



# OCFA PROPOSAL REVIEW

AUGUST 28, 2018

# OCFA CONTRACT PROPOSAL

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- ▶ Contract Proposal Cost - \$22,191,928
  - ▶ Capped at 4.5% Annually
  - ▶ Recapture Clause
  - ▶ Average increase 2.92%
- ▶ Option to Withdraw Every 10 Years (Year 2030)
- ▶ Personnel
- ▶ Equipment Maintenance & Replacement
- ▶ Routine Station Maintenance
- ▶ Plan Check Services
- ▶ Administration
- ▶ 1 Member on the OCFA Board of Directors



# PERSONNEL

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- ▶ All 84 Sworn Employees Will Be Offered Positions
  - ▶ Pre-employment Check
    - ▶ Medical/Physical Examination
    - ▶ Livescan
    - ▶ CA DMV Check
    - ▶ City Responsible for Employees Who Do Not Pass Pre-Employment
  - ▶ 6 Fire Management Demotions (may have some flexibility with OCFA)
- ▶ 5 Non-Sworn Employees
  - ▶ Requires Application through OCFA if Positions Available (may have some flexibility with OCFA)
- ▶ 4 Part-Time Employees
  - ▶ Requires Application through OCFA if Positions Available

# Facilities

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- ▶ OCFA Leasing of Facilities
  - ▶ 7 Stations
  - ▶ \$1.00 Per Year for Each Facility
  - ▶ Normal Daily Maintenance Operations
  - ▶ Utilities
- ▶ City Remains Responsible For:
  - ▶ Revolving Facility Account \$15,000 Per Station (\$105,000)
    - ▶ Repairs Over \$1,000
    - ▶ To Be Replenished Annually
  - ▶ Capital Improvements
    - ▶ Repairs Over \$15,000
  - ▶ Hazard Issues (i.e. fuel tanks)
  - ▶ Property Insurance



# Equipment

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- ▶ Equipment Will Be Leased to OCFA At No Cost
  - ▶ 6 Type 1 Engines
  - ▶ 1 Battalion Chief Vehicle
  - ▶ 1 Battalion Utility
  - ▶ 1 Truck Company
  - ▶ 1 Air Light Unit
- ▶ OCFA Will Provide Maintenance of Vehicles
- ▶ Contract Cost Includes Vehicle Replacement
- ▶ Remaining City Equipment May Be Sold (Est. Value \$190,000)

# Additional Costs

- ▶ Asbestos Certification \$20,740
- ▶ Start-Up Costs \$1,136,225
  - ▶ Payment Over 10 Years

Description	Start-Up Cost
Service Center (Equipment/Uniforms)	\$309,661
Personnel Costs	\$152,650
Fleet Services	\$20,800
Communications/IT	\$293,146
Facilities	\$156,500
EMS	\$203,468
<b>Total</b>	<b>\$1,136,225</b>
<b>Amortized Over 10 Years</b>	<b>\$113,623</b>

# Ongoing City Costs

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- ▶ Pension Obligation (Pre-OCFA Unfunded Liability )
- ▶ Retiree Medical Premium Contribution
- ▶ Workers' Compensation Claims
- ▶ Records Management
- ▶ Weed Abatement
- ▶ Potential Need for 1 Additional Full-Time Staff:
  - ▶ Emergency Operations Coordination
  - ▶ Training/Compliance
  - ▶ Management of Ambulance Contract
  - ▶ Records Requests Before Transition



# Other Savings

- ▶ Daily Facility Maintenance
  - ▶ Utilities
- ▶ Insurance Premiums
  - ▶ General Liability - \$30,000
  - ▶ Workers' Compensation - \$70,000



# Impact on City Services

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- ▶ Risks Include Loss of Budgetary Control
- ▶ Building/Plan Check Services
- ▶ Increase in Fees for Plan Check, Permits, and Fire Inspections
- ▶ Emergency Coordination (EOC Planning, Training, etc. if Position is not funded)
- ▶ Tactical Emergency Medical Support (TEMS)
- ▶ Citizen Emergency Response Team Program (CERT)
- ▶ Community Services
  - ▶ Special Events (Planning/Logistics)
  - ▶ Non Profit Event Sponsorships

# OCFA Cap & Recapture Provision

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- ▶ The annual cap is 4.5%
- ▶ When OCFA cost increases exceed the cap, the cash city is protected, but that means that OCFA is no longer recovering its full cost of service
- ▶ The recapture provision allows OCFA to eventually bring the annual charge up to a cost recovery level, but never allows OCFA to recover prior year costs that were less than full cost recovery
- ▶ The chart to the right demonstrates how this cap and recapture provision work

