



OCFA PROPOSAL REVIEW

AUGUST 28, 2018

OCFA CONTRACT PROPOSAL

2

- ▶ 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

3

- ▶ 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
 - ▶ 7 Potential 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

4

- ▶ 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

5

- ▶ 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
Total	\$1,136,225
Amortized Over 10 Years	\$113,623

Ongoing City Costs

- ▶ 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

9

- ▶ 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

- ▶ 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%	

Changes in Assumptions

- ▶ 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 1st 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

Deployment Cost Comparisons

Description	Scenario #1 Current GG		Scenario #2 Comparable GGFD		Scenario #3 Contract with OCA
	Current GG Auth Post List	Total GG Current Costs	Number of Positions (OCA Proposal Deployment)	Estimated Cost Using OCA Model	
ADMIN					
FY 18-19 Avg. Tot Comp					
Department Secretary	1	102,675	1	102,675	
Public Safety Fiscal Analyst	1	112,135	1	112,135	
Sr. Fire Protection Specialist	2	281,220	2	281,220	
Fire Chief	1	394,767	1	394,767	
Fire Division Chief	2	561,336	2	561,336	
Fire Battalion Chief (Training)	0	-	1	248,782	
Fire Captain (Deputy Fire Marshal)	2	434,622	1	217,311	
Fire Battalion Chief	3	746,346	3	746,346	
Fire Captain	24	5,215,464	21	4,563,531	
Fire Engineer	24	4,458,480	21	3,901,170	
Firefighter (Constant Manning)	4	480,764	4	480,764	
Firefighter	6	801,570	0	-	
Firefighter/Paramedic	30	4,832,580	42	6,765,612	
FRONTLINE					
Total Full-Time Labor Cost	100	18,421,959	100	18,375,649	N/A
OTHER OPERATING COSTS					
Part-Time		58,281		58,281	
Over-Time		2,439,977		2,439,977	
Other Costs					
Contractuals		1,222,407		1,222,407	
Commodities		438,910		438,910	
Tel/Beeper		82,701		82,701	
Equip Pool Rental		1,772,611		1,772,611	
Stores-Non Stock		16,211		16,211	
Info Systems		130,166		130,166	
Insurance-Liab/Prop		99,934		99,934	
Capital Outlay		178,200		178,200	
Subtotal		6,439,398		6,439,398	
Labor & Other Operating Costs		24,861,357		24,815,047	22,296,828
ADDITIONAL EQUIPMENT					
Addition of a Quint		N/A		134,272	
Equip Rental Rate for Quint		N/A		165,000	
Less 1 Squad (#880 Annual Rate)		N/A		(45,228)	
Less 2 Engines (#555, 556 Annual Rate)		N/A		(225,510)	
Additional Equipment Subtotal		N/A		28,534	295,293
Total Costs		24,861,357		24,843,581	22,592,221
Revenue Offset		(150,000)		(150,000)	N/A
Additional Services		Included		Included	270,718
Pension Obligation		Included		Included	3,545,268
Retired Medical Premium		Included		Included	83,928
Additional Savings (Excl. One-Time)		-		-	(293,012)
TOTAL COST FOR FIRE SERVICES		24,711,357		24,693,581	26,199,123

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
CITY COSTS WITH OCFA											
Annual Contract (2.92%)	22,191,928	22,899,932	23,506,898	24,193,299	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)
Total OCFA Estimated Contract Costs	22,651,584	23,362,707	24,038,757	24,734,556	25,450,679	26,187,721	26,946,293	27,727,023	28,530,558	29,357,566	258,987,443
City Contribution 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
Total Additional Services	270,718	249,218	252,788	256,429	260,144	263,932	254,078	258,020	262,040	266,141	2,593,509
Pension Obligation (Pre-OCFA Unfunded Liability)	3,545,268	4,132,425	4,570,860	5,085,056	5,510,997	5,773,377	6,056,543	6,029,900	6,210,798	6,397,122	53,312,346
Retired Medical Premium Contribution	83,928	86,026	88,177	90,381	92,641	94,957	97,331	99,764	102,258	104,815	940,277
Total Projected Costs	26,551,698	27,830,376	28,950,592	30,166,422	31,314,631	32,319,987	33,354,245	34,114,707	34,910,656	35,726,644	313,833,976
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)	(114,856)	(1,008,960)
One-time Sell Off of Fire Equipment	(190,000)	0	0	0	0	0	0	0	0	0	(190,000)
One-time Fleet Management Cash Availability	(2,549,414)	0	0	0	0	0	0	0	0	0	(2,549,414)
Total Cost for Fire Services with OCFA	26,159,672	27,574,723	28,831,210	29,832,149	30,963,992	31,951,916	32,976,998	33,796,591	34,674,605	35,671,019	307,661,460
CITY COSTS											
Pension Obligation (Pre-OCFA Unfunded Liability)	3,545,268	4,132,425	4,570,860	5,085,056	5,510,997	5,773,377	6,056,543	6,029,900	6,210,798	6,397,122	53,312,346
Retired Medical Premium Contribution	83,928	86,026	88,177	90,381	92,641	94,957	97,331	99,764	102,258	104,815	940,277
Lab or (2.92%)	17,244,711	17,748,257	18,266,506	18,799,888	19,348,844	19,913,831	20,495,314	21,097,716	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
Total Fire Budget	24,843,581	26,052,296	27,130,430	28,302,995	29,406,521	30,366,261	31,367,140	32,079,158	33,020,275	33,989,006	296,557,664
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)
Net Cost of Fire Dept with City	24,693,581	25,899,296	26,974,370	28,143,814	29,244,156	30,200,649	31,198,216	31,906,855	32,844,527	33,809,742	294,915,205
Estimated Projected Savings/(Additional Cost)	1,174,509	(1,625,427)	(1,656,840)	(1,688,335)	(1,719,837)	(1,751,257)	(1,768,782)	(1,799,736)	(1,830,279)	(1,860,271)	(14,576,255)

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?