance county-wide emergency preparedness; and

WHEREAS, the terms of the Grant require the County to use certain grant funds to purchase equipment, technology or services that will be transferred to the Orange County Fire Authority (“OCFA”) as subgrantee to be used for grant purposes; and

WHEREAS, the California Supplement to Federal Program Guidance for the FY11 Homeland Security Grant Program requires all subgrantee applications to include a new “Governing Body Resolution” appointing agents authorized to act on behalf of the Board, and to execute any actions necessary for the application and subgrant.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ORANGE COUNTY FIRE AUTHORITY, DOES HEREBY RESOLVE THAT:

Fire Chief Keith Richter, or his designee, is hereby authorized to execute for and on behalf of the Orange County Fire Authority, a Joint Powers Authority established under the laws of the State of California, any agreements, documents, or actions necessary for the purpose of obtaining federal financial assistance provided by the federal Department of Homeland Security and sub-granted through the State of California.

PASSED, APPROVED, AND ADOPTED this 26th day of June 2014.

_______________________________________
STEVEN WEINBERG, CHAIR
OCFA Board of Directors

ATTEST:

___________________________________
SHERRY A.F. WENTZ, CMC
Clerk of the Authority
GY2011 Homeland Security Grant Program

Project Approval Notification

Chief Mike Petro
Orange County Fire Authority
1 Fire Authority Rd.
Irvine, CA 92602

Requesting Jurisdiction: Orange County Fire Authority
Project Request: Gas Monitors
Project Allocation: $12,000.00
Awarding Agency: CalOES / Department of Homeland Security
Award Name: Homeland Security Grant Program
CFDA: 97.067

The application for the above project has been reviewed. This letter serves to inform you that your project has been approved by the Homeland Security Grant Program (HSGP).

An in depth review process of the application and the project concept itself was necessary prior to approval. This process is required due to stringent HSGP Grant Guidelines that must be adhered to. Following the review, your project was found to be a viable concept based on investment justifications, regional benefit, and degree of applicability to the overarching Homeland Security Grant goals and objectives.

It is critical that you become familiar with the 2011 Homeland Security Grant Program Guidance and the 2011 Homeland Security Grant Program California Supplemental Guidance. It is also imperative you contact the Homeland Security Grant Unit before funding any project that may be questionable in regards to Homeland Security Grant Program procurement guidelines and/or the Authorized Equipment List.

If you have any questions regarding this notification or the review process, please feel free to contact me or Michelle Anderson at 714-528-7158, or manderson@ocsd.org.

Respectfully,

[Signature]

Captain Brad Virgoe
Homeland Security Division
Orange County Sheriff's Department
714-647-1854
bvirgoe@ocsd.org
TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: Approval of the Updated OCFA Advanced Life Support (ALS) Paramedic and Basic Life Support (BLS) Medical Supplies Reimbursement Rates

Summary:
This agenda item is submitted to review and approve the proposed Advanced Life Support (ALS) and Basic Life Support (BLS) Medical Supply reimbursement rates to be effective upon approval by the County Board of Supervisors of the BLS Rate.

Committee Action:
At its June 11, 2014, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

Recommended Actions:
1. Conduct a Public Hearing.
2. Upon approval of the proposed increase to the maximum BLS emergency 9-1-1 transportation billing rate by the Orange County Board of Supervisors, authorize staff to increase OCFA’s Advanced Life Support (ALS) and Basic Life Support (BLS) Medical Supply reimbursement rates by the same percentage increase effective on or after July 1, 2014.

Background:
The County of Orange currently establishes the maximum county-wide billing rates for Advanced Life Support (ALS) and Basic Life Support (BLS) services. These rates are the maximum amounts that ambulance providers can charge patients for 9-1-1 emergency transportation services.

The 9-1-1 Emergency Ambulance Contracts include the rates at which the OCFA will be reimbursed for paramedic services and expendable medical supplies. Under the terms of the 9-1-1 Emergency Ambulance Contracts, those rates may be updated annually and are limited by the following parameters:

- The reimbursement rates cannot exceed the OCFA’s actual cost of providing the services.
- Increases to the reimbursement rates are limited by the annual percentage increase in the BLS maximum emergency 9-1-1 transportation billing rate as updated annually by the County Board of Supervisors.
FY 2014/15 Reimbursement Rates Calculation

The County’s 2014/15 proposed increase to the BLS and ALS maximum emergency 9-1-1 transportation billing rate is 1.10%, which reflects the adjustments utilizing the Orange County Board of Supervisors (BOS) approved BLS/ALS rate setting policy. The County BOS may approve an adjustment that is different than the proposed rate. This item is tentatively scheduled for consideration at the July 2014 Board of Supervisors meeting. In the event that the County BOS approve the rates, the staff recommendation is to allow the OCFA rates to become effective the first day of the following month, rather than wait for the next OCFA Board of Directors meeting.

Below is a chart showing the current and proposed OCFA reimbursement rates, which can be approved by the OCFA Board of Directors, with the effective date pending subsequent approval by the County Board of Supervisors:

<table>
<thead>
<tr>
<th></th>
<th>ALS Paramedic Services</th>
<th>BLS Expendable Medical Supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current OCFA Maximum Reimbursement Rates</td>
<td>$274.38</td>
<td>$30.65</td>
</tr>
<tr>
<td>Proposed Maximum Reimbursement Rates for 2014/15 (per County’s calculated 1.10% increase)</td>
<td>$277.40</td>
<td>$30.99</td>
</tr>
<tr>
<td>Proposed 1.10% Change in Dollars</td>
<td>$3.02</td>
<td>$0.34</td>
</tr>
<tr>
<td>OCFA Full Marginal Cost Recovery Rate for 2014/15</td>
<td>$428.16</td>
<td>$33.33</td>
</tr>
</tbody>
</table>

OCFA ALS Cost Recovery Summary

<table>
<thead>
<tr>
<th></th>
<th>65% Marginal</th>
<th>18% Marginal Cost Recovery</th>
<th>0% Marginal Cost Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum OCFA Billing Rate</td>
<td>$277</td>
<td>$77</td>
<td>$0</td>
</tr>
<tr>
<td>Full OCFA Marginal Cost Rate</td>
<td>$428</td>
<td>$428</td>
<td>$428</td>
</tr>
</tbody>
</table>

(44%) HMO/PPO/Self | (52%) Medicare | (4%) MediCal
Review of Proposed Reimbursement Rates:
Staff has taken the following actions to validate the proposed OCFA ALS paramedic and BLS medical supplies reimbursement rates:

- **Review by an Independent Certified Public Accounting firm** – The proposed reimbursement rates were developed by OCFA staff based on the FY 2014/15 proposed budget for salaries and employee benefits, services and supplies, and equipment and vehicle replacement costs. Those rate calculations were reviewed by Lance Soll & Lunghard (LSL), an independent firm of certified public accountants. LSL determined that the proposed rates are a reasonable representation of the OCFA’s marginal costs to provide the services. Although the OCFA’s actual costs exceed the amounts to be reimbursed under the proposed rates, LSL determined that those rates have been appropriately limited by the maximum 1.10% increase to the BLS billing rate proposed by the County Healthcare Agency. A copy of LSL’s report is included as Attachment 1.

- **Survey of ALS Rates California Counties** – A 2013 survey of California County ALS Rates compared OCFA’s rate to 30 counties within the State. Orange County’s maximum ALS billing rate is the seventh lowest of 30 counties in California with a population in excess of 200,000. OCFA’s proposed ALS incremental billing rate is consistent with the average of the four surrounding counties. Included as Attachment 2.

Impact to Cities/County:
Not Applicable.

Fiscal Impact:
While there is a proposed increase of 1.1%, it is recommended that ALS/BLS revenue for 2014/15 stay the same as the current 2013/14 projections.

Staff Contacts for Further Information:
Jim Ruane, Finance Manager/Auditor - Business Services Department
jimruane@ocfa.org
(714) 573-6304

Bill Lockhart, Battalion Chief - Emergency Medical Services
billockhart@ocfa.org
(714) 573-6071

Attachments:
2. 2013 Survey of California County ALS Rates
INDEPENDENT ACCOUNTANTS’ REPORT ON
APPLYING AGREED-UPON PROCEDURES

Jim Ruane, Finance Manager/Auditor
Orange County Fire Authority
Irvine, California

The County of Orange ("County") establishes the maximum county-wide billing rates for Advanced Life Support ("ALS") and Basic Life Support ("BLS") services. Since 2004, the reimbursement rates have been updated annually at public hearings by the Orange County Board of Supervisors, in conjunction with the adoption of the County’s maximum ALS and BLS billing rates. These rates are the maximum amounts that ambulance providers can charge patients for 911 emergency transportation services. The ambulance providers reimburse a portion of the ALS and BLS charges to the Orange County Fire Authority ("OCFA"). Each year, the OCFA calculates the ALS and BLS billing rates to be used for the forthcoming fiscal year. OCFA’s paramedic and medical supplies reimbursement rates are approved by the OCFA Board of Directors at a public hearing.

We have performed the procedures enumerated below, which were agreed to by the management of the OCFA, solely to assist the OCFA in evaluating the ALS and BLS Cost Calculations (Calculations) for providing ALS and BLS services to ambulance companies. The calculations are to be used during the fiscal year ending June 30, 2015. The OCFA’s management is responsible for the Calculations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures are as follows:

1. The County’s Emergency Medical Services ("EMS") Division determined that the OCFA’s reimbursement rates are specific to the OCFA and should not be combined with the countywide maximum billing rate. The County determined that any updates to the OCFA’s paramedic and medical supplies reimbursement rates should be approved by the OCFA’s Board of Directors, while the County will continue to determine the maximum emergency 911 ambulance transportation billing rates each year. The OCFA contracts with ambulance providers to establish the rates at which the OCFA will be reimbursed for paramedic services and medical supplies. Under the terms of the existing 911 Emergency Ambulance Contracts, those rates may be updated annually and are limited by the following:

   • Reimbursement rates cannot exceed the OCFA’s actual cost of providing the services.

   • Reimbursement rates are limited by the annual percentage increase in the BLS maximum emergency 911 transportation billing rate as updated by the Orange County Board of Supervisors.
We obtained the ALS and BLS Cost Calculations to be used for the year ending June 30, 2015. We compared our understanding of the requirements of the Calculations to the formats used by the OCFA to calculate the billing rates.

**Findings:** We noted no exceptions as a result of our procedures.

2. The ALS Cost Calculation (Exhibit 1) included three sections: non-vehicle costs, vehicle costs and rate comparison. We obtained a copy of the proposed budget for the year ending June 30, 2015, to support certain costs in the non-vehicle section.

Non-vehicle costs reported in the ALS Cost Calculation included amounts for salaries and employee benefits (90.2%), services and supplies (1.6%), and equipment replacement costs (8.2%). For salaries and benefits, we compared those amounts reported on the Calculation to the OCFA’s proposed budget for the fiscal year ending June 30, 2015. For services and supplies, we compared the amount reported on the Calculation for EMS Section - Direct to the budget. We noted that amounts reported for equipment replacement costs were for costs associated for cardiac defibrillators/monitors and OCMEDS tablets to collect patient information.

For the non-vehicle costs section, we recalculated the $385.58 reported under the column “Cost per ALS Assessment Transport”.

**Findings:** We noted no exceptions as a result of our procedures.

3. The vehicle costs section of the ALS Cost Calculation included amounts for maintenance and fuel costs and replacement costs.

The maintenance and fuel costs for the thirteen (13) paramedic vans ("vans") was calculated by taking the mileage driven for the year to arrive at the total mileage. The costs were then determined by taking the total mileage and multiplying it by the IRS 2013 mileage rate of $0.565 to arrive at the maintenance and fuel costs for these vans. We compared the annual mileage reported to a paramedic van mileage log maintained by the OCFA. We ascertained the mathematical accuracy of the $96,568 reported as maintenance and fuel costs.

The replacement cost was determined by taking the replacement cost of the fifteen (15) vans and dividing it by the estimated useful life of four years for each vehicle. We agreed the reported replacement costs to list of vehicles to be replaced. We ascertained the mathematical accuracy of the $431,540 reported as replacement costs.

**Findings:** We noted no exceptions as a result of our procedures.

4. Reimbursement rates cannot exceed the OCFA’s actual cost of providing the services. We compared the anticipated cost of OCFA providing these services of $428.16 to the proposed OCFA ALS reimbursement rate of $277.40.

**Findings:** We noted no exceptions as a result of our procedures.
5. The County establishes the maximum county-wide billing rates that ambulance providers can charge patients for 911 emergency transportation services. We compared the proposed County maximum ALS billing rate of $391.56 to the proposed OCFA ALS reimbursement rate of $277.40.

**Findings:** We noted no exceptions as a result of our procedures. The calculated reimbursement rate for ALS did not appear to exceed the OCFA's actual cost of providing the service.

6. The BLS Cost Calculation (Exhibit 2) included an amount for projected 2014/15 BLS costs and a projection for the number of transports. It also included a comparison of the projected cost per transport to the maximum BLS billing rate allowed by the County.

For 2014/15 BLS costs reported on the BLS Cost Calculation, we compared that amount to the OCFA's proposed budget for the fiscal year ending June 30, 2015. For the number of transports reported on the BLS Cost Calculation, we compared that number to an "Estimated Transports by Pay Category" worksheet prepared by the OCFA.

**Findings:** We noted no exceptions as a result of our procedures.

7. BLS reimbursement rates are limited by the annual percentage increase in the BLS maximum emergency 911 transportation billing rate as updated by the Orange County Board of Supervisors. That proposed maximum percentage increase of BLS Base Rate is 1.1% per year and the overall increase is 1.1% by the County.

We verified the mathematical accuracy of the cost per transport of $33.33. We verified that the calculation of the maximum reimbursement rate of $30.99 was mathematically correct. We verified that the cost per transport met or exceeded the maximum reimbursement rate calculated by the OCFA.

**Findings:** We noted no exceptions as a result of our procedures. The calculated reimbursement rate for BLS did not appear to exceed the OCFA's actual cost of providing the service.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to the OCFA.

This report is intended solely for the use of the OCFA's management and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purpose.

*Signature*

Brea, California
April 15, 2014
Orange County Fire Authority  
ALS and BLS Cost Calculation  
For Fiscal Year 2014-15

<table>
<thead>
<tr>
<th>Salaries and Employee Benefits:</th>
<th>FY 2014-15 Proposed Budget</th>
<th>Cost per ALS Assessment/Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMS Section - Direct</td>
<td>$1,072,848</td>
<td></td>
</tr>
<tr>
<td>Paramedic Pay</td>
<td>7,514,500</td>
<td></td>
</tr>
<tr>
<td>Support Staff</td>
<td>62,048</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>8,649,396</strong></td>
<td></td>
</tr>
</tbody>
</table>

| Services and Supplies:        |                             |                                  |
| EMS Section - Direct          | 154,247                     |                                  |
| Auditing Costs - Ambulance Providers | -                          |                                  |
| Legal/Quality Assurance/Admin Costs | -                          |                                  |
| **Subtotal**                  | **154,247**                 |                                  |

| Equipment Replacement Costs (OCMEDS Tablets) | 237,333 * |
| Equipment Replacement Costs (Defibrillators) | 547,857 * |

* annual replacement costs

| Subtotal - Non-Vehicle Costs | 9,588,833 | $385.58 (1) |

**Vehicle Costs:**

- Annual Mileage for 13 Paramedic Vans 170,916
- Average # of Miles per Vehicle 13,147
- Number of Operating Paramedic Vans 13
- Mileage Rate as Allowed by IRS (2013) 0.565

| Maintenance and Fuel Costs | 96,568 |
| (Mileage for 13 Paramedic Vans x IRS Rate) |

| Replacement - paramedic vans |                                    |
| Per 5-Year CIP Budget        | 1,726,160 |
| Estimated Life per Vehicle   | 4 years |

| Replacement Cost | 431,540 |

**Subtotal - Vehicle Costs** 528,108 42.58 (2)

**TOTAL COSTS** $10,116,941

**OCFA ALS MARGINAL COSTS PER ASSESSMENT TRANSPORT** $428.16

**PROPOSED OCFA ALS REIMBURSEMENT RATE** $277.40 (3)

Ambulance provider administrative and contractual write-off collection costs 114.16

**PROPOSED MAXIMUM ALS BILLING RATE** $391.56 (4)
(1) Represents non-vehicle costs, net of $928,499 (D-1) of Medicare recovery, prorated for the non-vehicle costs, divided by 22,586 (E-1 p.1) applicable ALS transports (billable non-Medicare transports, mutual aid transports and transports for Buena Park, San Clemente, Santa Ana, and Westminster)

(2) Represents vehicle costs, net of $46,468 (D-1) of Medicare recovery, prorated for the vehicle costs, divided by 11,265 (E-1 p.1) applicable ALS transports (billable non-Medicare transports and mutual aid transports). Transports in Buena Park, San Clemente, Santa Ana, and Westminster are excluded from this calculation because paramedic van services are not provided in these cities.