Contract Year	Recapture Bank		
	Increase to OCFA Budget	Increase to Cash Contract Charge	Recapture Bank
1	3.25%	3.25%	
2	3.25%	3.25%	
3	5.50%	4.50%	+1.0%
4	3.50%	4.50%	-1.0%
5	4.00%	4.00%	

(Slide Provided by OCFA)



# Changes in Assumptions

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- ▶ City Budget Adjustment
  - ▶ Council Approved Amendment June 2018 (Includes Budget Reductions & Elimination of 1 Full-Time Department Secretary Position)
  - ▶ Itemizes Unfunded Liability, Labor, and Other Operating Costs
- ▶ Start-Up Costs
  - ▶ 5-Year to 10-Year Amortization
- ▶ Proposal Cost Offset (\$75,000)
- ▶ Capital Improvement Costs
  - ▶ Not Required in 1<sup>st</sup> Year
  - ▶ Improvements Require Future Agreement with City
- ▶ Vehicle Replacement Savings
- ▶ Adjustment to Pension Obligation (Valuation Report - August 2018)
- ▶ Assumes Additional Labor & Operating Cost Increases
- ▶ Comparison of Costs to OCFA's Deployment Model





# 10-Year Forecast - (2.92% Increase)

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
<b>CITY COSTS WITH OCFA</b>											
Annual Contract (2.92%)	22,191,928	22,839,932	23,506,858	24,193,259	24,899,702	25,626,773	26,375,075	27,145,227	27,937,868	28,753,653	253,470,275
Annual Facility Revolving Fund (\$15,000 x 7)	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	1,050,000
Equipment Replacement (3% Per OCFA)	295,293	304,152	313,276	322,675	332,355	342,326	352,595	363,173	374,068	385,290	3,385,203
Start-Up (0%, 10 Years, \$1,136,225)	113,623	113,623	113,623	113,623	113,623	113,623	113,623	113,623	113,623	113,623	1,136,225
Capital Improvements Required	0	0	0	0	0	0	0	0	0	0	0
Asbestos Certification	20,740	0	0	0	0	0	0	0	0	0	20,740
Proposal Cost Reimbursement	(75,000)	0	0	0	0	0	0	0	0	0	(75,000)
<b>Total OCFA Estimated Contract Costs</b>	<b>22,651,584</b>	<b>23,362,707</b>	<b>24,038,757</b>	<b>24,734,556</b>	<b>25,450,679</b>	<b>26,187,721</b>	<b>26,946,293</b>	<b>27,727,023</b>	<b>28,530,558</b>	<b>29,357,566</b>	<b>258,987,443</b>
City Continuation of Services Not Included In OCFA											
Add Position for EOC Management	175,000	178,500	182,070	185,711	189,426	193,214	197,078	201,020	205,040	209,141	1,916,201
Hazmat Clean Up (Ocean Blue)	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	570,000
Records Management	38,718	13,718	13,718	13,718	13,718	13,718	0	0	0	0	107,308
<b>Total Additional Services</b>	<b>270,718</b>	<b>249,218</b>	<b>252,788</b>	<b>256,429</b>	<b>260,144</b>	<b>263,932</b>	<b>254,078</b>	<b>258,020</b>	<b>262,040</b>	<b>266,141</b>	<b>2,593,509</b>
<b>Pension Obligation (Pre-OCFA Unfunded Liability)</b>	<b>3,545,268</b>	<b>4,132,425</b>	<b>4,570,860</b>	<b>5,085,056</b>	<b>5,510,997</b>	<b>5,773,377</b>	<b>6,056,543</b>	<b>6,029,900</b>	<b>6,210,798</b>	<b>6,397,122</b>	<b>53,312,346</b>
