

REPORT ON STAFF REVIEW OF THE ORANGE COUNTY FIRE AUTHORITY (OCFA) FIRE SERVICE PROPOSAL (F: 61.1)

City Manager Stiles introduced the matter and gave an overview of the points to be discussed, and stated that Fire Chief Schultz and Budget Manager Ann Eifert would be providing a PowerPoint presentation with the findings and analysis. He noted that the newly appointed OCFA Chief Brian Fennessey accompanied by Assistant Chief of Business Services, Lori Zeller, and other OCFA staff were in attendance.

Fire Chief Schultz provided information on deployment, and Budget Manager Ann Eifert provided the financial projection for the City to contract with OCFA. Issues that have been identified are: Paramedic response times, retention and recruitment, and public safety infrastructure. The analysis of the OCFA proposal does address these issues and would result in improved services to the residents. Financial analysis was structured around the City's Fiscal Year 2018-19 that included: staffing, salaries and benefits, equipment maintenance, and fire stations. The analysis incorporated the OCFA proposal cost of \$22,191,928, and start-up costs of \$1,136,225 amortized over five years at \$227,245 with additional one time capital improvement costs.

The costs to the City would include pension obligations for pre-OCFA unfunded liability, retiree medical premium contribution, workers compensation claims, records management, weed abatement, and the need for a full time employee to administer the Emergency Operations Coordination, training and compliance, ambulance contract and records requests for incidents prior to transition. There would be some cost savings in utilities for the fire stations and insurance premiums for General Liability at \$30,000 and Workers' Compensation at \$70,000. With an estimated 2.92% per year beginning in Fiscal Year 2018-19, the additional cost to the City to contract with OCFA would be \$1,642,108.

Council Member Bui stated that he would like to make sure that the City's projection of costs and increases are reflective of OCFA's projection before he makes a decision.

City Manager Stiles noted that this information will be available to OCFA and the Fire Department staff for review and discussion.

Council Member O'Neill commented that they initially thought there would be a cost savings for the City, however, by reviewing the costs as presented by the City, OCFA Fire services will actually cost the City more than what the City would save. He expressed concern about the fire truck Mechanic and if that employee would be retained by the City. He noted that the fire trucks would be leased to the Authority and asked what happens to the equipment when the lease is over, and if the Garden Grove logo would be on the fire trucks.

OCFA Battalion Chief Brad Phoenix and Assistant Chief of Business Services Lori Zeller approached the City Council, and Mr. Phoenix stated that the fire truck would have the Garden Grove logo along with the OCFA logo and that those trucks would be returned to the City after the lease was up. Ms. Zeller noted that OCFA would be

unable to make up the CalPERS unfunded liability for the City and she commended City staff on the review.

Council Member K. Nguyen stated that this is a lot of information and that she would have liked to have had a Study Session. She noted that per staff analysis, the cost to contract with OCFA does not save money and would cost the City more money, and she asked about the Recapture Clause and how that might affect the cost to the City for a contract with OCFA. She asked if there was an analysis on how the City could save money or improve deployment and would it be possible to realize a cost savings without contracting with OCFA.

Chief Schultz responded that information on ways for the City to save money and improve deployment could be provided at a later date; Ms. Eifert responded that the Recapture Clause is essentially funding that is not used and would carry-over to the next Fiscal Year's budget.

Council Member K. Nguyen noted that she did go on a ride along with OCFA and was impressed, and questioned whether Garden Grove would be able to offer parity for the residents.

Council Member Klopfenstein asked how this would impact the non-sworn positions.

Mr. Phoenix responded that of the five non-sworn employees with the Fire Department, there are currently positions available for two of the inspectors and one position for the Office Assistant. There is a part time employee that would not have a position, as well as a Fiscal Analyst who is overqualified for any of the positions that are currently available.

Ms. Zeller noted that the Recapture Clause is a method to recapture operating expenses as costs fluctuate, however, they would not recover annual costs that would exceed 4.5 percent.

Council Member Bui noted that with Chief Schultz's analysis, OCFA offers a higher quality of service with less risk; however, the cost of the contract with OCFA does not offer a cost savings for the City. He asked whether OCFA would be open to any further negotiations.

Ms. Zeller stated that this is a cost recovery contract and to change it would put OCFA in a negative situation, which is not something they would be interested in doing.

Council Member Bui requested that the Fire Chief provide the City Council with a Fire Department cost projection for the next ten years if the Fire Department were to remain with the City.

Council Member K. Nguyen agreed that it would be helpful to have the cost projection for Fire services if the Fire Department were to remain with the City. She stated that

they have a duty to the residents and to the Firefighters to ensure quality service, and to determine whether equipment upgrades would cost the City more.

Council Member Bui stated that he felt that he needs to fully understand the impact to the City and would like as much information as possible before making a decision. He requested a risk assessment for going with OCFA or remaining with the City.

Mr. Phoenix stated that OCFA staffing includes risk management, community educator, nurse educator and hazmat equipment. In response to Council Member Bui asking if this would change the proposal amount, Mr. Phoenix stated no; however, they could segregate the administrative costs from fire services.

Council Member O'Neill commented that it would take about 40 years for the City to be relieved of pension obligations.

Council Member Beard thanked staff for the information and stated that more details are needed before a decision can be made. He suggested that a Study Session would provide an opportunity for more detail.

Council Member Bui noted the need to make a decision soon, as the labor contract with the Firefighters is expired and agreed that a Study Session is needed.

City Manager Stiles noted that the OCFA proposal expires this Fiscal Year, and the labor contract has expired; he suggested that the City Council make a determination on whether they would like to move forward with the OCFA proposal.

Council Member K. Nguyen stated that there needs to be a collaborative effort between the City and OCFA to bring all of the information together at a Study Session to clearly define the comparison.