(3) The proposed updated marginal ALS paramedic reimbursement rate is limited to the percentage increase in the BLS Base Rate set by the Orange County Board of Supervisors and cannot exceed the cost of providing the services. The BLS Base Rate increase for FY 2014-15 has been proposed as 1.1% (F-2)

(4) Proposed ALS Rate based on BLS increase of 1.1%

<table>
<thead>
<tr>
<th>2014 Medicare ALS1 Reimbursement Rate</th>
<th>$76.96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated # of Medicare Transports</td>
<td>12,065</td>
</tr>
</tbody>
</table>

**Estimated Medicare Recovery Revenues**

| 928,499 |

**Transports:**

ALS Transports - Billable, non-Medicare and mutual aid transports, and transports for Buena Park, San Clemente, and Westminster: 22,586

ALS Transports - Billable, non-Medicare transports, and mutual aid transports: 11,265
<table>
<thead>
<tr>
<th>Description</th>
<th>2013/14</th>
<th>2014/15</th>
<th>% Increase</th>
<th>BLS Base Rate</th>
<th>% Increase</th>
<th>Max Reimb</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014/15 costs</td>
<td>$1,775,729</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>transports</td>
<td></td>
<td>53,271</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per transport</td>
<td>$33.33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recoverable costs</td>
<td>$1,108,840</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Unrecoverable costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual Aid</td>
<td>45,600</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buena Park</td>
<td>110,079</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Clemente</td>
<td>74,201</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santa Ana</td>
<td>314,753</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Westminster</td>
<td>122,257</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,775,729</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Potential revenue</td>
<td>$1,108,840</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated subsidy</td>
<td>$666,889</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTE: The proposed updated marginal ALS paramedic reimbursement rate is limited to the percentage increase in the BLS Base Rate set by the Orange County Board of Supervisors and cannot exceed the cost of providing the services.
## 2013 ALS Rate Comparison by County Emergency Rate

<table>
<thead>
<tr>
<th>County</th>
<th>2013 ALS Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butte</td>
<td>$2,399.00</td>
</tr>
<tr>
<td>Monterey</td>
<td>$2,205.69</td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>$2,009.58</td>
</tr>
<tr>
<td>San Mateo</td>
<td>$1,905.69</td>
</tr>
<tr>
<td>San Luis Obispo</td>
<td>$1,840.64</td>
</tr>
<tr>
<td>Stanislaus</td>
<td>$1,742.49</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>$1,738.76</td>
</tr>
<tr>
<td>Alameda</td>
<td>$1,650.26</td>
</tr>
<tr>
<td>San Francisco</td>
<td>$1,602.22</td>
</tr>
<tr>
<td>Merced</td>
<td>$1,600.00</td>
</tr>
<tr>
<td>Placer</td>
<td>$1,599.14</td>
</tr>
<tr>
<td>Ventura</td>
<td>$1,588.00</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>$1,540.00</td>
</tr>
<tr>
<td>Shasta</td>
<td>$1,529.45</td>
</tr>
<tr>
<td>Yolo</td>
<td>$1,489.48</td>
</tr>
<tr>
<td>Contra Costa*</td>
<td>$1,424.88</td>
</tr>
<tr>
<td>San Joaquin</td>
<td>$1,388.49</td>
</tr>
<tr>
<td>El Dorado</td>
<td>$1,299.14</td>
</tr>
<tr>
<td>Marin</td>
<td>$1,290.88</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>$1,221.34</td>
</tr>
<tr>
<td>Sonoma</td>
<td>$1,165.61</td>
</tr>
<tr>
<td>Riverside</td>
<td>$1,151.48</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>$1,149.35</td>
</tr>
<tr>
<td>Orange</td>
<td>$1,131.07</td>
</tr>
<tr>
<td>Sacramento</td>
<td>$1,095.08</td>
</tr>
<tr>
<td>Tulare</td>
<td>$1,091.33</td>
</tr>
<tr>
<td>Kern</td>
<td>$1,051.48</td>
</tr>
<tr>
<td>Solano</td>
<td>$1,050.00</td>
</tr>
<tr>
<td>City of San Diego</td>
<td>$1,275.00</td>
</tr>
<tr>
<td>Fresno</td>
<td>$913.88</td>
</tr>
</tbody>
</table>

## 2013 ALS & ALS Increment Rate Comparison with Nearby Counties

<table>
<thead>
<tr>
<th>County</th>
<th>ALS Billing</th>
<th>ALS Increment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orange County</td>
<td>$1,131.06</td>
<td>(OCFA) $391.61</td>
</tr>
<tr>
<td>City of San Diego</td>
<td>$1,275.00</td>
<td>$304.00</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>$1,540.00</td>
<td>$402.00</td>
</tr>
<tr>
<td>Riverside</td>
<td>$1,151.48</td>
<td>$347.31</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>$1,221.34</td>
<td>$518.98</td>
</tr>
</tbody>
</table>

**Average**
- ALS Billing: $1,296.96
- ALS Increment Rate: $393.07

**OCFA compared to 4 surrounding counties**
- ($165.90) (-12.8%)
- ($1.46) (-0.4%)

*Counties with a population in excess of 200,000*
TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: Updated Cost Reimbursement Rates

Summary:
This agenda item is submitted to review and approve the proposed update to the Cost Reimbursement rates.

Committee Action:
At its June 11, 2014, meeting, the Budget and Finance Committee reviewed and unanimously recommended approval of this item.

Recommended Action:
Approve and adopt the proposed Cost Reimbursement Rate schedules effective July 1, 2014.

Background:
In 2010, a steering committee made up of executives from the United States Forest Service (USFS), CAL FIRE, Cal EMA, FIRESCOPE, and the Association of Contract Counties met with the goal of ensuring that California continues to maintain its effective and efficient emergency response system. The primary concern was establishing a consistent cost reimbursement methodology for calculating average hourly and indirect cost rates (Administrative Rate) that are both fair to the requesting agency, as well as the sending agency, and are defendable, consistent, and transparent to outside auditors and the public.

In 2011, CAL FIRE as the lead fire agency, along with various other state and federal agencies, completed the task of developing a fair, consistent, and equitable reimbursement rate methodology, regardless of the state or federal resource-ordering agency. All the agencies came to consensus that the ordering-agency should not be responsible for paying the fixed benefit cost of the sending agency and agreed to a rate calculation methodology consisting of marginal costs only. Cal EMA, as the state agency responsible for Fire and Emergency assistance to local, state and federal agencies, incorporated the new methodology into the California Fire Assistance Agreement (CFAA).

In 2013, Cal EMA proposed that non-suppression personnel, ordered through CFAA only, will require two separate rates. The first rate will be based on the average hourly rate for the job classification including benefits. This rate will be used to reimburse OCFA for the normal regularly scheduled hours an individual is assigned to an incident. The second rate will be calculated based on the average hourly overtime rate for the job classification including related benefits. The rate will be used to calculate the reimbursement amount for overtime hours worked at an incident.
The CFAA outlines the methodologies and formulas participating agencies (including OCFA) are to use when developing reimbursement rates. This agreement is now part of the California Fire and Rescue Mutual Aid System Operating Plan. Based on the agreed-upon calculation using the FY 2012/13 actual expenditures, OCFA’s proposed Indirect Cost Rate for FY 2014/15 is 13.22%. The current rate is 15.06%. This change is attributable to the additional cost of providing frontline services to the City of Santa Ana without adding more support staff starting in April 2012, effectively reducing OCFA’s overhead cost.

Cal EMA has advised staff that the specialty pays (i.e. paramedic and hazmat pays) are to be incorporated into the average hourly rate calculation for Fire Captain, Fire Apparatus Engineer, and Firefighter instead of having three separate rates for each job classification. As an example, OCFA currently has a rate for Firefighter, Firefighter/Paramedic, and Firefighter/Hazmat, all with different reimbursement rates. Cal EMA has requested that OCFA only develop one rate per classification. This change only impacts the Cal EMA rates as shown on Attachment 1B. Attachment 1A will continue to include the paramedic and hazmat rates for each rank for use in non-CFAA billings.

The average percentage decrease in the proposed Personnel Cost Reimbursement Rates is 1.05%. A majority of the rate decrease is a result of the indirect cost rate going down 1.84% (from 15.06% to 13.22%). The equipment reimbursement rates remain unchanged from last year except for the helicopters. The Bell Super Huey (acquired as federal excess property and placed in service in 1996) rate decreased approximately 7% and the Bell 412 (acquired in 2008) increased 46%. The rates were updated to reflect an average based on five year history. Previous rates had used projected flight hours estimated to occur in the upcoming fiscal year. Utilizing an average is more reflective of actual historical usage. Two new classifications, the Handcrew Supervisor filled by a staff Fire Apparatus Engineer and Heavy Fire Equipment Operator (mutually beneficial rate) were added to the rate schedule in order for OCFA to recover costs for those positions.

**Mutually Beneficial Hourly Rates (Handcrew and Dozer Operator)**

These rates, with a methodology originally approved in 2010, are used to recover base salary costs of the handcrew and dozer operators when projects are deemed beneficial to both the requesting entity and OCFA.

Upon approval of the proposed rates, included as Attachment 1A, 1B and 2, OCFA Finance/Cost Recovery Section will use them for the following activity or program:

**Activity or Program**

- CAL FIRE, Cal EMA (Formerly OES), Cleveland National Forest (CNF) Fire/Incident response- Generally referred to as Assistance by Hire (ABH) rates
- Fire/Incident Restitution (including Hazmat)
- Special Event Stand-By
- Civil Witness
- Other Miscellaneous Billing
Impact to Cities/County:
Not Applicable.

Fiscal Impact:
The fiscal impact of the new rates will be based on the number of incidents that occur throughout the year and will be incorporated into the mid-year budget update.

Staff Contacts for Further Information:
Jim Ruane, Finance Manager/Auditor
Business Services Department
jimruane@ocfa.org
(714) 573-6304

Stephan Hamilton, Cost Accounting Manager
Business Services Department
stephanhamilton@ocfa.org
(714) 573-6316

Attachments:
1. Proposed Cost Reimbursement Rates – Personnel
   a. Proposed Cost Reimbursement Rates – All Agencies except Cal EMA
   b. Proposed Cost Reimbursement Rates – Cal EMA
2. Proposed Cost Reimbursement Rates – Equipment
## SUPPRESSION PERSONNEL

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>2013/14 (1) ADOPTED RATE</th>
<th>2014/15 (1) PROPOSED RATE</th>
<th>$ CHANGE</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRE DIVISION CHIEF</td>
<td>$151.35</td>
<td>$151.01</td>
<td>($0.34)</td>
<td>-0.22%</td>
</tr>
<tr>
<td>FIRE BATTALION CHIEF</td>
<td>$92.88</td>
<td>$90.57</td>
<td>($2.31)</td>
<td>-2.49%</td>
</tr>
<tr>
<td>FIRE CAPTAIN</td>
<td>$69.48</td>
<td>$68.46</td>
<td>($1.02)</td>
<td>-1.47%</td>
</tr>
<tr>
<td>FIRE APPARATUS ENGINEER</td>
<td>$60.16</td>
<td>$59.93</td>
<td>($0.23)</td>
<td>-0.37%</td>
</tr>
<tr>
<td>FIREFIGHTER</td>
<td>$53.08</td>
<td>$52.16</td>
<td>($0.92)</td>
<td>-1.73%</td>
</tr>
<tr>
<td>FC/PARAPLICMED (2)</td>
<td>$77.57</td>
<td>$76.48</td>
<td>($1.09)</td>
<td>-1.41%</td>
</tr>
<tr>
<td>FAE/PARAPLICMED (2)</td>
<td>$68.25</td>
<td>$67.95</td>
<td>($0.30)</td>
<td>-0.44%</td>
</tr>
<tr>
<td>F/E/HAZMAT (3)</td>
<td>$61.17</td>
<td>$60.18</td>
<td>($0.99)</td>
<td>-1.62%</td>
</tr>
<tr>
<td>F/E/HAZMAT (3)</td>
<td>$73.52</td>
<td>$72.47</td>
<td>($1.05)</td>
<td>-1.43%</td>
</tr>
<tr>
<td>F/E/HAZMAT (3)</td>
<td>$64.20</td>
<td>$63.94</td>
<td>($0.26)</td>
<td>-0.40%</td>
</tr>
<tr>
<td>FF/HAZMAT (3)</td>
<td>$57.13</td>
<td>$56.17</td>
<td>($0.96)</td>
<td>-1.70%</td>
</tr>
<tr>
<td>FF/HAZMAT PARAMEDIC (3)</td>
<td>$62.52</td>
<td>$61.52</td>
<td>($1.00)</td>
<td>-1.60%</td>
</tr>
<tr>
<td>HAND CREW (FIREFIGHTER)</td>
<td>$32.11</td>
<td>$31.14</td>
<td>($0.97)</td>
<td>-3.01%</td>
</tr>
<tr>
<td>HAND CREW SUPERVISOR (STAFF FIRE CAPTAIN)</td>
<td>$99.11</td>
<td>$97.19</td>
<td>($1.92)</td>
<td>-1.93%</td>
</tr>
<tr>
<td>HAND CREW SUPERVISOR (STAFF FIRE APP. ENGINEER)</td>
<td>NEW</td>
<td>$83.93</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>HAND CREW SUPERVISOR (STAFF FIREFIGHTER)</td>
<td>$70.89</td>
<td>$71.45</td>
<td>$0.56</td>
<td>0.79%</td>
</tr>
<tr>
<td>HEAVY FIRE EQUIPMENT OPERATOR</td>
<td>$99.11</td>
<td>$98.27</td>
<td>($0.84)</td>
<td>-0.85%</td>
</tr>
<tr>
<td>FIRE PILOT</td>
<td>$99.11</td>
<td>$87.54</td>
<td>($11.57)</td>
<td>-11.67%</td>
</tr>
<tr>
<td>LEAD FIRE PILOT</td>
<td>$97.91</td>
<td>$97.08</td>
<td>($0.83)</td>
<td>-0.85%</td>
</tr>
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</table>