<b>Retired Medical Premium Contribution</b>	<b>83,928</b>	<b>86,026</b>	<b>88,177</b>	<b>90,381</b>	<b>92,641</b>	<b>94,957</b>	<b>97,331</b>	<b>99,764</b>	<b>102,258</b>	<b>104,815</b>	<b>940,277</b>
<b>Total Projected Costs</b>	<b>26,531,498</b>	<b>27,830,376</b>	<b>28,950,582</b>	<b>30,166,422</b>	<b>31,314,461</b>	<b>32,319,987</b>	<b>33,354,285</b>	<b>34,114,707</b>	<b>35,105,855</b>	<b>36,125,644</b>	<b>315,833,576</b>
Additional Savings: Insurance Premiums	(100,000)	(110,000)	(121,000)	(133,100)	(146,410)	(161,051)	(177,156)	(194,872)	(214,359)	(235,795)	(1,593,742)
Annual Facility Maintenance Savings	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(1,050,000)
Utilities	(88,012)	(90,652)	(93,372)	(96,173)	(99,058)	(102,030)	(105,091)	(108,244)	(111,491)	(114,836)	(1,008,960)
<i>One-time Sell Off of Fire Equipment</i>	<i>(190,000)</i>	0	0	0	0	0	0	0	0	0	(190,000)
<i>One-time Fleet Management Cash Availability</i>	<i>(2,549,414)</i>	0	0	0	0	0	0	0	0	0	(2,549,414)
<b>Total Cost for Fire Services with OCFA</b>	<b>23,515,072</b>	<b>27,524,723</b>	<b>28,631,210</b>	<b>29,832,149</b>	<b>30,963,952</b>	<b>31,951,906</b>	<b>32,966,988</b>	<b>33,706,591</b>	<b>34,674,805</b>	<b>35,670,613</b>	<b>309,441,460</b>
<b>CITY COSTS</b>											
<b>Pension Obligation (Pre-OCFA Unfunded Liability)</b>	<b>3,545,268</b>	<b>4,132,425</b>	<b>4,570,860</b>	<b>5,085,056</b>	<b>5,510,997</b>	<b>5,773,377</b>	<b>6,056,543</b>	<b>6,029,900</b>	<b>6,210,798</b>	<b>6,397,122</b>	<b>53,312,346</b>
<b>Retired Medical Premium Contribution</b>	<b>83,928</b>	<b>86,026</b>	<b>88,177</b>	<b>90,381</b>	<b>92,641</b>	<b>94,957</b>	<b>97,331</b>	<b>99,764</b>	<b>102,258</b>	<b>104,815</b>	<b>940,277</b>
Labor (2.92%)	17,244,711	17,748,257	18,266,506	18,799,888	19,348,844	19,913,831	20,495,314	21,093,778	21,709,716	22,343,640	196,964,483
Other Operating Costs (2.92%)	3,969,674	4,085,588	4,204,888	4,327,670	4,454,038	4,584,096	4,717,952	4,855,716	4,997,503	5,143,430	45,340,556
<b>Total Fire Budget</b>	<b>24,843,581</b>	<b>26,052,296</b>	<b>27,130,430</b>	<b>28,302,995</b>	<b>29,406,521</b>	<b>30,366,261</b>	<b>31,367,140</b>	<b>32,079,158</b>	<b>33,020,275</b>	<b>33,989,006</b>	<b>296,557,664</b>
Fire Dept Revenue Offset	(150,000)	(153,000)	(156,060)	(159,181)	(162,365)	(165,612)	(168,924)	(172,303)	(175,749)	(179,264)	(1,642,458)
<b>Net Cost of Fire Dept with City</b>	<b>24,693,581</b>	<b>25,899,296</b>	<b>26,974,370</b>	<b>28,143,814</b>	<b>29,244,156</b>	<b>30,200,649</b>	<b>31,198,216</b>	<b>31,906,855</b>	<b>32,844,527</b>	<b>33,809,742</b>	<b>294,915,205</b>
<b>Estimated Projected Savings/(Additional Cost)</b>	<b>1,174,509</b>	<b>(1,625,427)</b>	<b>(1,656,840)</b>	<b>(1,688,335)</b>	<b>(1,719,837)</b>	<b>(1,751,257)</b>	<b>(1,768,782)</b>	<b>(1,799,736)</b>	<b>(1,830,279)</b>	<b>(1,860,271)</b>	<b>(14,526,255)</b>



