



OCFA PROPOSAL UPDATE

SEPTEMBER 25, 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

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 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

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COST COMPARISONS (L28.1A)	Scenario #1 Current GG	Scenario #2 Comparable GGF	Scenario #3 Contract with OCA
	Current GG Pos List	Number of Positions (OCA Proposal Deployment)	TOTAL COST OF FIRE SERVICES IF CONTRACTED WITH OCA
	FY 18-19 Avg. Tot Comp	Total GG	
ADMIN	Department Secretary 102,675 1	102,675 1	102,675
	Public Safety Fiscal Analyst 112,135 1	112,135 1	112,135
	Sr. Fire Protection Specialist 140,610 2	281,220 2	281,220
	Fire Chief 394,767 1	394,767 1	394,767
	Fire Division Chief 280,668 2	561,336 2	561,336
	Fire Battalion Chief 248,782 0	- 0	248,782
	Fire Captain 217,311 2	434,622 2	434,622
	Fire Battalion Chief 248,782 3	746,346 3	746,346
	Fire Captain 217,311 24	5,215,464 21	4,563,531
	Fire Engineer 185,770 24	4,458,480 21	3,901,170
	Firefighter (Constant Manning) 120,191 4	480,764 4	480,764
	Firefighter 133,595 6	801,570 6	-
	Firefighter/Paramedic 161,086 30	4,832,580 30	6,765,612
	Total Full-Time Labor Cost	18,421,959	18,375,649
			N/A
OTHER OPERATING COSTS			
Part Time	58,281	58,281	58,281
Over-Time	2,439,977	2,439,977	2,439,977
Other Costs			
Contractuals	1,222,407	1,222,407	1,222,407
Commodities	438,910	438,910	438,910
Tel/Beeper	82,701	82,701	82,701
Equip Pool Rental	1,772,611	1,772,611	1,772,611
Stores-Non Stock	16,211	16,211	16,211
Info Systems	130,166	130,166	130,166
Insurance-Liab/Prop	99,934	99,934	99,934
Capital Outlay	178,200	178,200	178,200
Subtotal	6,439,398	6,439,398	6,439,398
Labor & Other Operating Costs	24,861,357	24,815,047	22,296,928
ADDITIONAL EQUIPMENT			
Addition of a Quint	N/A	134,272	N/A
Equip Rental Rate for Quint	N/A	165,000	N/A
Less 1 Squad (#880 Annual Rate)	N/A	(45,228)	N/A
Less 2 Engines (#555, 556 Annual Rate)	N/A	(225,510)	N/A
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	-	-	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	22,839,932	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)
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 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
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	26,551,498	27,830,376	28,950,582	30,166,422	31,314,461	32,319,987	33,354,245	34,114,787	35,105,655	36,125,644	315,833,576
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)
Total Cost for Fire Services with OCFA	23,519,072	27,534,723	28,631,210	29,832,149	30,963,992	31,951,906	32,986,998	33,706,591	34,674,805	35,670,013	309,441,460
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
Labor (2.92%)	17,244,711	17,748,257	18,256,506	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
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)	(1,788,782)	(1,799,736)	(1,830,279)	(1,860,271)	(14,526,255)

10-Year Forecast - (4.5% 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 (4.5%)	22,191,928	23,190,565	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	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	23,713,339	24,766,039	25,865,974	27,015,264	28,216,128	29,470,881	30,781,943	32,151,845	33,583,229	278,216,226
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
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	26,551,498	28,181,008	29,577,864	31,297,840	32,879,046	34,348,394	35,878,833	37,169,628	38,726,942	40,351,307	335,062,359
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>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(190,000)</i>
<i>One-time Fleet Management Cash Availability</i>	<i>(2,549,414)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(2,549,414)</i>
Total Cost for Fire Services with OCFA	23,519,072	27,875,356	29,358,492	30,963,567	32,528,577	33,980,313	35,491,586	36,761,512	38,296,092	39,895,676	328,670,243
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
Labor (4.5%)	17,244,711	18,020,723	18,831,656	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	4,334,983	4,530,057	4,733,910	4,946,936	5,169,548	5,402,178	5,645,276	5,899,313	48,780,185
Total Fire Budget	24,843,581	26,387,484	27,825,676	29,384,575	30,902,187	32,305,317	33,780,521	34,999,511	36,482,046	38,028,531	314,939,428
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	26,234,484	27,669,616	29,225,394	30,739,822	32,139,705	33,611,597	34,827,208	36,306,298	37,849,267	313,296,970
Estimated Projected Savings/(Additional Cost)	1,174,509	(1,640,872)	(1,688,876)	(1,738,174)	(1,788,756)	(1,840,608)	(1,879,989)	(1,934,304)	(1,989,795)	(2,046,409)	(15,373,273)

QUESTIONS?