## NON-SUPPRESSION PERSONNEL

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>2013/14 ADOPTED RATE</th>
<th>2014/15 PROPOSED RATE</th>
<th>$ CHANGE</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCT. SUPPORT SPEC./SR. ACCT. SUPPORT SPEC.</td>
<td>$53.77</td>
<td>$53.63</td>
<td>($0.14)</td>
<td>-0.26%</td>
</tr>
<tr>
<td>ACCOUNTANT</td>
<td>$70.89</td>
<td>$71.44</td>
<td>$0.55</td>
<td>0.78%</td>
</tr>
<tr>
<td>ASST. FIRE APPARATUS TECHNICIAN</td>
<td>$54.65</td>
<td>$54.32</td>
<td>($0.33)</td>
<td>-0.60%</td>
</tr>
<tr>
<td>ASSISTANT FIRE MARSHAL</td>
<td>$91.63</td>
<td>$90.51</td>
<td>($1.12)</td>
<td>-1.22%</td>
</tr>
<tr>
<td>ASSISTANT IT MANAGER</td>
<td>$126.09</td>
<td>$83.03</td>
<td>($43.06)</td>
<td>-34.15%</td>
</tr>
<tr>
<td>COMMUNICATIONS INSTALLER</td>
<td>$49.98</td>
<td>$49.68</td>
<td>($0.30)</td>
<td>-0.60%</td>
</tr>
<tr>
<td>COMMUNICATIONS TECHNICIAN</td>
<td>$59.41</td>
<td>$58.68</td>
<td>($0.73)</td>
<td>-1.23%</td>
</tr>
<tr>
<td>EMERGENCY TRANSPORTATION TECH.</td>
<td>$23.16</td>
<td>$22.70</td>
<td>($0.46)</td>
<td>-1.99%</td>
</tr>
<tr>
<td>FIRE APPARATUS TECHNICIAN</td>
<td>$63.43</td>
<td>$63.05</td>
<td>($0.38)</td>
<td>-0.59%</td>
</tr>
<tr>
<td>FIRE COMM RELATIONS/ED SUPV</td>
<td>$74.09</td>
<td>$73.18</td>
<td>($0.91)</td>
<td>-1.22%</td>
</tr>
<tr>
<td>FIRE COMMUNICATIONS DISPATCHER</td>
<td>$62.77</td>
<td>$62.01</td>
<td>($0.76)</td>
<td>-1.22%</td>
</tr>
<tr>
<td>FIRE COMMUNICATIONS SUPERVISOR</td>
<td>$69.98</td>
<td>$69.12</td>
<td>($0.86)</td>
<td>-1.22%</td>
</tr>
<tr>
<td>FIRE COMMUNITY RELATIONS/EDUC. SPEC.</td>
<td>$64.43</td>
<td>$63.64</td>
<td>($0.79)</td>
<td>-1.22%</td>
</tr>
<tr>
<td>FIRE EQUIPMENT TECHNICIAN</td>
<td>$40.35</td>
<td>$41.75</td>
<td>$1.40</td>
<td>3.47%</td>
</tr>
<tr>
<td>FIRE HELICOPTER TECHNICIAN</td>
<td>$74.00</td>
<td>$73.56</td>
<td>($0.44)</td>
<td>-0.60%</td>
</tr>
<tr>
<td>FLEET SERVICES COORDINATOR</td>
<td>$73.76</td>
<td>$72.86</td>
<td>($0.90)</td>
<td>-1.22%</td>
</tr>
<tr>
<td>FLEET SERVICES SUPERVISOR</td>
<td>$77.47</td>
<td>$77.01</td>
<td>($0.46)</td>
<td>-0.60%</td>
</tr>
<tr>
<td>GENERAL LABORER</td>
<td>$31.61</td>
<td>$31.63</td>
<td>$0.02</td>
<td>0.07%</td>
</tr>
<tr>
<td>GIS SPECIALIST</td>
<td>$63.57</td>
<td>$64.32</td>
<td>$0.75</td>
<td>1.19%</td>
</tr>
<tr>
<td>INFORMATION TECHNOLOGY ANALYST</td>
<td>$88.90</td>
<td>$86.09</td>
<td>($2.81)</td>
<td>-3.16%</td>
</tr>
<tr>
<td>MEDICAL DIRECTOR</td>
<td>$127.96</td>
<td>$84.27</td>
<td>($43.69)</td>
<td>-34.15%</td>
</tr>
<tr>
<td>RESERVE FIREFIGHTER</td>
<td>$2.04</td>
<td>$2.01</td>
<td>($0.03)</td>
<td>-1.70%</td>
</tr>
<tr>
<td>SERVICE CENTER LEAD</td>
<td>$67.99</td>
<td>$67.16</td>
<td>($0.83)</td>
<td>-1.21%</td>
</tr>
<tr>
<td>SERVICE CENTER SUPERVISOR</td>
<td>$82.14</td>
<td>$81.65</td>
<td>($0.49)</td>
<td>-0.60%</td>
</tr>
<tr>
<td>SR. ACCOUNTANT</td>
<td>$98.45</td>
<td>$63.91</td>
<td>($34.54)</td>
<td>-35.08%</td>
</tr>
<tr>
<td>SR. COMMUNICATIONS TECHNICIAN</td>
<td>$67.76</td>
<td>$66.93</td>
<td>($0.83)</td>
<td>-1.22%</td>
</tr>
<tr>
<td>SR. FIRE APPARATUS TECHNICIAN</td>
<td>$68.47</td>
<td>$67.18</td>
<td>($1.29)</td>
<td>-1.88%</td>
</tr>
<tr>
<td>SR. FIRE COMMUNICATIONS SUPV</td>
<td>$77.95</td>
<td>$77.00</td>
<td>($0.95)</td>
<td>-1.23%</td>
</tr>
<tr>
<td>SR. FIRE EQUIPMENT TECHNICIAN</td>
<td>$52.22</td>
<td>$54.07</td>
<td>$1.85</td>
<td>3.54%</td>
</tr>
<tr>
<td>SR. FIRE HELICOPTER TECHNICIAN</td>
<td>$82.61</td>
<td>$82.11</td>
<td>($0.50)</td>
<td>-0.60%</td>
</tr>
<tr>
<td>SR. INFO TECHNOLOGY ANALYST</td>
<td>$102.96</td>
<td>$103.52</td>
<td>$0.56</td>
<td>0.55%</td>
</tr>
<tr>
<td>SUPERVISING PURCHASING AGENT</td>
<td>$86.79</td>
<td>$85.73</td>
<td>($1.06)</td>
<td>-1.22%</td>
</tr>
<tr>
<td>WILDLAND FIRE DEFENSE PLANNER</td>
<td>$79.82</td>
<td>$78.85</td>
<td>($0.97)</td>
<td>-1.22%</td>
</tr>
</tbody>
</table>

## MUTUALLY BENEFICIAL RATES:

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>2013/14 ADOPTED RATE</th>
<th>2014/15 PROPOSED RATE</th>
<th>$ CHANGE</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAND CREW (FIREFIGHTER)</td>
<td>$17.57</td>
<td>$16.55</td>
<td>($0.82)</td>
<td>-4.72%</td>
</tr>
<tr>
<td>HAND CREW SUPERVISOR (STAFF FIRE CAPTAIN)</td>
<td>$51.49</td>
<td>$51.65</td>
<td>$0.16</td>
<td>0.31%</td>
</tr>
<tr>
<td>HAND CREW SUPERVISOR (STAFF FIRE APP. ENGINEER)</td>
<td>NEW</td>
<td>$44.60</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>HAND CREW SUPERVISOR (STAFF FIREFIGHTER)</td>
<td>$38.96</td>
<td>$37.97</td>
<td>($0.99)</td>
<td>-2.54%</td>
</tr>
<tr>
<td>HEAVY FIRE EQUIPMENT OPERATOR</td>
<td>NEW</td>
<td>$52.22</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Notes:
1. Includes OCTA Proposed Indirect Cost Rate of 13.22%. (15.06% for FY 2013/14 and 13.22% for FY 2014/15)
2. Paramedic Rate is average hourly rate for that classification plus 15% of top step firefighter rate - $4.26
3. HazMat Rate is average hourly rate for that classification plus $2.13. Hazmat Paramedic rate is average hourly rate plus $4.97.
4. Average excludes adjustment to management positions to reflect overtime as straight time rather than 1.5 x hourly rate.
### Classification

<table>
<thead>
<tr>
<th>Classification</th>
<th>2013/14 Adopted Rate</th>
<th>2014/15 Proposed Rate (1)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRE DIVISION CHIEF</td>
<td>$151.35</td>
<td>$151.01</td>
<td>0.22%</td>
</tr>
<tr>
<td>FIRE BATTALION CHIEF</td>
<td>$92.88</td>
<td>$90.57</td>
<td>2.49%</td>
</tr>
<tr>
<td>FIRE CAPTAIN (2)</td>
<td>$69.48</td>
<td>$71.07</td>
<td>2.30%</td>
</tr>
<tr>
<td>FIRE APPARATUS ENGINEER (2)</td>
<td>$60.16</td>
<td>$60.93</td>
<td>1.38%</td>
</tr>
<tr>
<td>FIREFIGHTER (2)</td>
<td>$68.25</td>
<td>$60.00</td>
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</tr>
<tr>
<td>F/A/PARAMEDIC (2)</td>
<td>$61.17</td>
<td>$61.17</td>
<td>0.00%</td>
</tr>
<tr>
<td>F/C/HAZMAT (2)</td>
<td>$73.52</td>
<td>$73.52</td>
<td>0.00%</td>
</tr>
<tr>
<td>F/A/HAZMAT (2)</td>
<td>$64.20</td>
<td>$64.20</td>
<td>0.00%</td>
</tr>
<tr>
<td>F/P/HAZMAT (2)</td>
<td>$57.13</td>
<td>$57.13</td>
<td>0.00%</td>
</tr>
<tr>
<td>FIRE PILOT</td>
<td>$99.11</td>
<td>$74.09</td>
<td>-31.51%</td>
</tr>
<tr>
<td>HAND CREW (FIREFIGHTER)</td>
<td>$93.11</td>
<td>$93.11</td>
<td>0.00%</td>
</tr>
<tr>
<td>HAND CREW SUPERVISOR (STAFF FIRE CAPTAIN)</td>
<td>$83.93</td>
<td>$83.93</td>
<td>0.00%</td>
</tr>
<tr>
<td>HAND CREW SUPERVISOR (STAFF FIRE APP. ENGINEER)</td>
<td>N/A</td>
<td>$83.93</td>
<td>N/A</td>
</tr>
<tr>
<td>HAND CREW SUPERVISOR (STAFF FIREFIGHTER)</td>
<td>$70.89</td>
<td>$71.45</td>
<td>0.79%</td>
</tr>
<tr>
<td>HEAVY FIRE EQUIPMENT OPERATOR</td>
<td>$99.11</td>
<td>$98.27</td>
<td>0.85%</td>
</tr>
<tr>
<td>LEAD FIRE PILOT</td>
<td>$97.08</td>
<td>$97.08</td>
<td>0.85%</td>
</tr>
</tbody>
</table>

**Notes:**
1. Includes OCFRA Proposed Indirect Cost Rate of 13.22% (15.06% for FY 2013/14 and 13.22% for FY 2014/15)
2. Paramedic ($4.26/hr), HazMat ($2.13/hr) and HazMat Paramedic ($4.97/hr) specialty pays are now included in the FC, FAE and FF average rates per Cal EMA approved methodology.
3. Adjustment to management positions to reflect overtime as straight time rather than 1.5 x hourly rate.
## ORANGE COUNTY FIRE AUTHORITY
### COST REIMBURSEMENT HOURLY RATES
#### EQUIPMENT
##### EFFECTIVE JULY 1, 2014

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>2013/14 RATE</th>
<th>2014/15 RATE</th>
<th>$ CHANGE</th>
<th>% CHANGE</th>
<th>SOURCE</th>
</tr>
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<tbody>
<tr>
<td>TYPE 1 ENGINE</td>
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</tr>
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</tr>
<tr>
<td>TYPE 3 ENGINE</td>
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<td>$0.00</td>
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</tr>
<tr>
<td>TRUCK/QUINT</td>
<td>$85.00</td>
<td>$85.00</td>
<td>$0.00</td>
<td>0.00%</td>
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</tr>
<tr>
<td>PATROL UNIT (Type 6/ Swift Water Rescue)</td>
<td>$70.00</td>
<td>$70.00</td>
<td>$0.00</td>
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</tr>
<tr>
<td>AIRPORT CRASH UNIT</td>
<td>$85.00</td>
<td>$85.00</td>
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</tr>
<tr>
<td>CREW CARRYING VEHICLE</td>
<td>$20.00</td>
<td>$20.00</td>
<td>$0.00</td>
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<td>FEMA</td>
</tr>
<tr>
<td>DOZER TRANSPORT</td>
<td>$65.25</td>
<td>$65.25</td>
<td>$0.00</td>
<td>0.00%</td>
<td>FEMA</td>
</tr>
<tr>
<td>DOZER</td>
<td>$65.00</td>
<td>$65.00</td>
<td>$0.00</td>
<td>0.00%</td>
<td>FEMA</td>
</tr>
<tr>
<td>DOZER TRAILER</td>
<td>$12.50</td>
<td>$12.50</td>
<td>$0.00</td>
<td>0.00%</td>
<td>FEMA</td>
</tr>
<tr>
<td>DOZER TENDER</td>
<td>$20.00</td>
<td>$20.00</td>
<td>$0.00</td>
<td>0.00%</td>
<td>FEMA</td>
</tr>
<tr>
<td>GRADER</td>
<td>$58.00</td>
<td>$58.00</td>
<td>$0.00</td>
<td>0.00%</td>
<td>FEMA</td>
</tr>
<tr>
<td>LOADER</td>
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<td>$40.00</td>
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<td>0.00%</td>
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</tr>
<tr>
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</tr>
<tr>
<td>MEDIC UNIT</td>
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</tr>
<tr>
<td>MECHANIC SERVICE TRUCK</td>
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<td>Cal EMA</td>
</tr>
<tr>
<td>WATER TENDER</td>
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<td>$31.00</td>
<td>$0.00</td>
<td>0.00%</td>
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<tr>
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<td>$31.00</td>
<td>$0.00</td>
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<td>FEMA</td>
</tr>
<tr>
<td>AIR/LIGHT UTILITY</td>
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<td>$24.00</td>
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<td>0.00%</td>
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</tr>
<tr>
<td>FIRE COMMAND UNIT</td>
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<td>$20.00</td>
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<td>0.00%</td>
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</tr>
<tr>
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<td>$4.00</td>
<td>$0.00</td>
<td>0.00%</td>
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<tr>
<td>PICKUP</td>
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<td>0.00%</td>
<td>Cal EMA</td>
</tr>
<tr>
<td>VAN</td>
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<td>Cal EMA</td>
</tr>
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<td>HAZMAT (Unit 4)</td>
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<td>0.00%</td>
<td>FEMA</td>
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<tr>
<td>HAZMAT (Unit 79)</td>
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<td>0.00%</td>
<td>FEMA</td>
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<tr>
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<tr>
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<td>$1,582.62</td>
<td>$1,473.29</td>
<td>($109.33)</td>
<td>-6.91%</td>
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<tr>
<td>HELICOPTER - BELL 412 (1)</td>
<td>$3,472.24</td>
<td>$5,090.51</td>
<td>$1,618.27</td>
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<td>OCFA</td>
</tr>
</tbody>
</table>

**Notes:**
1. Helicopter rates are based on 20 years useful life without the pilot and crew chief (Captain). The new rate reflects average usage for the past five years.
TO: Board of Directors, Orange County Fire Authority

FROM: Lori Zeller, Assistant Chief
Business Services Department

SUBJECT: Request from City of Santa Ana for Release of Escrow

Summary:
This agenda item is submitted to transmit a request from the City of Santa Ana for the OCFA Board of Directors to consider elimination of the City’s escrow security requirement, pursuant to the Fire Services and Emergency Medical Services Agreement with the City.

Committee Action:
At its June 11, 2014, meeting, the Budget and Finance Committee received a presentation from Santa Ana City staff, and were presented with two options by OCFA’s staff for its consideration:

Option 1:
1. Find that the City of Santa Ana’s financial condition has improved such that the need for Security has changed and that the Security should be eliminated.
2. Authorize the release of $2.9 million held in escrow as Security for the City of Santa Ana’s financial obligations under the Fire Services and Emergency Medical Services Agreement.

Option 2:
1. Receive and file the report and direct staff to maintain the existing Security provisions pursuant to the Fire Services and Emergency Medical Services Agreement with the City of Santa Ana, subject to further consideration at a later date.

Upon the completion of the presentation by Santa Ana and OCFA staff members, the Budget and Finance Committee unanimously recommended approval of Option 1.

Recommended Actions:
1. Find that the City of Santa Ana’s financial condition has improved such that the need for Security has changed and that the Security should be eliminated.
2. Authorize the release of $2.9 million held in escrow as Security for the City of Santa Ana’s financial obligations under the Fire Services and Emergency Medical Services Agreement.

Background:
On April 20, 2012, the OCFA began providing services to the City of Santa Ana pursuant to a Fire Services and Emergency Medical Services Agreement (Attachment 1). Given the City’s financial condition at the time, the OCFA required the City to obtain a bond or establish an escrow account naming OCFA as beneficiary, in the amount of one full monthly payment for services rendered by OCFA under the Agreement (i.e., “the Security”). The Security was established as an escrow account, and has been consistently maintained since the inception of the Agreement. The escrow balance as of April 30, 2014, was $2,915,576.27, equivalent to one monthly payment.
Section VII.4. of the Agreement provides the following option in regards to the Security:

“On or after July 1, 2014, CITY may present information to the OCFA Board of Directors that the City’s financial condition has improved such that the need for the Security has changed and that the requirement for the Security should be reduced, eliminated, or modified as a result. The OCFA Board of Directors may, in its sole discretion, reduce, eliminate or otherwise modify the requirement of this Section VII.4.”

The City of Santa Ana has provided the attached report entitled “City of Santa Ana Financial Update to the Orange County Fire Authority June 2014” for consideration by the OCFA Board of Directors (Attachment 2). OCFA financial staff reviewed the City’s report, as well as other financial documents obtained from the City, including workers’ compensation actuarial reports, financial forecasts, mid-year financial reports, PERS actuarial valuation information, and the City’s Comprehensive Annual Financial Report. Based on OCFA staff’s review, several questions were submitted to the City for follow-up and response. The City has been very responsive in addressing OCFA’s questions, and participating in conference calls with us to assist our understanding. OCFA’s questions, with the City of Santa Ana’s responses, are provided as Attachment 3.

**OCFA Analysis**

OCFA financial staff will be present at the June Budget and Finance Committee meeting, and available to answer questions for the Committee about its review of City financial documents. In summary, based on our analysis, we agree that the City of Santa Ana’s financial condition has improved, since 2012. In addition, the City has made all required payments to OCFA in a timely manner and in compliance with the Fire Services Agreement, since the inception of the contract. Furthermore, Santa Ana is OCFA’s only cash contract member required to pay for services monthly in advance, whereas all other cash contract members are required to pay for services quarterly in arrears. This advance payment serves as an additional layer of security for OCFA.

The escrow account, which provides the value of payment for an additional month of OCFA services, was intended to protect OCFA in the event the City of Santa Ana failed to pay an invoice for services. The concept was such that if the City’s finances became so stressed that they failed to pay a monthly invoice, the OCFA Board would have the 30 days afforded by the escrow payment to determine the next steps it might take in addressing failure to pay. As previously mentioned, the City of Santa Ana has made every payment to OCFA on time or early.