# 10-Year Forecast – (4.5% Increase)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
<b>CITY COSTS WITH OCFA</b>										
Annual Contract (4.5%)	22,191,928	24,234,140	25,324,676	26,464,287	27,655,180	28,899,663	30,200,148	31,559,154	32,979,316	272,699,058
Annual Facility Revolving Fund (\$15,000 x 7)	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	1,050,000
Equipment Replacement (3% Per OCFA)	295,293	313,276	322,675	332,355	342,326	352,595	363,173	374,068	385,290	3,385,203
Start -Up (0%, 10 Years, \$1,136,225)	113,623	113,623	113,623	113,623	113,623	113,623	113,623	113,623	113,623	1,136,225
Capital Improvements Required	0	0	0	0	0	0	0	0	0	0
Asbestos Certification	20,740	0	0	0	0	0	0	0	0	20,740
Proposal Cost Reimbursement	(75,000)	0	0	0	0	0	0	0	0	(75,000)
<b>Total OCFA Estimated Contract Costs</b>	<b>22,651,584</b>	<b>24,766,039</b>	<b>25,865,974</b>	<b>27,015,264</b>	<b>28,216,128</b>	<b>29,470,881</b>	<b>30,781,943</b>	<b>32,151,845</b>	<b>33,583,229</b>	<b>278,216,226</b>
City Continuation of Services Not Included In OCFA										
Add Position for EOC Management	175,000	182,070	185,711	189,426	193,214	197,078	201,020	205,040	209,141	1,916,201
Hazmat Clean Up (Ocean Blue)	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	570,000
Records Management	38,718	13,718	13,718	13,718	13,718	0	0	0	0	107,308
<b>Total Additional Services</b>	<b>270,718</b>	<b>252,788</b>	<b>256,429</b>	<b>260,144</b>	<b>263,932</b>	<b>254,078</b>	<b>258,020</b>	<b>262,040</b>	<b>266,141</b>	<b>2,593,509</b>
<b>Pension Obligation (Pre-OCFA Unfunded Liability)</b>	<b>3,545,268</b>	<b>4,132,425</b>	<b>5,085,056</b>	<b>5,510,997</b>	<b>5,773,377</b>	<b>6,056,543</b>	<b>6,029,900</b>	<b>6,210,798</b>	<b>6,397,122</b>	<b>53,312,346</b>
<b>Retired Medical Premium Contribution</b>	<b>83,928</b>	<b>88,177</b>	<b>90,381</b>	<b>92,641</b>	<b>94,957</b>	<b>97,331</b>	<b>99,764</b>	<b>102,258</b>	<b>104,815</b>	<b>940,277</b>
<b>Total Projected Costs</b>	<b>26,551,498</b>	<b>28,181,008</b>	<b>31,297,840</b>	<b>32,879,046</b>	<b>34,348,394</b>	<b>35,878,833</b>	<b>37,169,628</b>	<b>38,736,942</b>	<b>40,351,307</b>	<b>335,062,359</b>
Additional Savings: Insurance Premiums	(100,000)	(121,000)	(133,100)	(146,410)	(161,051)	(177,156)	(194,872)	(214,359)	(235,795)	(1,593,742)
Annual Facility Maintenance Savings	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(105,000)	(1,050,000)
Utilities	(88,012)	(93,372)	(96,173)	(99,058)	(102,030)	(105,091)	(108,244)	(111,491)	(114,836)	(1,008,960)
<i>One-time Sell Off of Fire Equipment</i>	<i>(190,000)</i>	0	0	0	0	0	0	0	0	(190,000)
<i>One-time Fleet Management Cash Availability</i>	<i>(2,549,414)</i>	0	0	0	0	0	0	0	0	(2,549,414)
<b>Total Cost for Fire Services with OCFA</b>	<b>23,519,072</b>	<b>27,875,356</b>	<b>30,963,567</b>	<b>32,528,577</b>	<b>33,980,313</b>	<b>35,491,586</b>	<b>36,761,512</b>	<b>38,296,092</b>	<b>39,895,676</b>	<b>328,670,283</b>
<b>CITY COSTS</b>										
<b>Pension Obligation (Pre-OCFA Unfunded Liability)</b>	<b>3,545,268</b>	<b>4,132,425</b>	<b>5,085,056</b>	<b>5,510,997</b>	<b>5,773,377</b>	<b>6,056,543</b>	<b>6,029,900</b>	<b>6,210,798</b>	<b>6,397,122</b>	<b>53,312,346</b>
<b>Retired Medical Premium Contribution</b>	<b>83,928</b>	<b>88,177</b>	<b>90,381</b>	<b>92,641</b>	<b>94,957</b>	<b>97,331</b>	<b>99,764</b>	<b>102,258</b>	<b>104,815</b>	<b>940,277</b>
Labor (4.5%)	17,244,711	18,020,723	19,679,080	20,564,639	21,490,047	22,457,099	23,467,669	24,523,714	25,627,281	211,906,619
Other Operating Costs (4.5%)	3,969,674	4,148,309	4,530,057	4,733,910	4,946,936	5,169,548	5,402,178	5,645,276	5,899,313	48,780,185
<b>Total Fire Budget</b>	<b>24,843,581</b>	<b>26,387,484</b>	<b>29,384,575</b>	<b>30,902,187</b>	<b>32,305,317</b>	<b>33,780,521</b>	<b>34,999,511</b>	<b>36,482,046</b>	<b>38,028,531</b>	<b>314,939,428</b>
Fire Dept Revenue Offset	(150,000)	(156,060)	(159,181)	(162,365)	(165,612)	(168,924)	(172,303)	(175,749)	(179,264)	(1,642,458)
<b>Net Cost of Fire Dept with City</b>	<b>24,693,581</b>	<b>26,234,484</b>	<b>29,225,394</b>	<b>30,739,822</b>	<b>32,139,705</b>	<b>33,611,597</b>	<b>34,827,208</b>	<b>36,306,298</b>	<b>37,849,267</b>	<b>313,296,970</b>
<b>Estimated Projected Savings / (Additional Cost)</b>	<b>1,174,509</b>	<b>(1,640,872)</b>	<b>(1,738,174)</b>	<b>(1,788,756)</b>	<b>(1,840,608)</b>	<b>(1,879,989)</b>	<b>(1,934,304)</b>	<b>(1,989,795)</b>	<b>(2,046,409)</b>	<b>(15,373,273)</b>