Item For Discussion	Garden Grove Fire Association	Staff
1. Add Training costs for 4 Firefighters (paramedic school)	City currently has 4 Firefighters. Based on the deployment model, these FF will need to attend paramedic school. The cost of over-time needed while 4 FF at school is estimated at: \$350K	Training is approximately \$3,500 for tuition and is already included in the Fire's budget. The overtime cost of sending two FF to paramedic school is already included in the FY 2018-19 budget and therefore already included in the cost analysis. If the City elects to send all four FF at the same time in FY 2018-19, an additional cost and appropriation is needed in the amount of \$175K.
2. Add costs for Reserve Quint	Association believes a reserve quint is needed in case one goes in for service. The cost for equipment for the quint is estimated at: \$250K	Staff recently received grant funding for miscellaneous fire equipment. Furthermore, \$178K is already budgeted for capital outlay. Additional Cost: \$0
3. Reduce City expense for EOC Coordinator	Association believes a full-time employee at the cost of \$175K is not needed and instead an additional \$11K for assignment pay can be provided to a Police Sergeant to assume EOC management duties.	Staff believes some level of EOC management is needed for the City. Additional research is needed as to what the appropriate level is, whether it is a part-time or full-time position. Staff is to request information from OCFA to find out how other contract cash cities manage their EOC. The cost of a part-time coordinator is estimated at \$70K.

<p>4. Add one Fire Mechanic position</p>	<p>Association believes one additional mechanic is needed to service Fire apparatus equipment in a timely manner. Cost is \$125K</p>	<p>City currently has 1 Full-time mechanic assigned to all fire equipment. The City also has 7 other mechanics who are certified to work on fire equipment. Public safety equipment has top priority in Public Works. Staff believes that no additional mechanics are necessary at this time. Further analysis is needed to determine whether the additional equipment warrants additional staff levels.</p>
<p>5. Reinstate Arson Investigator, 40-hour staff Captain Position</p>	<p>Association believes one additional staff position is needed. Cost: \$239K (Captain pay plus 10% specialty pay)</p>	<p>The current program currently has 6 shift Arson Investigators at a cost of approximately \$75K annually in specialty pay. Staff is open to adding a 40-hour staff Arson Investigator and reducing the number of shift Arson Investigators. Further research is needed to determine the appropriate number of shift Arson Investigators. The reduction in the amount of shift Arson Investigators will offset the cost of the 40-hour investigator. In addition, investigator duties include background investigations which are currently contracted out. This may result in savings of approximately \$14K-\$63K annually. Additional Cost: \$101 - 196K</p>

6a. Add Additional Quint for Reserve	Association believes additional quint is needed for reserve. Cost: \$136K for ten years	Additional cost analysis is needed.
6b. Add Quint Ongoing maintenance	Ongoing maintenance for additional reserve quint. Cost: \$165K	Additional cost analysis is needed.
7. Implement recruitment solution (drop A&B):	Association believes dropping A&B steps is necessary for recruitment issues. They believe by doing this the new average cost of a paramedic should be increased to \$170K for all 42 Paramedics.	Eliminating steps is a labor negotiated item. A paramedic starting at C step would cost an estimated \$139K. The average cost used in the cost analysis for a paramedic is \$161K.
8. Provide 5% increase to existing labor costs.	Association believes a 5% across the board raise is needed to stay competitive. Estimated Cost is \$900K	Pay raises are a negotiated item. Further discussion needed as part of labor negotiations.

<p>9. Management Partner's Estimate for Fire Budget \$26.5 M</p>	<p>Association believes Management Partner's estimate of \$26.5 for the Fire Department should be used in the analysis</p>	<p>Management Partners' provided the City with a long-term forecasting tool, using certain assumptions and data available at the time, including:</p> <ul style="list-style-type: none">• 2% COLA• 2% Inflation• OES expenses that are not included in the Fire's budget because it is reimbursed by the State• Did not include City's 5% budget reduction that was ultimately adopted• Inadvertently included City Attorney's Budget <p>On June 26, 2018, Council adopted the amended FY 2018-19 budget for the Fire Department in the amount of \$24.9M.</p>
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