The question of whether or not the City’s financial condition has improved such that the Security should be reduced or eliminated is a more difficult question to answer. Addressing the City’s request should not only entail an analysis of the City’s finances, but also consider the likelihood, even in a situation of stressed finances, of the City to fail to pay for fire services, a critical public safety service. We know when the City first joined OCFA, their finances were indeed stressed, and yet they did make all payments on time. These factors can provide acceptable support for elimination of escrow. Staff from the City of Santa Ana will be attending the June Budget and Finance Committee meeting to provide a presentation and answer questions for the Committee.
Impact to Cities/County:
Elimination of the escrow requirement for the City of Santa Ana would enable the City to move the $2.9 million in funds to further augment City reserves, pursuant to its strategic and financial goals.

Fiscal Impact:
None.

Staff Contacts for Further Information:
Lori Zeller, Assistant Chief/Business Services Department
LoriZeller@ocfa.org
(714) 573-6020

Jim Ruane, Finance Manager/Auditor
JimRuane@ocfa.org
(714) 573-6304

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

Attachments:
1. Fire Services and Emergency Medical Services Agreement with City of Santa Ana
2. City of Santa Ana Financial Update to the Orange County Fire Authority – June 2014
3. OCFA Analysis of Financial Update – Q&A with City of Santa Ana
SANTA ANA

FIRE SERVICES AND EMERGENCY MEDICAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 5th day of March 2012, by and between the ORANGE COUNTY FIRE AUTHORITY, a Joint Powers Authority ("OCFA"), and the CITY OF SANTA ANA, a municipal corporation and charter city in the County of Orange ("CITY").

RECITALS

A. CITY is located wholly within the County of Orange.

B. CITY is legally obligated to provide fire protection services within its boundaries.

C. OCFA is the successor entity to the County of Orange Fire Department and CITY has chosen to be a member of and contract with the OCFA for the provision of fire protection services within CITY’s boundaries.

NOW, THEREFORE. In consideration of the mutual promises contained herein, the Parties agree as follows:

I. DEFINITIONS: As used in this Agreement:

1. "CITY" means the City of SANTA ANA.

2. "AUTHORITY" or "OCFA" means the Orange County Fire Authority.

3. "Division Chief" means the Division Chief supervising Division 6, or any successor Division.

4. "CITY Council" means the City Council of the CITY of SANTA ANA.

5. "CITY Manager" means the City Manager of the CITY of SANTA ANA.

6. "JPA Board" means the Board of Directors of the Orange County Fire Authority.


8. "Fire Chief" means the chief executive officer of the Orange County Fire Authority.

9. "Fiscal Year" means the annual period commencing on July 1st and ending June 30th.

10. "MOU" means the Memoranda of Understanding between the OCFA and (a) International Association of Firefighters Local 3631 (the Orange County Professional Firefighters Association); (b) the OCFA Chief Officers Association; and (c) the Orange County Employees Association, as they exist on the effective date of this Agreement and as they may, from time to time, be amended or suspended.

11. "Division" means an area that identifies a specific geographical boundary that can include multiple fire suppression battalions and/or cities.

12. "Fire Battalion Chief" means an individual who supervises a battalion or an Orange County Fire Authority section, (e.g., Training Section).

13. "Battalion" means an area that identifies a specific geographical boundary that includes multiple stations and/or cities.
II. MEMBERSHIP: CITY shall be a member of OCFA and shall be subject to all the provisions, conditions, benefits, obligations and liabilities set forth in the JPA Agreement, as that Agreement may be further amended from time to time, unless otherwise provided herein. CITY shall have one representative on the JPA Board.

III. GENERAL SCOPE:

1. OCFA shall provide to CITY fire suppression, fire prevention, fire investigation, emergency medical, rescue and related services, hazardous materials response, hazardous materials disclosure, and community safety and education Services (collectively "fire services"). Services provided exclude weed abatement services.

2. The effective date in which OCFA will begin providing services to CITY is planned for April 20, 2012; however, in the event additional time is needed to obtain final approval of the transition, the effective date may be modified by mutual agreement of CITY and OCFA. The intent is that the effective date be scheduled approximately 60 days after final approval of the transition.

3. The level of service provided shall be the same as the general level of similar services provided by OCFA elsewhere within its boundaries. Specific service criteria are set forth in Attachment "A" to this Agreement, and incorporated herein as if fully set forth within the body of this Agreement. Any changes to such levels and method of service shall be determined by the Board of Directors and administered by the Fire Chief, who shall have direct control and supervision over the services provided pursuant to this Agreement, and who is hereby designated as the CITY Fire Chief and Fire Marshal.

4. Fire suppression and emergency medical response stations located within or assigned to the CITY are set forth below and shall be the same as existed on the effective date of this Agreement. Prior to making any changes to assigned fire suppression and emergency medical response stations, the Fire Chief shall meet and confer with the CITY Manager. Any changes in fire suppression and emergency medical response service station assignments shall be set forth in a written Memorandum of Understanding ("MOU") between the Fire Chief and the CITY Manager. In the event of failure to reach agreement with the Fire Chief, the CITY shall have the right to appeal to OCFA's Board of Directors.

5. Subsection (3) above shall not restrict the OCFA Board of Directors from approving OCFA related service enhancements from the Structural Fire Fund Entitlement Fund.

6. Upon request, CITY shall adopt an ambulance ordinance, and take those steps and amend those agreements necessary to convert the status of SANTA ANA from a "Provider Agency" of the Orange County-City Hazardous Materials Emergency Response Authority (OCCHMERA) to an "Orange County Fire Authority Member Agency" of the OCCHMERA.

7. The Division Chief assigned to the CITY, or his or her designee, shall attend CITY Council meetings, commission meetings and CITY staff meetings when requested by the CITY Manager and shall provide the CITY with any and all reports or documents pertaining to the CITY upon reasonable request by the CITY Manager.

8. Fire suppression and emergency medical response services shall be provided from the CITY locations stated below, which shall be redesignated as indicated:

<table>
<thead>
<tr>
<th>Location</th>
<th>Old Designation</th>
<th>New Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1029 W. 17th St.</td>
<td>Station #1</td>
<td>Station #71</td>
</tr>
<tr>
<td>1688 E. 4th St.</td>
<td>Station #2</td>
<td>Station #72</td>
</tr>
<tr>
<td>419 S. Franklin St.</td>
<td>Station #3</td>
<td>Station #73</td>
</tr>
<tr>
<td>1427 S. Broadway St.</td>
<td>Station #4</td>
<td>Station #74</td>
</tr>
<tr>
<td>120 W. Walnut St.</td>
<td>Station #5</td>
<td>Station #75</td>
</tr>
<tr>
<td>950 W. MacArthur Ave.</td>
<td>Station #6</td>
<td>Station #76</td>
</tr>
<tr>
<td>2317 S. Greenville St.</td>
<td>Station #7</td>
<td>Station #77</td>
</tr>
</tbody>
</table>
IV. **ADMINISTRATION:**

1. In providing fire services, OCFA hereby is authorized to and may enforce applicable CITY codes and ordinances, collect and retain any and all Fire Prevention or Miscellaneous User fees (excluding paramedic user fees) as determined by OCFA, and file any claims or actions on behalf of CITY to recover and retain amounts for emergency and hazardous materials responses.

2. The OCFA Fire Chief hereby is designated as Fire Chief of CITY.

3. Personnel and equipment routinely assigned to provide services under this Agreement shall be assigned to Battalion 9. The Battalion Chief of Battalion 9 will exercise day-to-day operational responsibility within the CITY.

4. On activation of the CITY's Emergency Operations Center (EOC), the individuals designated by the CITY Manager and the Division Chief shall be detailed to assist in EOC operations and release of local resources may occur only after their evaluation of local conditions.

V. **LEASE OF APPARATUS:** AUTHORITY hereby agrees to lease from CITY, and CITY hereby agrees to lease to OCFA, the following apparatus (the "specified apparatus"):

<table>
<thead>
<tr>
<th>Year</th>
<th>Make and Model</th>
<th>Plate Number</th>
<th>VIN Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
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<td>3GNGC26G65G201367</td>
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<tr>
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<td>(#29501)</td>
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<td>2005</td>
<td>ALF PUMPER 4</td>
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<td>EMERGENCY HAZ MAT 4</td>
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<tr>
<td>2007</td>
<td>FT/LINER PUMPER 1</td>
<td>AFABACG47RY24686</td>
<td>(#29523)</td>
</tr>
<tr>
<td>2010</td>
<td>SPARTAN GLADIATOR 4</td>
<td>S7AT2P90AC072519</td>
<td>(#29539)</td>
</tr>
<tr>
<td>2010</td>
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<tr>
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<tr>
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<tr>
<td>2005</td>
<td>FORD F650 MASS DECON UNIT 3</td>
<td>FRNW65Z77V448965</td>
<td>(#29524)</td>
</tr>
</tbody>
</table>

1. The specified apparatus shall be delivered to the OCFA equipped as currently equipped by the CITY. OCFA will ensure that frontline emergency apparatus assigned within the CITY (including trucks, engines, and paramedic vans) will reflect the City of Santa Ana’s seal, in addition to the OCFA’s logo, along with wording to indicate that the apparatus is serving the City of Santa Ana.

2. For the specified apparatus, OCFA will lease from the CITY at no cost, the term of such lease shall commence concurrently with this Agreement, and the term of such lease shall terminate upon retirement of the apparatus from OCFA.
3. The specified apparatus shall be incorporated into the OCFA’s established vehicle rotation and replacement programs (excluding the Mass Decon Unit), preventive maintenance programs, and will be enrolled in OCFA’s vehicle insurance program.

4. Each fiscal year, commencing with fiscal year 2011/12, CITY shall pay to OCFA the CITY’s share of the OCFA’s vehicle replacement program. For fiscal year 2011/12, the annualized amount is $475,056. The prorated monthly amount of $39,588 is included in the costs of service set out in section VII below and is subject to annual increases.

5. For purposes of the vehicle replacement program, the following useful life assumptions apply:

   Useful Life:
   Suburban - 5 years or 120,000 miles
   Engine - 15 years or 120,000 miles
   Truck - 17 years or 120,000 miles
   Paramedic Van - 4 years or 120,000 miles

6. Upon the effective date of any termination, the value of the funds paid by the CITY as its share of the vehicle replacement program shall be returned to the CITY in an amount no greater than the funds paid by the CITY, less actual costs incurred by the OCFA for the repair, maintenance, or replacement of the specified apparatus. The value, if positive, will be returned to the City in the form of returned apparatus, a refund of payments, or a combination of both.

VI. LEASE OF FIRE STATIONS:

1. CITY shall lease to OCFA and OCFA shall lease from CITY the fire stations listed in Section III pursuant to the leases set out on Attachment C. This lease will have the same term as this Agreement and the rent will be one dollar ($1) per year per station. Upon the effective date of any termination, OCFA’s lease-interest in the CITY’s fire stations will terminate and the fire station facilities will be returned to CITY.

2. CITY will also provide OCFA with a $15,000 revolving maintenance expense account per fire station for appliance repair/replacement and other minor station repairs and improvements pursuant to the JPA Agreement. This amount is included in the costs of service set out in section VII below.

VII. COST FOR SERVICE: Except as otherwise provided in this Agreement, all provisions in the JPA Agreement regarding the calculation and payment of Service Charges shall apply. To the extent of any conflict between the JPA Agreement and this Agreement, the terms set forth in this Agreement shall control with regard to the CITY.

1. CITY shall pay to OCFA the sum of $6,693,634 for Fire and Emergency Medical Services under this Agreement from April 20, 2012 until June 30, 2012. Payment shall be made as follows:
   a. by April 20, 2012- $1,100,422
   b. by May 1, 2012 - $2,796,606
   c. by June 1, 2012- $2,796,606

2. In a letter dated November 7, 2011 from the CITY Manager to the OCFA Fire Chief, the CITY requested a proposal from OCFA for the possible provision of Fire Proteccion and Emergency Medical Services. The amount paid by the CITY for the proposal ($75,000) has been applied to reduce the April 20, 2012 payment above from $1,175,422 to $1,100,422.

3. Except as otherwise expressly provided in this Agreement, all sums due to AUTHORITY from CITY shall be paid at the beginning of each calendar month, in advance.

4. On or before September 30, 2012, CITY shall either (a) obtain a bond, in form and substance acceptable to OCFA in its sole and absolute discretion, from a bonding company or insurer acceptable to OCFA in its sole and absolute discretion, in the amount of one full monthly payment for services rendered
by OCFA under this Agreement (the "Bond"), or (b) establish an escrow account, naming OCFA as beneficiary and on terms and conditions acceptable to OCFA in its sole and absolute discretion, with an escrow agent acceptable to OCFA in its sole and absolute discretion and funded with cash in the amount of one full monthly payment for services rendered by OCFA under this Agreement (the "Escrow" and, collectively with the Bond, the "Security"). On or before July 1, 2013, and thereafter on or before July 1 of each succeeding year, CITY shall make payments sufficient to adjust the amount of the Security to equal the amount of one monthly payment for the final charges as established pursuant to Paragraph 5 of this Section VII, below.

The Security shall serve as security for CITY's obligations under this Agreement. In the event that CITY defaults in any of such obligations, without in any way limiting any of OCFA's other rights and remedies, OCFA shall be entitled to collect upon the Bond or draw upon the Escrow, as applicable, in partial compensation for such default and in accordance with the terms of the documentation governing such Security. In the event that OCFA collects upon the Bond or draws upon the Escrow, CITY shall have a period of thirty (30) days to establish new Security in the amount and as set forth in the preceding Paragraph. If CITY fails to do so, OCFA shall have the right to terminate this Agreement upon written notice to CITY.

On or after July 1, 2014, CITY may present information to the OCFA Board of Directors that the City's financial condition has improved such that the need for the Security has changed and that the requirement for the Security should be reduced, eliminated or modified as a result. The OCFA Board of Directors may, in its sole discretion, reduce, eliminate or otherwise modify the requirement of this Section VII. 4."

5. For each subsequent fiscal year covered by this Agreement, commencing with FY 2012/13, the Fire Chief shall notify the CITY Manager, in writing, of the estimated charges for providing the agreed services to CITY during the following fiscal year on or before March 1 of each year. Final charges for providing services to CITY during the following fiscal year will be provided, in writing, on or before May 1 of each year. CITY will pay such final charges, in monthly installments, at the beginning of each month, in advance.

6. The estimated costs and charges shall be determined pursuant to the JPA Agreement, including but not limited to Article IV, § 3B and Article VI of the JPA Agreement.

VIII. START-UP COSTS:

1. The parties agree that a sum, estimated not-to-exceed $1,580,439 is owing to OCFA by CITY for start-up costs, as specified in this Agreement. Those start-up costs are as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications/IT</td>
<td>$843,727</td>
</tr>
<tr>
<td>Facilities</td>
<td>27,000</td>
</tr>
<tr>
<td>Personnel</td>
<td>220,764</td>
</tr>
<tr>
<td>Service Center</td>
<td>395,963</td>
</tr>
<tr>
<td>Fleet Services</td>
<td>92,985</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,580,439</strong></td>
</tr>
</tbody>
</table>

2. OCFA agrees to amortize these one-time start-up costs over the first five years of this Agreement. OCFA will invoice CITY for the annual prorated amount of $316,088 with the first monthly invoice for each fiscal year for five years, commencing with FY 2012/13. The OCFA will track all costs relating to the start-up as the work is performed and those funds in excess to the amount listed above will be adjusted and, if already collected from CITY, reimbursed to the CITY upon conclusion of the transition. In the event of termination of this Agreement for any reason, and upon the effective date of the termination, the CITY shall immediately pay the full balance then remaining for the start-up costs adjusted as set forth herein.
IX. PERSONNEL:

1. OCFA will offer employment effective 8:00 a.m., April 20, 2012 to the personnel employed by the CITY's fire department on the effective date of this Agreement, under the terms and conditions specified in Attachment "B" to this Agreement. Such offers are contingent upon those personnel who meet the minimum physical and medical standards for their designated positions in the OCFA, as determined by a physical examination conducted prior to the effective date of the Agreement. After 8:00 a.m., April 20, 2012, CITY shall not be liable for the payment of any wages or other compensation to any officer, employee, or agent of OCFA performing any services under this Agreement. CITY shall not be liable to any officer, employee, or agent of OCFA for any sickness or injury incurred by such person in the course of performing services under this Agreement. OCFA shall be solely responsible for all personnel actions relating to OCFA employees utilized in the performance of this Agreement. Those personnel who fail to meet the standards in the period prescribed solely because of injury or illness will be offered employment on the first occasion on which they meet the standards, but in no event shall they be offered employment after April 20, 2013.

2. Transitioning employees participate in a defined contribution plan or "Retiree Health Savings Plan" and are eligible for reimbursement benefits upon retirement as defined by the plan.

X. WORKER'S COMPENSATION:

To avoid the hazards, delays and risks of litigation, and to provide prompt and appropriate benefits to injured workers, the parties desire to establish a mechanism to determine their proportionate share of liability for all types of workers' compensation benefits which may become due to former employees of the Santa Ana fire department.

1. For any continuous trauma claim brought under the California Workers' Compensation law against OCFA by former employees of the CITY Fire Department, the Parties shall share liability in proportion to the period of time the former employee was employed by each agency. CITY agrees to indemnify and hold harmless OCFA for all workers' compensation and/or administrative costs incurred as a result of any such claim, of any nature or type whatsoever, to the extent of the proportion the period of time the former employee was employed by CITY bears to the total period of time the former employee was employed by both CITY and OCFA.