# Plan Check Fees – Planning & Development Section

- ▶ OCFA Achieves Full Cost Recovery
- ▶ Fees Directed Towards Businesses, Developers, Contractors, etc.

Plan Check and Construction Inspection Permit Cost Per Permit		
	Garden Grove	OCFA
NFPA 13D System	\$125.00 plus \$3.00 per head after 4 heads	\$625.00
NFPA 13 and 13R Systems	\$347.00 for 1-100 heads	\$718.00
Underground Fire Service (Hydrants/DCDA/Risers/etc.)	\$327.00	\$575.00
Fire Alarm Systems Plan Check	\$411.50 for 11-50 initiating/indicating devices	\$591.00 for 6-15 initiating devices and/or s 21-40 notification devices
Fire Alarm Systems Plan Check	\$559.50 for 51-100 initiating/indicating devices	\$999.00 for 16-30 initiating and/or 41-80 notification devices
Fire Alarm Systems Plan Check	\$599.50+\$1.75 per device	\$1353.00 for more than 30 initiating devices and/or more than 80 notification devices
Fire Extinguishing Hood Systems	\$264.50+\$5.00/nozzle	\$475.00
Commercial Tenant Improvements under 6,000 sqft.	15% of Building Permit Fee, Not to Exceed \$50.00	\$488.00
New Commercial or Office Buildings under 6,000 sqft.	2.5% of Building Permit Fee, Not to Exceed \$200.00	\$488.00

# Permit Fees – Prevention Field Services

- ▲ Issuance of Annual Operational Permits
- ▲ Fees Paid by Local Businesses, Building Owners, and Special Event Contractors

Top 10 Operational Permit Cost Per Business/Permit			
	Garden Grove	OCFA Issuance	OCFA Re-issuance
Hazardous Materials - Use, Handling or Storage	\$0.00	\$152.00 to \$234.00	\$145.00 to \$156.00
A-2 Assembly uses intended for food an/or drink consumption	\$170.00	\$557 for <300 occ. \$856 for >300 occ.	\$400 for <300 occ. \$479 for >300 occ.
Welding and Cutting Operations.	\$85.00	\$184.00	\$138.00
Garages/Motor Vehicle Repair	\$125.00	\$283.00	\$225.00
High-Piled Combustible Stock	\$340.00	\$397.00	\$243.00
Day Care Facilities, 7 or more occupants	\$85.00	\$168 Per annual inspection	No reissuance
ASSEMBLY A-3 50-300 occupant load	\$170.00	\$557 for <300 occ. \$856 for >300 occ.	\$400 for <300 occ. \$479 for >300 occ.
SPRAYING/DIPPING - flammable/combustible liquids	\$170.00	\$381.00	\$138.00
FLAMMABLE / COMBUSTIBLE LIQUID - more than 120 gallons storage / transport	\$170.00	\$234.00	\$156.00
DUST PRODUCING IN F OCCUPANCIES	\$85.00	\$234.00	\$173.00

# QUESTIONS?