2. For any claim originally brought under the workers' compensation laws of California against CITY for which residual or ongoing benefits may be due, CITY shall indemnify and hold harmless OCFA for the cost of all such benefits, including any/all administrative costs, without reference to apportionment, and shall reimburse OCFA for the same to the extent paid by OCFA. Such indemnity, hold harmless, and reimbursement obligation shall specifically include, but is not limited to, costs of medical treatment, new and further disability, Labor Code section 4850 benefits, and any other benefits under the laws governing the California Workers' Compensation System.

3. For any specific injury claimed by former CITY Fire Department employees under the California Workers' Compensation laws, alleged to have occurred after the date of transfer of employment to OCFA, the OCFA shall bear the full cost of any workers' compensation benefit due, which is attributed solely and exclusively to such specific injury.

4. For any claim brought by former CITY fire Department employees arising under any presumption of injury arising out of the California Labor Code, regardless of the date such claim is filed, CITY shall indemnify and hold harmless OCFA for all workers' compensation benefits and/or administrative costs incurred, which may become due, based upon the proportionate respective percentage of employment as described in Section X.1. above.

5. The Parties expressly agree that the above indemnification and hold harmless obligations are contractual in nature and not based on any determination by the WCAB.

6. ARBITRATION: IN THE EVENT OF DISPUTES ARISING UNDER THIS SECTION X OF THE AGREEMENT, THE OCFA AND CITY AGREE SUCH DISPUTES SHALL BE DETERMINED EITHER BY
AGREEMENT OF THE PARTY, OR IF EITHER PARTY DETERMINES THE DISPUTE CANNOT BE RESOLVED BY AGREEMENT, THEN BY BINDING ARBITRATION BEFORE AN INDIVIDUAL ARBITRATOR WITH EXPERTISE IN WORKER'S COMPENSATION ISSUES. SUCH ARBITRATOR SHALL BE SELECTED EITHER BY MUTUAL AGREEMENT OF THE PARTIES, OR FAILING THAT, BY THE JUDICIAL ARBITRATION AND MEDIATION SERVICE (JAMS). THE COST OF THE ARBITRATION SHALL BE SHARED EQUALLY BY THE PARTIES.

X. INDEMNIFICATION:

1. OCFA shall defend, indemnify and hold harmless the CITY and its officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys fees) arising out of or in any way related to acts or omissions of OCFA, its officers, employees or agents in the performance of services pursuant to this Agreement.

2. CITY shall defend, indemnify and hold harmless OCFA and its officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys fees) arising out of or in any way related to acts or omissions of CITY, its officers, employees or agents. This Section 11.2 shall apply whether or not the incident or occurrence occurred prior to or after the effective date.

3. The provisions of this Section XI shall survive termination or expiration of this Agreement.

4. For purposes of this Section XI, the Fire Chief shall be deemed to be an officer, employee, agent and representative of OCFA, and not of CITY.

XII. TERM AND TERMINATION:

1. This Agreement shall commence on the date first written above, provided the Agreement has been approved as required under the JPA Agreement and by the CITY Council. Delivery of services shall commence on April 20, 2012, or when this Agreement is approved, whichever is later. CITY may terminate this Agreement by giving written notice of withdrawal to the Clerk of the Authority prior to July 1 of the second to last year of every ten-year interval of the twenty-year term of the JPA Agreement (e.g. for the first ten-year interval, notice must be given by July 1, 2018 to withdrawal by June 30, 2020). OCFA may terminate this Agreement upon written notice to CITY in the event of non-payment or other default of the terms required herein or in the JPA Agreement.

2. Upon termination or expiration of this Agreement or other cessation of CITY's membership in OCFA, CITY agrees to pay OCFA the amount of the unfunded pension liability that had accrued during the term of this Agreement for the number of OCFA employees serving the CITY. In the event of any dispute regarding the amount of the unfunded pension liability at that time, the parties agree that the amount shall be determined by an independent actuary selected either by mutual agreement of the parties, or failing that, by the actuary used by the Orange County Employees Retirement System (OCERS). The parties shall share any costs charged by the actuary for calculating such amount. The Parties shall agree to a payment schedule for such amount. If the parties are unable to agree upon a payment schedule, the amount shall be amortized so the CITY will pay down the full amount of the unfunded liability over a fifteen (15) year period assuming a rate of return assumed by OCERS as its return on its investments as of the date of termination. Payments pursuant to this Section shall be made by the CITY to OCFA. The provisions of this Section XII shall survive termination or expiration of this Agreement.

XIII. ANNEXATIONS: In the event of any CITY annexation of territory within the Structural Fire Fund, the level of Structural Fire Fund and redevelopment revenues existing at the time of the annexation shall continue to pass through to OCFA as compensation for the services provided pursuant to the JPA Agreement, unless otherwise agreed to by the parties hereto. As used herein, “level of Structural Fire Fund and redevelopment” shall mean the amount of such revenues existing at the time of annexation, adjusted by any diminution or growth in value occurring thereafter. It is the intent of the parties that CITY annexations not have an adverse financial effect on OCFA. Annexations that do not result in additional
OCFA service demand and, therefore require no additional OCFA resources, will not result in additional charges to CITY as a result of said annexation.

XIV. EFFECTIVE DATE AND TERM: The effective date of the Agreement shall be 8:00 a.m., April 20, 2012 and unless terminated in accordance with the provisions herein and in the JPA Agreement, this Agreement shall remain in force for the same duration as the JPA Agreement, and as the JPA Agreement may be amended from time to time.

XV. INDEPENDENT CONTRACTOR: CITY shall not be liable for the direct payment of any wages or other compensation of any officer, employee, or agent of OCFA performing any services under this Agreement. CITY shall not be liable to any officer, employee, or agent of OCFA for any sickness or injury incurred by such person in the course of performing services under this Agreement, except to the extent set forth in Section XI. OCFA shall be solely responsible for all personnel actions relating to OCFA employees utilized in the performance of this Agreement. The employees of OCFA shall not be deemed employees of CITY as a result of this Agreement, except as necessary pursuant to Penal Code Section 1463 et seq. for cities to obtain their statutory share of fire revenues.

XVI. MISCELLANEOUS PROVISIONS:

1. This agreement supersedes any prior agreements between OCFA and CITY. The CITY Manager and Fire Chief may enter into an MOU for operational issues.

2. This Agreement may be amended only in writing, in whole or in part, and signed by both parties. No waiver of any term or condition herein shall be a continuing waiver thereof.

3. This Agreement shall be interpreted in a manner complementary to the JPA Agreement, including the provisions which govern city member participation. In the event of an irreconcilable conflict between this Agreement and the JPA Agreement, this Agreement shall prevail.

CITY OF SANTA ANA

By: [Signature]
City Mayor
Attest: [Signature]

By: [Signature]
City Clerk

Approved as to Form:
By: [Signature]
City Attorney

By: [Signature]
Paul M. Walters, Interim City Manager

ORANGE COUNTY FIRE AUTHORITY

By: [Signature]
Mark Tettepher, Chair
Attest: [Signature]

By: [Signature]
Sherry A.F. Wenz, CMC, Clerk of the Authority

Approved as to Form:
By: [Signature]
David Kendig, General Counsel
CITY OF SANTA ANA

FINANCIAL UPDATE TO THE

ORANGE COUNTY FIRE AUTHORITY

JUNE 2014
Introduction

On February 21, 2012, the City of Santa Ana’s Mayor and City Council unanimously voted to partner with the Orange County Fire Authority (OCFA) for the delivery of fire and emergency medical services. The approval of this agreement was preceded by approximately six months of negotiations with the OCFA and Santa Ana Fire Services bargaining units during the City’s most difficult financial times in recent history. Given the City’s fiscal position at that time, the OCFA required a bond or escrow account equal to one month’s payment as assurance in the case of default. The current value of the escrow account is $2.9M and held by Grandpoint Bank, a financial institution agreed upon by both agencies.

The agreement with OCFA includes a provision which allows the City to reduce, eliminate or modify the bond or escrow account if the City demonstrates an improved financial position. Based on the City’s improved financial outlook, the City is requesting that the bond/escrow account requirement be removed and the escrow account funds be returned to the City.

The following is an overview of the City of Santa Ana’s financial position.

Historical Overview

During fiscal years 2008-09 through 2012-13, the City of Santa Ana, like many other cities across the State and Nation, experienced one of the most significant economic declines. Over a 5-year span, the City experienced declining revenues and managed budget deficits ranging from $13M to $46M. Over the same time span, the City was very successful in implementing structural changes to its finances such as securing concessions from labor groups, reduced staffing levels, implemented innovation and efficiency measures, outsourcing, and managed expenditures.

The City’s largest costs are labor and benefits. At its highest point, labor and benefit costs represented 74% of the overall general fund budget. In a collaborative effort with the City’s bargaining units, the City was able to stabilize its labor and benefit costs through a number of labor contract renegotiations (during a period when contracts were closed). Through these negotiations, the City secured concessions which included structural changes such as increased employee contributions towards pension and medical costs, significantly reducing Other Post Employee Benefit (OPEB) liabilities, changes in work schedule calculation of overtime, and deferrals such as furloughs and postponement of salary increases.

In addition, the City managed its labor costs through the reduction of over 41% of its workforce (or the equivalent of 734 full-time positions). Furthermore, the City managed vacancies and offered a retirement incentive program to further reduce its full-time staffing levels.

The outsourcing of the Santa Ana
Fire Department to OCFA has played a significant role in lowering the City’s overall general fund costs and future liabilities. It is estimated that outsourcing to OCFA resulted in savings of approximately $10M per fiscal year. To date the City has saved over $18M through this effort. As a result of labor concessions, managing workforce count and the outsourcing of the Fire Department, the City has reduced its labor and benefit cost to 55% of the general fund budget.

5-Year General Fund Forecast

On February 4, 2014 the City Council unanimously approved the revised 5-year General Fund forecast. The forecast reflects a significantly improved financial picture with balanced budgets, moderate revenues growth, a stable expenditure line, and increasing reserve levels. In addition, the forecast sets the baseline for future needs such as new or enhanced program/services for the community, operational needs, capital improvements and most importantly funding for the 5-year strategic plan.

As illustrated above, General Fund revenue is projected to exceed expenditures over the next five years due to higher revenues associated with an improved economy and managing expenditures through long-term structural changes. The net result will enhance the City’s cash position and allow the City to continue generating reserves. In an effort to further enhance the City’s fiscal position, the City has established a 1% annual innovation and efficiency strategy to implement opportunities to increase City revenues and reduce operational costs. The strategy will incentivize the organization to further improve its fiscal position while continuing to deliver quality services to the community. For additional information regarding the 5-year forecast presentation made to the City Council, please visit the City’s website at http://www.ci.santa-ana.ca.us/finance/budget/documents/2014_mid-year_review_eng.pdf.

Following are the forecast assumptions:

General Fund revenue estimates and growth factors are based on information obtained from MuniServices LLC (third party sales tax consultant), County of Orange (Property Tax and assessed
valuation) and revenue forecasting trend analysis prepared by staff. Expenditure estimates and growth factors are based on the adopted 2-year (FY2013-15) budget and adjustments based on negotiated MOU changes, CalPERS rates, Consumer Price Index (CPI) and departmental expenditure trends. The following are additional assumptions:

- Moderate 3% annual revenue growth which includes a higher revenue tax base of $153.5M in 14/15.
- Utility User Tax (UUT) revenues stabilize (previous 2013-14 value of $24.1M, revised to $24.6M)
- No service level or salary schedule changes forecasted
- California Public Employee Retirement System (CalPERS) actuarial forecast reflects current pension formulas w/ increases absorbed (5-year estimated cost: $98M which is $6.8M less than originally anticipated).
- Revised lower health care costs as recommended by Personnel
- Water transfer to remain at current 2013-14 approved levels
- 2% increase for inflation in commodities in 2015/16 thru 2018/19
- 1% ongoing innovation and efficiency savings ($1.4M annually)
- Includes funding to implement the 5-year Strategic Plan ($2M annually 2014/15 - 2018/19)

For more detailed assumptions on labor and benefits, please refer to exhibit 1 (pages 2-3).

General Fund Cash Position

As a result of the increased revenues, outsourcing efforts and cost cutting measures, the City’s General Fund cash position has improved significantly. As of March 31, 2014, the City’s General Fund cash position is up 97% when compared to March 2013 ($29.6M and $15M respectively). Based on the City’s improved fiscal outlook, the City’s General Fund cash position will continue to improve.

Budget and Reserve Policy
In June 2012, the Mayor and City Council adopted a conservative budget and reserve policy. The budget and reserve policy provides the guidelines by which future budgets will be developed and also includes a plan to build reserves levels.

From a budget perspective, the policy defines a balanced budget to be recurring revenues to equal recurring expenditures, provides direction on the use of one-time monies (i.e. for capital/equipment, reserves, or term specific projects only), and states that revenues will be projected on a conservative basis. In addition, the policy also provided guidelines for the development of a two-tiered reserve. The first tier reserve is the unassigned reserve of 15% with a maximum goal of 20% of operations (set for cash flow purposes only). The second tier is the economic uncertainty reserve of 1% to 10% (set for major variations in tax receipts). The policy requires a supermajority (or 2/3) approval from the City Council and a plan to replenish in order to utilize such reserves.

To date, the City has reached a goal of 15% unassigned reserves and the City is currently forecasting to meet or exceed the 20% unassigned reserve maximum goal of $41.7M during fiscal year 2015-16.

3rd Quarter Update for Fiscal Year 2013-14

On April 14, 2014, the 3rd Quarter update for fiscal year 2013-14 was presented to the Finance, Economic Development and Technology City Council Committee. The third quarter financials continue to demonstrate positive economic trends for the City. Most notably, General Fund (GF) revenues ended the quarter with 3.9% (or $4.9M) higher than anticipated. On a year-over-year basis, 3rd quarter 2014 GF revenues increased by 3.2% when compared to the same quarter in 2013 ($130M and $126.2M respectively). GF Major Tax revenues, which equate to approximately 70 percent of the City’s revenue sources continue an overall positive trend.
GF expenditures continue to improve as the City begins implementation of a strategic plan and a culture of innovation and efficiency. GF expenditures amounted to $143.2M for the end of the 3rd quarter and are approximately $5.1M lower than anticipated.

<table>
<thead>
<tr>
<th>General Fund</th>
<th>3rd Quarter Projected</th>
<th>3rd Quarter Actuals</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total GF Revenues</td>
<td>$125.3M</td>
<td>$130.2M</td>
<td>$4.9M or 3.9%</td>
</tr>
<tr>
<td>(represents approx. 64% of annual revenue)</td>
<td></td>
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</tr>
<tr>
<td>Total GF Expenditures</td>
<td>$148.3M</td>
<td>$143.2M</td>
<td>$5.1M or 3.4%</td>
</tr>
<tr>
<td>(represents approx. 72% of annual exp.)</td>
<td></td>
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</tbody>
</table>

Both revenue and expenditures have improved and reflect a national and state trend of economic growth and improved employment levels. Based on the most recent Employment Development Department (EDD) data, Santa Ana’s unemployment levels continue to drop. Santa Ana’s unemployment rate is now 9.3% (from a high of 14.9%).

![Santa Ana Unemployment Rate](image)

Description of General Fund Tax Revenue Sources

The City’s 6 Major Tax Revenue sources make up approximately 70% of the General Fund revenue. Following is a brief description of each of the 6 major tax revenue sources and their associated values:

**Property tax** is levied on the total value of real property found within the boundaries of the City. The base tax rate is 1% plus assessments from cities, special districts, schools, and water agencies to name a few. The City of Santa Ana’s allocation of the base tax rate of 1% is within the range of $0.18 to $0.20 cents on the dollar.

**Property Tax Revenues (in millions)**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>% Δ</th>
<th>2010</th>
<th>% Δ</th>
<th>2011</th>
<th>% Δ</th>
<th>2012</th>
<th>% Δ</th>
<th>2013</th>
<th>% Δ</th>
<th>2014</th>
<th>% Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$30.5</td>
<td>-4.6%</td>
<td>$27.3</td>
<td>-10.6%</td>
<td>$26.8</td>
<td>-1.6%</td>
<td>$27.1</td>
<td>1.1%</td>
<td>$28.2</td>
<td>4.1%</td>
<td>$29.4</td>
<td>4.2%</td>
</tr>
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<td></td>
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<tr>
<td>*Projected</td>
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</tr>
</tbody>
</table>

**The Property Tax In-Lieu of VLF** is a swap of city and county vehicle license fee (motor vehicle in-lieu tax or VLF) revenues for additional property tax allocated to cities and counties. Each city’s (and county’s)
property tax in-lieu of VLF amount increases annually in proportion to the growth in assessed valuation within the jurisdiction.

**Property Tax In-Lieu of VLF (in millions)**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>% Δ</th>
<th>2010</th>
<th>% Δ</th>
<th>2011</th>
<th>% Δ</th>
<th>2012</th>
<th>% Δ</th>
<th>2013</th>
<th>% Δ</th>
<th>2014*</th>
<th>% Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>$27.8</td>
<td>5.2%</td>
<td>$25.8</td>
<td>-7.3%</td>
<td>$25.0</td>
<td>-3.1%</td>
<td>$25.1</td>
<td>0.6%</td>
<td>$25.6</td>
<td>1.9%</td>
<td>$26.7</td>
<td>4.2%</td>
<td></td>
</tr>
</tbody>
</table>

*Projected

**Sales tax** is imposed on all retailers for the privilege of selling tangible personal property in the state of California and is measured by the retailer’s gross receipts. Santa Ana’s current tax rate is 8% and is entitled to 1% of the total amount generated within its jurisdiction.

**Sales Tax (in millions)**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>% Δ</th>
<th>2010</th>
<th>% Δ</th>
<th>2011</th>
<th>% Δ</th>
<th>2012</th>
<th>% Δ</th>
<th>2013</th>
<th>% Δ</th>
<th>2014*</th>
<th>% Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>$38.0</td>
<td>-14.6%</td>
<td>$33.0</td>
<td>-13.3%</td>
<td>$35.8</td>
<td>8.7%</td>
<td>$37.0</td>
<td>3.4%</td>
<td>$39.1</td>
<td>5.7%</td>
<td>$42.1</td>
<td>7.5%</td>
<td></td>
</tr>
</tbody>
</table>

*Projected

**Utility User Tax (UUT)** is imposed on the consumption of utility services, including: electricity, gas, water and telecommunications. Currently, the tax rate levied in Santa Ana is 6%.

**UUT (in millions)**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>% Δ</th>
<th>2010</th>
<th>% Δ</th>
<th>2011</th>
<th>% Δ</th>
<th>2012</th>
<th>% Δ</th>
<th>2013</th>
<th>% Δ</th>
<th>2014*</th>
<th>% Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>$27.7</td>
<td>-1.5%</td>
<td>$26.1</td>
<td>-5.8%</td>
<td>$25.3</td>
<td>-3.0%</td>
<td>$24.4</td>
<td>-3.8%</td>
<td>$24.4</td>
<td>0.2%</td>
<td>$24.6</td>
<td>1.0%</td>
<td></td>
</tr>
</tbody>
</table>

*Projected

**Business License**: The City of Santa Ana requires all persons transacting and carrying on business within the City to obtain a business license prior to commencing business in the City. There are various business license rates that can be imposed by the City of Santa Ana based on rate category and business type. These categories include gross receipts, flat rate, and variable rate.

**Business License (in millions)**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>% Δ</th>
<th>2010</th>
<th>% Δ</th>
<th>2011</th>
<th>% Δ</th>
<th>2012</th>
<th>% Δ</th>
<th>2013</th>
<th>% Δ</th>
<th>2014*</th>
<th>% Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10.0</td>
<td>-4.0%</td>
<td>$9.9</td>
<td>-0.8%</td>
<td>$10.4</td>
<td>4.4%</td>
<td>$10.3</td>
<td>-0.6%</td>
<td>$10.7</td>
<td>3.4%</td>
<td>$11.0</td>
<td>3.1%</td>
<td></td>
</tr>
</tbody>
</table>

*Projected

**Hotel Visitors Tax** is a tax paid by guests who lodge at hotels or similar establishments within the jurisdiction of the city. Currently, the hotel visitor’s tax rate is 11%.

**Hotel Visitors Tax (in millions)**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>% Δ</th>
<th>2010</th>
<th>% Δ</th>
<th>2011</th>
<th>% Δ</th>
<th>2012</th>
<th>% Δ</th>
<th>2013</th>
<th>% Δ</th>
<th>2014*</th>
<th>% Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6.1</td>
<td>-20.3%</td>
<td>$5.7</td>
<td>-8.1%</td>
<td>$6.0</td>
<td>5.7%</td>
<td>$7.0</td>
<td>17.6%</td>
<td>$7.5</td>
<td>6.6%</td>
<td>$7.9</td>
<td>4.8%</td>
<td></td>
</tr>
</tbody>
</table>
5-Year Strategic Plan

On March 18, 2014, the Mayor and City Council unanimously voted to adopt the five-year Strategic Plan following an 11-month strategic planning process and extensive community engagement efforts. The City’s outreach efforts included a total of nine events with more than 2,100 participants and recorded over 1,300 comments from various community stakeholders such as residents, businesses, non-profit organizations, students, faith-based community, property owners, educators, employees, and others.

The City’s strategic planning process and community engagement efforts resulted in a Strategic Plan that includes a total of 7 goals, 33 objectives and 147 strategies. Included within the Strategic Plan are guiding principles, goals, objectives and strategies which will further ensure the City’s financial stability. As an example, one of the primary objectives within the Strategic Plan is “maintain a structurally balanced budget with appropriate reserve levels”. Implementation of the Strategic Plan is scheduled to commence July 1, 2014.

The 5-year Strategic Plan is available in its entirety on the City’s website at http://www.ci.santa-ana.ca.us/strategic-planning/.

Risk Management Funds

The City of Santa Ana’s insurance programs for Liability and Property, and Workers’ Compensation are self-insured and administered by the City’s Risk Management Division. The City’s Risk Management Division funds the first $1M in liability for each occurrence, and up to $500,000 for workers’ compensation per an occurrence.

Santa Ana is a member of the Big Independent Cities Excess Pool (BICEP) program which covers occurrences between $1M - $25M. In 1993, the City became a charter member of the Public Entity Property Insurance Program (PEPIP). Current limits are $750M per an occurrence for “all risks” and $82.5M for flood coverage.

In the June 30, 2013 CAFR, total unrestricted net position for Risk Management funds is $22.9M ($21.2M Liability & Property, and $1.7M Workers’ Compensation). This amount far exceeds funding levels as recommended in the June 2013 actuarial study conducted by AON (a third party consultant).

Pensions and OPEB

Pensions: Current CalPERS Employer Contribution rates for Miscellaneous and Safety employees are 25.688% and 41.710% respectively. This represents $10.7M or 5.3% of the total general fund operating costs. To offset these rising pension costs, the City successfully negotiated increased employee contribution rates ranging from 8% to 10.5% of employee salaries. The City’s current unfunded liability for all funds (as stated in the 6/30/13 CAFR) is $242.9M and reflects an 8.3% increase from the prior year.
Additionally, the current employee population between legacy and new Public Employees’ Pension Reform Act (PEPRA) employees is approximately 97% and 3% respectively. In future years, the City will recognize the benefit of lower pension costs as the number of new PEPRA employee increases.

**OPEB:** In April 2012, the City outsourced its Fire Department to OCFA and negotiated the elimination of the associated retiree health subsidy. In addition, the City conducted an actuarial review of the Police Officer Association (POA) through a third party consultant. The review concluded that the City was participating in a defined contribution retiree health subsidy plan and as such eliminated the City’s unfunded liabilities related to the POA. These two actions reduced the City’s OPEB unfunded liabilities by over 65% or the equivalent of over $80M from 2011 to 2012.

![Other Post Employee Benefits (OPEB)](image)

**Comprehensive Annual Financial Report (CAFR) and Audits**

The City of Santa Ana received its 35th consecutive GFOA certificate of achievement award for excellence in financial reporting with the submittal of the June 30, 2013 Comprehensive Annual Financial Report (CAFR). Following the completion of the CAFR, a review was presented on April 14, 2014 to the Finance, Economic Development and Technology Committee which serve as the City’s Audit Committee. The review included an overview of management letter recommendations and management responses presented by Macias, Gini & O’Connell LLP (MGO). All audit recommendations provided by MGO have either been implemented or in the process of being implemented. The management letter recommendations and management responses are included in exhibit 2.

Attachments:
Exhibit 1 – 5-year General Fund Forecast Detail Sheets
Exhibit 2 – Management Letter and Management Responses
### General Fund History and Forecast
**FY 2013/14 Through 2017/18**

#### Preliminary Baseline Forecast

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Projected FY 13/14</th>
<th>Projected FY 14/15</th>
<th>Forecast FY 15/16</th>
<th>Forecast FY 16/17</th>
<th>Forecast FY 17/18</th>
<th>Forecast FY 18/19</th>
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<td><strong>Total Revenues</strong></td>
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<td><strong>$208,886</strong></td>
<td><strong>$214,078</strong></td>
<td><strong>$219,837</strong></td>
<td><strong>$225,766</strong></td>
<td><strong>$231,328</strong></td>
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</tbody>
</table>

| Total Resources Available: | **$201,755**       | **$208,886**       | **$214,078**      | **$219,837**      | **$225,766**      | **$231,328**      |

#### Expenditures:

<table>
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<tr>
<th>Department</th>
<th>Projected FY 13/14</th>
<th>Projected FY 14/15</th>
<th>Forecast FY 15/16</th>
<th>Forecast FY 16/17</th>
<th>Forecast FY 17/18</th>
<th>Forecast FY 18/19</th>
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</thead>
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<td>109,617</td>
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<td><strong>$199,318</strong></td>
<td><strong>$201,323</strong></td>
<td><strong>$205,779</strong></td>
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</table>

| Transfers to Project Funds | 12,327             | 12,482             | 12,482            | 12,482            | 12,482            | 12,482            |

| **Total Resources Used:** (Expenditures and Transfers to Projects) | **$200,922**       | **$204,243**       | **$208,161**      | **$211,800**      | **$213,805**      | **$218,261**      |

| Net Results of Operations: (Total Resources Available less Total Resources Used) | **$833**            | **$4,643**          | **$5,917**         | **$8,037**         | **$11,961**         | **$13,067**         |

| Beginning Undesignated Fund Balance: (Ending Fund Balance from the Prior Year) | **$33,954**         | **$34,787**         | **$39,430**        | **$45,347**        | **$53,384**         | **$65,345**         |

| Unassigned Ending Fund Balance | **$34,787**         | **$39,430**         | **$45,347**        | **$53,384**        | **$66,345**         | **$78,412**         |

| Balance as Percent of Total Resources Used | 17.3% | 19.3% | 21.8% | 25.2% | 30.6% | 35.9% |

<p>| Revenue Growth | 3.5% | 2.5% | 2.7% | 2.7% | 2.5% |
| Expenditure Growth | 1.7% | 1.9% | 1.7% | 0.9% | 2.1% |</p>
<table>
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<tr>
<th>EXPENDITURE ASSUMPTIONS:</th>
<th>Projected FY 13/14</th>
<th>Projected FY 14/15</th>
<th>Forecast FY 15/16</th>
<th>Forecast FY 16/17</th>
<th>Forecast FY 17/18</th>
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### EXPENDITURE ASSUMPTIONS:

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<th>Forecast FY 15/16</th>
<th>Forecast FY 16/17</th>
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### ADDITIONAL EXPENDITURE ASSUMPTIONS:

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<tr>
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Employer Paid Member Contribution (EPMC)

<p>| Public Safety   | 9.00%    | 9.00%    | 9.00%    | 9.00%             | 9.00%             | 9.00%    |
| Miscellaneous    | 8.00%    | 8.00%    | 8.00%    | 8.00%             | 8.00%             | 8.00%    |</p>
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<th>Departmental Summary (Thousands $)</th>
<th>Projected FY 13/14</th>
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<td>61000 Salaries &amp; Wages Regular</td>
<td>69,594,183</td>
<td>69,693,998</td>
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Additional Assumptions:

- **End of Furloughs**: 1,358,572
- **Cash Outs - Misc.**: 381,033
- **Obama Cops - Grant Ended**: 1,300,000
- **Adjustments**: 120,000
- **Add't 800MHZ Cost**: 78,000

**Total Personnel**: 110,536,057

**Contractual**: 61,966,419
**Commodities**: 3,607,094
**Fixed Charges**: 7,069,419
**Capital**: 444,868
**Debt Payment**: 148,046

**Total**: 183,971,903

Percent Increase: 2.26% 3.07% 2.07% 1.88% 1.02% 2.24%
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<th>Non-Departmental &amp; CDA GF (Thousands of Dollars)</th>
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<th>Projected FY 14/15</th>
<th>Forecast FY 15/16</th>
<th>Forecast FY 16/17</th>
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## Exhibit 1

### Miscellaneous (Thousands of Dollars)

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\[
\text{Total Miscellaneous} = -7.74\% -1.93\% 0.49\% 0.49\% 0.48\% 0.50\% \]
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## Charges for Services

(Thousands of Dollars)

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City of Santa Ana - Confidential

5/16/2014
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<td>24</td>
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<td>Heating Permits</td>
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<td>169</td>
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<td>177</td>
<td>179</td>
<td>181</td>
<td>183</td>
<td>185</td>
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<tr>
<td><strong>Total Licenses &amp; Permits</strong></td>
<td><strong>$ 3,564</strong></td>
<td><strong>$ 3,625</strong></td>
<td><strong>$ 3,731</strong></td>
<td><strong>$ 3,840</strong></td>
<td><strong>$ 3,953</strong></td>
<td><strong>$ 4,071</strong></td>
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</table>

| Percent Change                           | -14.24%            | 1.71%              | 2.92%             | 2.92%             | 2.94%             | 2.99%             |

City of Santa Ana - Confidential
<table>
<thead>
<tr>
<th>Fines (Thousands of Dollars)</th>
<th>Projected FY 13/14</th>
<th>Projected FY 14/15</th>
<th>Forecast FY 15/16</th>
<th>Forecast FY 16/17</th>
<th>Forecast FY 17/18</th>
<th>Forecast FY 18/19</th>
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</thead>
<tbody>
<tr>
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<td>$252</td>
<td>$265</td>
<td>$279</td>
<td>$294</td>
<td>$309</td>
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<td>21</td>
<td>21</td>
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<tr>
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<th>Forecast FY 15/16</th>
<th>Forecast FY 16/17</th>
<th>Forecast FY 17/18</th>
<th>Forecast FY 18/19</th>
</tr>
</thead>
<tbody>
<tr>
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<td>4.27%</td>
<td>5.27%</td>
<td>5.27%</td>
<td>5.27%</td>
<td>5.27%</td>
</tr>
<tr>
<td>Bad Check Recoveries</td>
<td>0.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Court Fines - Non-Traffic</td>
<td>0.00%</td>
<td>1.00%</td>
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<tr>
<td>Court Fines - Traffic</td>
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<td>1.00%</td>
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<tr>
<td>Lost/Damaged Library Materials</td>
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<td>1.00%</td>
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</tr>
<tr>
<td>Parking Fines</td>
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<tr>
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<tr>
<td>Tobacco Fine</td>
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<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
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</tr>
<tr>
<td><strong>Total Fines</strong></td>
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<td><strong>0.74%</strong></td>
<td><strong>0.88%</strong></td>
<td><strong>0.90%</strong></td>
<td><strong>0.91%</strong></td>
<td><strong>0.91%</strong></td>
</tr>
</tbody>
</table>
The Honorable City Council  
of the City of Santa Ana, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Ana, California (City) as of and for the year ended June 30, 2013, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 4, 2013. Our report included an emphasis of a matter regarding the Successor Agency to the Santa Ana Redevelopment Agency’s process of resolving the disagreements with the conclusions rendered by the State Department of Finance (DOF) on the amounts due to taxing entities. In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. We noted certain matters involving the internal control over financial reporting and its operation that we considered to be a material weakness under auditing standards generally accepted in the United States of America. The material weakness is reported to the City Council in a separate letter dated December 4, 2013. We also noted other items relating to their internal controls which are discussed below:

SECTION I – CURRENT YEAR FINDINGS

TREASURER’S REPORT

Comment

The City of Santa Ana Investment Policy (Policy) and the California Government Code (CGC), Sections 53646(b)(i) and 53646(2) indicate:

a. The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report.

b. The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

During our review of the Treasurer's Report for the quarters ended March 31, 2013 and as of June 30, 2013, we noted that:

a. The City’s Treasurer’s Reports noted above were submitted to the City Council 10-15 days later than the 30 day period required by the CGC and City investment policy.

b. The City’s Treasurer’s Reports noted above did not state the compliance of the portfolio to the statement of investment policy.
**Recommendation:**

We recommend the City enhance their internal controls to ensure the timely submission of their Treasurer’s Report to the City Council. Also, we recommend that management incorporate all essential elements of the investment policy as required.

**Views of Responsible Officials and Planned Corrective Action:**

In accordance with the City’s and State government code, staff prepares a quarterly report of investments. Staff formally prepares the item for Council consideration as a Request for Council Action at the second meeting of the required month. Since preparation of the report is not completed until the middle of the month, a second council meeting falling early on may not lend itself for submission of the quarterly report. These reports are then submitted at the first meeting of the following month. However, in order to adhere to the required thirty days, reports will be provided via email to City management and the City Council within the 30 day requirement. Staff will continue to submit the item for Council consideration at the next available Council meeting. Furthermore, language reflecting the submittal of reports via e-mail to City management and City Council will be incorporated into the Investment Policy.

**SECTION II – STATUS OF PRIOR YEAR FINDINGS**

**INFORMATION TECHNOLOGY OPERATIONS AND PLANNING**

**Comment**

General computer controls over the access to programs and data require procedures to be in place to identify and react to risks arising from internal and external sources and unforeseeable events. The City has not performed a formal comprehensive and independent IT risk assessment to help identify the risks to the delivery of IT services and the accuracy and integrity of the City’s financial and personnel data. Also, the City has not developed a comprehensive IT strategic plan to align the long-term goals and objectives of the IT function with the City as a whole. Further, the IT Services Division has not developed a Disaster Recovery and Business Continuity Plan that formally documents how its financial information and systems would be recovered in the event of a disaster or how the City’s business functions would continue to operate should the electronic data systems be unavailable for an extended period of time.

**Recommendation**

Given the observations noted above, we recommend that the IT Services Division, work with other department managers, set up a strategic committee to develop an IT strategic plan, comprehensive business continuity plan and an independent IT risk assessment. The IT strategic plan should identify and prioritize IT initiatives that are aligned with the goals and objectives of the City as a whole and periodically updated for continued relevance to strategic initiatives. Incorporated into the business continuity plan should be procedures for the recovery of the electronic systems and data in the event of a disaster or an event that precludes or limits the use of the main data center. Once completed, the recovery plan should be tested periodically and updated based upon the findings of the testing. The risk assessment should focus on identifying all of the possible risks to the City’s IT department, the delivery of IT services and the accuracy and integrity of the City’s financial and personnel data. The risk assessment should quantify the likelihood of an event, the impact of the event and the mitigating controls that would address the possible risk. The risk assessment should also include network penetration testing to ascertain the vulnerabilities of the City’s computer network from hacking attempts.
In lieu of such strategic IT committee being established, we recommend the IT Services Division develop alternative strategies to address the observations noted for consideration by City Management.

Status of corrective action:

**Comprehensive risk assessment and strategic plan – In process.**

During fiscal year 2014, the City formed a Finance, Economic Development and Technology Committee (Committee), comprised of members of City Council. The Committee will provide governance over IT initiatives and policies and procedures. The Committee will facilitate the development and review of the Strategic Plan, organizational and risk assessments on IT. The IT Services Division had previously submitted their “Plan for Information Technology Vision for the City of Santa Ana (Plan)” to the previous City Manager but no review or action was taken as a result of his retirement.

**Financial Systems IT Disaster Recovery Plan**

The IT Services Division has developed a Financial Systems IT Disaster Recovery Plan (DR plan) for its core financial and payroll systems. Included in the DR plan is a section for testing the plan. Both the Lawson and payroll system DR plans have been tested. Lawson recovery testing is conducted on a bi-monthly basis.

**PROPER PASSWORD CONFIGURATION CONTROLS**

**Comment**

IT general controls should ensure that only authorized individuals have access to the City’s IT network, applications and data. One of the primary means of controlling user access is through the use of passwords. The City is not enforcing proper password configuration controls. We noted that the City’s password requirements do not adhere to industry best practices. For example, there is no password length, complexity, or expiration period for the Lawson application.

**Recommendation**

We recommend that the IT Services Division, working with the primary accounting system functional user departments, enforce passwords for network as well as application access that are at least as stringent as industry best practices. Not having proper password standards increases the risk that the City’s network and applications can be accessed by unauthorized individuals.

**Status of corrective action:**

In process. The IT Services Division has developed a Password Policy and a list of Frequently Asked Questions reviewed and approved for implementation. Policy implementation will be effective April 1, 2014.
EMPLOYEE DATA PROVIDED TO ACTUARY

Comment

Providing accurate employee information related to date of hire, date of birth, etc. to the actuary will ensure that a reliable estimate is made of the City’s pension and retirement liabilities. During our test-work of the underlying data for the City’s OPEB and CalPERS liabilities, we noted that the date of hire obtained from the actuary report did not match to the date of hire as recorded by the City on the employees’ Kardex file. This kind of error could result in misleading calculations for the City’s pension and retirement liabilities.

Recommendation

We recommend that a responsible official at the City reviews and verifies the employees’ information before submitting it to the outside actuary for valuing the retirement/pension liabilities.

Status of corrective action:

Implemented. Benefits Supervisor now reviews and verifies the employees’ information before submitting it to the outside actuary.

TREASURER’S REPORT PREPARATION

Comment

During our review of the Treasurer's Report for the month ended June 30, 2012, we noted that the balance reflected in the investment report for a passbook/checking account was under reported by $296,436 when compared to the balance as reported in the confirmation received directly from the bank. The Treasurer’s Report section which includes passbook/checking accounts is manually prepared. The error was an oversight on behalf of the preparer and the report was not reviewed by a supervisor within the department.

Recommendation

We recommend that a secondary review of information within the department compare the manually prepared section of the Treasurer's Report to a complete listing of passbook/checking account bank balances, as obtained from the bank statements prior to sending the completed report to Finance for final review and approval.

Status of corrective action:

Implemented. The under reporting was the result of transitioning of a Jail commissary account to a new bank account. The old account was left open to clear open checks and was not included in the report. The Accounting Division now performs a secondary review of the Treasurer’s Report to ensure proper reconciliation.

******************************************************************************

This report is intended solely for the information and use of the City Council and management of the City of Santa Ana and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.
We would like to express our appreciation for the courtesy and assistance extended to us during our audit by all of your staff.

We would be pleased to discuss with you at your convenience the matters contained in this letter or any other matters which you would like to discuss.

Macias, Jini & O’Connell LLP
Newport Beach, California
December 4, 2013
Orange County Fire Authority  
Analysis of Financial Update & Forecast from City of Santa Ana  
June 2014

(Note: Q&A responses from the City of Santa Ana are included in the document following this Analysis.)

The City provided the Draft City of Santa Ana Financial Update to The Orange County Fire Authority dated June 2014 ("City Financial Update"). The purpose of the City Financial Update is to provide an overview of the City's financial position to support the removal of OCFA’s escrow account requirement. The City Financial Update is based on a five-year financial forecast attached as Exhibit 1. The OCFA has conducted an initial review of the City Financial Update and five-year forecast and has the following questions/comments:

1. Santa Ana Projecting Revenues to Grow Faster Than Expenditures
   See the Table 1 below for a comparison of Santa Ana’s revenue and expenditure forecast to forecasts in nearby jurisdictions. Garden Grove and Fountain Valley are both projecting expenditure growth to outpace revenue growth for the next 4 to 5 years. On average, Irvine is projecting higher revenue than expenditure growth over the next five years due to significant development activity driving property tax, transient occupancy tax, and sales tax growth. Garden Grove, Fountain Valley, and Irvine are all forecasting average expenditure growth that exceeds 2.8% per year compared to 1.67% for Santa Ana.

What factors will contribute to Santa Ana’s revenue growth and what strategies will the City implement to control costs through the forecast period?

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>FY 16/17</th>
<th>FY 17/18</th>
<th>FY 18/19</th>
<th>Average</th>
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<tr>
<td>Santa Ana</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>3.53%</td>
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<td>2.74%</td>
<td>4.51%</td>
<td>2.69%</td>
<td>2.92%</td>
</tr>
</tbody>
</table>

2. 4% Annual Property Tax Revenue Growth Assumptions
   Property tax is one of the City’s key revenue sources. The five-year financial forecast assumes 4.0% annual growth from 15/16 through 18/19. OCFA’s property tax consultant, RSG, Inc., is currently projecting growth in existing secured property tax of 2.75% in 15/16,
2.25% in 16/17, 2.75% in 17/18, and 3.25% in 18/19 within the structural fire fund cities. This does not include increases from new construction. Based on RSG's review of various economic indicators and reports, they are forecasting slow and steady property tax growth due to a declining investor pool, decreasing home affordability, slow growth in household income, and increasing supply of new homes.

Please provide support for the City’s 4.0% annual property tax growth projections. Is the City anticipating significant development activity that will support a 4% annual growth rate?

3. **4% Annual Property Tax In Lieu of VLF Growth Assumptions**
   Like property tax revenue, annual growth in the City’s Property Tax In Lieu of VLF revenue increases in proportion to the City’s growth in assessed value. The projection of 4% annually beginning in 15/16 may be high based on the reasons mentioned in Comment #1 above.

4. **Support for Reduced Costs Due to Innovation & Efficiencies**
   The five-year financial forecast shows a “1% Innovation & Efficiencies” line item under non-departmental expenses which reduces costs by an ongoing $1.4 million beginning in 14/15. Please provide details on how the $1.4 million reduction in costs will be achieved. Typical practice in preparing five-year forecasts is to conservatively estimate expenditures and in some cases, budget in a contingency for unforeseen costs.

5. **6% Utility User Tax Rate**
   The City Financial Update references a 6% utility user tax rate. What percent is assumed for the outer years of the forecast? The Mayor and City Council members unanimously voted to place a measure on the November 4, 2014 municipal election ballot that will reduce the City’s utility user tax from 6.0% to 5.5% with a majority approval. What is the term, if any, of the City’s utility user tax? Also, utility user tax revenue has been declining in recent years. What factors are anticipated to stabilize utility user tax revenue in the coming years?

6. **Sales Tax Growth Assumptions Ranging from 3.3% to 4.5%**
   Please provide support for sales tax growth assumptions ranging from 3.3% in 18/19 to 4.5% in 16/17.

7. **2.5% in Hotel Visitor’s Tax**
   The five-year forecast assumes 2.5% annual growth from 15/16 through 18/19 in hotel visitor’s tax revenue. What is anticipated to drive this growth (i.e. increasing occupancy rates, increasing room rates, new hotel construction)?

8. **$7.5M in Annual Water Overhead Charge Revenue**
   The City’s September 2013 five-year forecast assumed a reduction in water transfer revenue of $1.2 million in 14/15 and $2.4 million from 15/16 through 18/19. These anticipated reductions were eliminated in the latest five-year forecast. What was the previous rational for reducing this revenue in the prior forecast? Various parties have raised issues related to this revenue source in the past claiming that Proposition 218 prohibits using revenue from city-levied utility fees for general fund costs unless those costs can be justified as part of the cost of providing the utility. Have the questions related to this revenue source been resolved?
9. Declining Salaries & Wages in 15/16 and 17/18
Salaries & Wages - Regular, which represents approximately 32% of the City’s total expenditure budget for 14/15, is projected to decline by 0.5% in 15/16, remain flat in 16/17, and decline by 1.1% in 17/18. Please provide an explanation for these assumptions. The City’s September 2013 forecast assumed 2% salary increases from 15/16 through 17/18 and 3.25% in 18/19, but these increases were eliminated in the latest forecast. What are the expectations of the City Council and the City’s workforce with regards to salary increases through 18/19?

10. Slow Growth in Employee Insurance
Santa Ana’s employee insurance expenditures are projected to grow by 2.0% per year from 14/15 through 18/19. Over the last 10 years, insurance costs have risen significantly and OCFA conservatively projects 9%-10% growth in insurance costs in its five-year forecast provided to OCFA’s Board of Directors. Please provide support for 2% growth in insurance expenditures. Is this based on historical growth in insurance costs that the City has experienced and if so, over what period?

11. 15/16 Drop in City Manager’s Office and Personnel Services Agency Expenditures
In 15/16, departmental expenditures are projected to decline by 21.3% for the City Manager’s Office and 7.3% for the Personnel Services Agency. Please provide an explanation for anticipated reductions in these departments.

12. 2% Growth in Workers Compensation Insurance Costs
How does the 2% annual growth projected from 15/16 through 18/19 compare to historical annual increases in workers compensation costs? Does the City budget for annual worker’s compensation costs using the pay-as-you-go method, or is the budget connected to the ultimate annual loss amount, as projected by the actuary? If ultimate loss amounts are used, please provide what confidence level is used?

In addition, the Aon actuarial report that was provided to OCFA is as of June 2012. Please provide the report from June 2013. Finally, the Financial Update report mentions the net position for the Risk Management Funds per the CAFR. Please advise which page in the CAFR we can find this?

13. Projected Retirement Costs
The City’s 5 year forecast mentions an “actuarial forecast”. Can you please provide a copy of the forecast used for projecting retirement costs? If the City has retirement rate projections from PERS, please provide those projections.

14. Letter from MGO
The letter that was provided as Exhibit 2 from MGO mentions a material weakness that’s discussed in a separate letter dated December 4, 2013 – can we get a copy of that letter?
Responses to OCFA Questions
5-28-14

(Santa Ana responses are in blue font)

1) What factors will contribute to Santa Ana’s revenue growth and what strategies will the City implement to control costs through the forecast period?

Revenue Growth:

- Revenues have not yet reached pre-recession levels and actuals continue to exceed projections
- MuniServices Forecast LLC Sales Tax consultant continues to provide positive news regarding the economy and growth in the City’s Sales Tax revenues
- Legislative Analyst Office forecasts moderate economic growth in 2013 and accelerated economic growth in 2014
- UCLA Anderson forecast predicts a 3% economic growth in 2014
- Santa Ana’s unemployment levels continue to drop. Peak of 14.9% in 2010 and now 9.3%
- Automall auto sales tax are up 74.7% from 2011 and expected to grow
- City’s Downtown businesses are thriving
- Westfield is making improvements to the Main Place Mall
- The City’s assessed valuation continues to grow
- Major upcoming developments in the next couple of years includes over 1,300 new residential units and nearly 550,000 square feet of new retail/office space
- Dissolution of Redevelopment is generating over $5.5M annually in new property tax revenues coming directly into the GF
- The City is experiencing improved permit and plan check activity:
  - Development projects are up 33%
  - Permit valuation is up 16%
- Modernizing the Utility Users Tax
- City recently adopted a 5-year strategic plan. Implementation will begin 7/1/2014. Strategies include:
  - Economic Development strategy – Business Attraction & Retention efforts
  - New City Marketing campaign & business advisory committee
  - Job creation strategies
  - Updating of the General Plan
- The City is aggressively looking to recapture costs through full-cost recovery fees and generating new revenues (i.e. misc. fee schedule, automating parking meters, etc. which are not included in the forecast)
- City recently increased the Jail per diem rate ($1.4M annually not included in the forecast)

Control Costs:

- City recently adopted a 5-year strategic plan. Implementation will begin 7/1/2014. Strategies include:
  - Refunding of existing debt to lower payments:
Refunding of Certificates of Participation (COP’s) going to Council 6/3/14 with an estimated annual savings of over $200k annually (not included in the forecast)

- City is implementing a culture of innovation and efficiency savings of 1% per year:
  - Adoption and implementation of an IT strategic plan
  - Implementing a mobility initiative to increase productivity
  - Seeking automation opportunities
  - Using online and web based applications services
  - Moving towards document management & self-serve payroll

- Continuation of structural labor concessions (i.e. increased employee pension contributions, capping medical costs, reducing OPEB, etc.)
- City will continue to manage vacancies
- Creating part-time positions to reduce full-time labor and benefit costs
- Implementing consignment programs in its internal service fund departments to reduce costs to the General Fund
- Continue to look for and implement outsourcing opportunities
- Aggressively pursuing grant and alternative funding opportunities
- Facilities energy retrofits to reduce utility costs
- Implementing green technologies (i.e. charging stations, CNG, Propane, etc.) with the use of grant funding to reduce gas consumption.

2) Please provide support for the City’s 4.0% annual property tax growth projections. Is the City anticipating significant development activity that will support a 4% annual growth rate?

The 4% growth is based on several factors:
- The Orange County Property Valuation update presented in February 2014 provided a growth factor of 3 to 5% (County Assessor).
- City’s Assessed Valuation increase over the prior year is 3.4%.
- The City is experiencing an increase in permits and plan check activities:
  - Development projects are up 33%
  - Permit valuation is up 16%
- Major upcoming developments in the next couple of years includes over 1,300 new residential units and nearly 550,000 square feet of new retail/office space

Additionally, the outer year forecast growth rates were developed in coordination with Management Partners LLC.

3) 4% Annual Property Tax In Lieu of VLF Growth Assumptions
   Same response as #2

4) Support for Reduced Costs Due to Innovation & Efficiencies. Please provide details on how the $1.4 million reduction in costs will be achieved.
   The 1% goal (the equivalent of $1.4M) is a strategy of the 5-year strategic plan. City Departments will be incentivized to reach their targets and will have the flexibility to either
reduce on-going expenditures or generate on-going revenues. Department Heads will present updates during Executive Management Team meetings and also during City Council Committee meetings. Departments will identify and implement opportunities which include:

- Use of technology for automation and improved productivity
- Use of online services
- Consolidation of services
- Outsourcing
- Refinancing of existing debt to lower payments
- Continue to manage vacancies
- Implement energy retrofits
- Seek full cost recovery

5) 6% Utility User Tax Rate
The City Financial Update references a 6% utility user tax rate. What percent is assumed for the outer years of the forecast? Forecast assumes that revenues generated in the outer years will remain constant (see explanation below). The Mayor and City Council members unanimously voted to place a measure on the November 4, 2014 municipal election ballot that will reduce the City’s utility user tax from 6.0% to 5.5% with a majority approval. What is the term, if any, of the City’s utility user tax? The UUT does not have a sunset clause. Also, utility user tax revenue has been declining in recent years. What factors are anticipated to stabilize utility user tax revenue in the coming years? The UUT revenues have declined in past years as a result of lower natural gas prices and changes in telecom technology. In the current year, we have seen a rebound of UUT revenues. In an effort to stabilize future revenues, the City will be placing a ballot measure to implement three changes: 1) to reduce the UUT rate from 6% to 5.5%, 2) eliminate the maximum cap on UUT of $11K, 3) and expand/modernize the telecom language. The result of these three changes will stabilize the revenues in the short term and potentially increase revenues in the outer years. The City is forecasting 0% growth in an effort to remain conservative in its projections.

6) Please provide support for sales tax growth assumptions ranging from 3.3% in 18/19 to 4.5% in 16/17.
The growth assumptions are sales tax reports provided by MuniServices (third party consultant). Consultant forecasts are considered confidential. According to MuniServices LLC, the City has a well-balanced (diversified) sales tax base. Below are the respective % by category based on the most recent report:

- Transportation 25.7%
- General Retail 24.4%
- Business to Business 19.8%
- Food Products 16.6%
- Construction 12.2%
- Miscellaneous 1.3%

7) 2.5% in Hotel Visitor’s Tax. The five-year forecast assumes 2.5% annual growth from 15/16 through 18/19 in hotel visitor’s tax revenue. What is anticipated to drive this growth (i.e. increasing occupancy rates, increasing room rates, new hotel construction)? The City is anticipating continued growth in both occupancy rates and room rental rates associated with an
improved economy (lower unemployment and higher consumer confidence) and also as we attract more visitors to Santa Ana’s arts/cultural/entertainment movement in the downtown area. In addition, HVT will continue to increase due to Santa Ana’s hotels close proximity to major attractions such as Disneyland, convention centers, airport, sports complexes, and other entertainment venues.

8) $7.5M in Annual Water Overhead Charge Revenue The City’s September 2013 five-year forecast assumed a reduction in water transfer revenue of $1.2 million in 14/15 and $2.4 million from 15/16 through 18/19. These anticipated reductions were eliminated in the latest five-year forecast. What was the previous rational for reducing this revenue in the prior forecast? At the time of the September 2013 forecast, the City was in the process of updating its 2012 water transfer study with HF&H Consultants LLC. The Interim City Manager at the time, made a conservative effort to lower the value pending the revised study recommendations. Various parties have raised issues related to this revenue source in the past claiming that Proposition 218 prohibits using revenue from city-levied utility fees for general fund costs unless those costs can be justified as part of the cost of providing the utility. Have the questions related to this revenue source been resolved? The cost recovery study conducted by HF&H continues to provide the basis for the transfer.

9) Declining Salaries & Wages in 15/16 and 17/18 Salaries & Wages - Regular, which represents approximately 32% of the City’s total expenditure budget for 14/15, is projected to decline by 0.5% in 15/16, remain flat in 16/17, and decline by 1.1% in 17/18. Please provide an explanation for these assumptions. The City’s goal is to maintain labor and benefit costs relatively flat. As far as the drop in 15/16, it is associated with responses in question 11 (one-time/temp costs). The drop in 17/18 is associated with a Police Officers Association (POA) negotiated concession which will reduce career development pay by $750K. The City’s September 2013 forecast assumed 2% salary increases from 15/16 through 17/18 and 3.25% in 18/19, but these increases were eliminated in the latest forecast. What are the expectations of the City Council and the City’s workforce with regards to salary increases through 18/19? The expectation set by the City Manager is that the City will continue to maintain our labor and benefit costs relatively flat as we build upon our reserves until we reach our reserve goal of 20% and fund the implementation of the 5-year strategic plan.

10) Slow Growth in Employee Insurance Santa Ana’s employee insurance expenditures are projected to grow by 2.0% per year from 14/15 through 18/19. Over the last 10 years, insurance costs have risen significantly and OCFA conservatively projects 9%-10% growth in insurance costs in its five-year forecast provided to OCFA’s Board of Directors. Please provide support for 2% growth in insurance expenditures. Is this based on historical growth in insurance costs that the City has experienced and if so, over what period? The City has stabilized its insurance costs by negotiating the capping of the City’s medical contributions for its employees. Employees will pay for any health insurance costs above the negotiated caps. The 2% referenced in the forecast is a conservative estimate for any unforeseen costs.

11) 15/16 Drop in City Manager’s Office and Personnel Services Agency Expenditures In 15/16, departmental expenditures are projected to decline by 21.3% for the City Manager’s Office and 7.3% for the Personnel Services Agency. Please provide an explanation for anticipated reductions in these departments.
time funding for the development of a 5-year strategic plan and an economic development plan. As such, we anticipate that the one-time funding will be exhausted by 14/15. **The Personnel Service Agency** figures for FY13/14 and 14/15 included additional funding (on a temporary basis) to absorb former SA Fire administrative staffing as a result of outsourcing to OCFA. Since then, administrative staffing has been successfully reallocated to a non-general fund departments and Personnel Services funding will be reduced.

**12) 2% Growth in Workers Compensation Insurance Costs.** How does the 2% annual growth projected from 15/16 through 18/19 compare to historical annual increases in workers compensation costs? According to the CAFR, Workers Compensation historical operating costs have decreased an average of 0.73% over the past 5 years (2009 to 2013). As such, the 2% growth factor, although higher than the historical average, will be used to pay for unforeseen expenses or to build reserves. In the future, workers compensation may continue to decrease as Risk Management implements an incentive program to reduce future costs and liabilities. Does the City budget for annual worker’s compensation costs using the pay-as-you-go method, or is the budget connected to the ultimate annual loss amount, as projected by the actuary? The City uses annual loss amount, as projected by the actuary report. If ultimate loss amounts are used, please provide what confidence level is used? 80%.

In addition, the Aon actuarial report that was provided to OCFA is as of June 2012. Please provide the report from June 2013. See attached copy. Finally, the Financial Update report mentions the net position for the Risk Management Funds per the CAFR. Please advise which page in the CAFR we can find this? Please see page 160 of the 6/30/13 CAFR.

**13) Projected Retirement Costs.** The City’s 5 year forecast mentions an “actuarial forecast”. Can you please provide a copy of the forecast used for projecting retirement costs? If the City has retirement rate projections from PERS, please provide those projections. Attached are the projected rates per CalPERS.

**14) Letter from MGO.** The letter that was provided as Exhibit 2 from MGO mentions a material weakness that’s discussed in a separate letter dated December 4, 2013 – can we get a copy of that letter? The letter in question is for the single audit for Federal and California grants. The finding was related to the deactivation of user accounts not being timely for separated employees. HR and Payroll have begun the process of providing separation reports to IT for the timely removal of separated employees. The finding is located on page 143 of the Single Audit and located on our website at http://www.ci.santa-ana.ca.us/finance/single-audit/documents/2013_single_audit.pdf#page=140
TO: Board of Directors, Orange County Fire Authority

FROM: Jeremy Hammond
Director of Human Resources

SUBJECT: Executive Recruiting Firm - Fire Chief Recruitment

Summary:
This item is submitted to initiate actions that will be necessary to support the Board of Directors’ future selection of a new Fire Chief for the OCFA. This report was also submitted to the Executive Committee for review, with the intent for the Executive Committee to provide its recommendations to the full Board of Directors at the June 26 meeting.

Recommended Actions:
1. Direct staff to pursue an open recruitment using the services of an external Executive Recruiting Firm for completion of the OCFA Fire Chief recruitment.
2. Direct staff to complete a Request for Proposals (RFP) process to facilitate selection of an Executive Recruiting Firm.
3. Direct the Fire Chief Recruitment Ad Hoc Committee to conduct interviews with the top firms, following evaluation of proposals by staff, and to make a recommendation to the Executive Committee and Board of Directors for final contract award.

Background:
In response to Chief Richter’s recent announcement that he will be retiring effective August 29, 2014, staff has begun to identify the steps that will be necessary to facilitate the Board of Director’s selection of a new Fire Chief. In addition, Board Chair Weinberg appointed a Fire Chief Recruitment Ad Hoc Committee (i.e., the Ad Hoc Committee) to provide advisory input to the Executive Committee and Board of Directors regarding various elements of the new Fire Chief recruitment. The Ad Hoc Committee is composed of six Board Members, including:

- Al Murray, Tustin (Committee Chair)
- Gene Hernandez, Yorba Linda
- Rob Johnson, Cypress
- Warren Kusumoto, Los Alamitos
- Jeff Lalloway, Irvine
- Todd Spitzer, County of Orange

Recruitment Options
The first action required in initiating the Fire Chief recruitment is to determine what method OCFA would like to use for performance of the recruitment. Methods that could be used for conducting our Fire Chief recruitment include the following:
1. An open recruitment facilitated by an Executive Recruiting Firm
2. An open recruitment facilitated by members of OCFA staff
3. A closed internal promotional recruitment facilitated by members of OCFA staff

These options are listed on the attached outline, along with advantages and disadvantages for each method. Staff met with the Ad Hoc Committee to obtain their feedback regarding these potential options, and the Committee unanimously recommended Option 1, an open recruitment facilitated by an Executive Recruiting Firm. Although a closed internal recruitment would result in less time, effort, and cost, the thought was that selection of our new Fire Chief is such an important decision for the future of OCFA that it should be done through completion of a very thorough and independent search.

**Methods for Selecting an Executive Recruiting Firm**

Methods that could be used for selecting an Executive Recruiting Firm include the following:

1. Completion of a full Request for Proposal (RFP) process
2. Waive formal bidding requirements, and perform interviews with pre-selected firms
3. Waive formal bidding requirements, and tag-on to a recent OCFA RFP

Completion of a full RFP process will require about 4-6 weeks for issuance of the RFP, receipt of proposals, evaluation of proposals, interview with finalists, and award of contract. Alternatively, the Ad Hoc Committee considered the option of waiving formal bidding requirements, and instead identifying pre-selected firms to be interviewed by the Committee. This option would also potentially require 3-4 weeks to identify interview dates that would work for all members of the Committee and which could be scheduled with the candidate firms. Following interviews, the contract would still need to be negotiated and submitted for OCFA Board review and approval.

The last alternative reviewed by the Ad Hoc Committee is to waive formal bidding requirements and tag-on to a recent OCFA RFP. OCFA has completed two separate RFP processes for Executive Recruiting Firms within the last year. Based on both RFPs, contracts were awarded to Ralph Andersen & Associates, the highest ranked firm.

In reviewing the options for selection of an Executive Recruiting Firm, the Ad Hoc Committee recommended Option 1, completion of a full RFP process. Although time might be saved by waiving formal bidding requirements, the Committee concluded that OCFA would be best served by competitive selection of the recruiting firm, including final interviews to be conducted by the Ad Hoc Committee. The Ad Hoc Committee will then make a recommendation to the Executive Committee and the Board of Directors for final contract award.

Following the Ad Hoc Committee meeting, staff issued an RFP on June 19, 2014. The timeline defined in the RFP is intended to facilitate a recommendation for contract award at the meeting of July 24, 2014.
Future Board Workshop - Visioning Session
With the recommendation that staff complete an RFP process for the executive recruiter, the Ad Hoc Committee recommended that we use the 4-6 week time period while the RFP is underway to plan and prepare agenda materials for a Special Board Workshop. The purpose of the Workshop is to conduct a Visioning Session with the Board in order to establish clear organizational goals that will guide the Board for the future, and define the Fire Chief recruitment profile. The Visioning Session will be scheduled to occur shortly after the Executive Recruiting Firm has been hired. This will enable the recruiter to attend and hear the Board’s dialogue firsthand, while gaining insight into the skills and characteristics that will be required of the new Chief.

Staff is currently developing the overall timeline for the RFP, the Visioning Session, and the Fire Chief recruitment. The Ad Hoc Committee also requested that OCFA’s communications consulting firm, CommunicationsLAB, be used to assist with communications-related strategies associated with the workshop. Detailed project plans and timelines will be reviewed with the Ad Hoc Committee prior to submission to the Executive Committee and the Board of Directors. In addition, staff will begin making inquiries with Board members to identify acceptable dates for scheduling the Visioning Session.

Impact to Cities/County:
Not Applicable.

Fiscal Impact:
The costs for the recommended Executive Recruiting Firm of $35,000 were not anticipated in the FY 2014/15 Adopted Budget: therefore, a budget adjustment is included with this request.

Staff Contacts for Further Information:
Jeremy Hammond
Director of Human Resources
jeremyhammond@ocfa.org
(714) 573-6018

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

Attachment:
Recruitment Options
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<th>Options</th>
<th>Advantages</th>
<th>Disadvantages</th>
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| 1. Open Recruitment by Executive Recruiting Firm | • A competitive open process allows review and comparison of all potential candidates  
• Ultimately, the selected Fire Chief will have “proven” himself/herself to be the top candidate among many  
• Executive Recruiter will provide greater expertise at seeking out and assembling a well-qualified and diverse pool of candidates  
• Executive Recruiter will be more knowledgeable in working with multiple stakeholders to identify one set of agreed upon “desirable candidate characteristics”  
• Executive Recruiter will be able to devote their time to this recruitment, without the other work-related time demands that OCFA staff already has | • An open recruitment will require more time and effort than a closed internal promotional recruitment  
• Use of an Executive Recruiting Firm will result in an unplanned expense |
| 2. Open Recruitment by OCFA Staff   | • A competitive open process allows review and comparison of all potential candidates  
• Ultimately, the selected Fire Chief will have “proven” himself/herself to be the top candidate among many  
• Use of OCFA staff to facilitate the recruitment will result in no added costs | • OCFA staff will have difficulty allocating the intense amount of time that will be required to screen through a diverse pool of candidates  
• OCFA staff may be lacking in the unique skills that Executive Recruiters have to “read” candidates and recognize their true strengths and weaknesses, vs. those candidates who are excellent at interviewing  
• If the recruitment is conducted by OCFA staff, this could create the perception that staff hand-picked the Chief based on a foregone conclusion |
### Orange County Fire Authority
Fire Chief Recruitment & Selection Plan
Recruitment Options

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<th>Options</th>
<th>Advantages</th>
<th>Disadvantages</th>
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| 3. Closed Internal Promotional Recruitment by OCFA Staff | • A closed internal promotional recruitment results in the least time, effort and cost  
  • If the Board is confident that the ideal candidate resides in-house, then this option is the most efficient  
  • Prevents external candidates from being exercised unnecessarily if the Board believes the ultimate candidate will come from in-house | • By closing the competition to in-house only, we will be unable to compare the skills and qualifications of our internal candidates to those in the external job market  
  • Ultimately, the selected Fire Chief will not have “proven” himself/herself through an intense competition  
  • Could create the perception that OCFA staff hand-picked the Chief based on a foregone conclusion  
  • Creates the potential for adverse sentiment towards the Chief, if some believe that the promotion was not truly earned |
TO: Board of Directors, Orange County Fire Authority

FROM: Jeremy Hammond  
Director of Human Resources

SUBJECT: Director of Communications Recruitment Process

Summary:
This agenda item is submitted to transmit recommendations from the Fire Chief Recruitment Ad Hoc Committee relating to the recruitment process underway for the Director of Communications. This report was also submitted to the Executive Committee for review, with the intent for the Executive Committee to provide its recommendations to the full Board of Directors at the June 26 meeting.

Recommended Action:
Delegate responsibility to the Executive Committee to conduct closed session interviews with the top Director of Communications candidates and recommend final candidates to the Board of Directors, as proposed.

Background:
On April 16, 2014, OCFA’s Human Resources Department opened a recruitment to fill the newly created position of Director of Communications. The recruitment was open through May 16, 2014, resulting in over 100 applications received. Initial screening of the applications resulted in identification of the top 11 candidates to move forward for additional screening.

During the Fire Chief Recruitment Ad Hoc Committee meeting on June 16, 2014, the Committee provided the following direction to staff relating to the Director of Communications recruitment process:

1. Allow members of the OCFA Executive Management team to proceed in interviewing the top 5-7 candidates, for purposes of providing advisory feedback to the Executive Committee.
2. Delegate responsibility to the Executive Committee to interview the top 5-7 candidates in closed session and recommend finalists to the Board of Directors.
3. Schedule interviews for the top 2-3 candidates in closed session with the Board of Directors, for purposes of providing recommendations to the Fire Chief who will make the final hiring decision.

Board Authorization Request
Board authorization is requested to delegate responsibility to the Executive Committee to interview and recommend final Director of Communications candidates to the Board of Directors.
The Brown Act permits closed session interviews of candidates so long as the body conducting the interviews has been delegated that authority.

**Impact to Cities/County:**
None.

**Fiscal Impact:**
None.

**Staff Contacts for Further Information**
Jeremy Hammond
Director of Human Resources
jeremyhammond@ocfa.org
(714) 573-6018

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

**Attachments:**
None.