



# Orange County Fire Authority Update

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CITY COUNCIL MEETING

JUNE 19, 2018



# Background

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- **OCFA provides service for:**
  - **23 Cities and Unincorporated Areas of the County**
- **Paid in two ways:**
  - **Mandated allocation from property taxes (Structural Fire Fund) “SFF”**
    - **Agencies have never had a municipal fire department**
  - **Negotiated Contract Fees (Cash Contract Cities)**
    - **Agencies that were not originally part of OCFA**



# Funding

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- **Structure Fire Fund – 23 Cities**
  - **Average of 11.6% of the 1% basic property tax levy**
  - **Locked by Proposition 13 in 1978**
  - **Paid directly to OCFA from County**
- **Cash Contracts – 8 Cities**
  - **Negotiated on services provided**
  - **4.5% Cap on annual increases**



# City of Placentia

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- **Contract Cash City**
- **Approval of Notice of Withdrawal from Agreement with OCFA**
  - **June 19 Agenda**
  - **Giving Notice to provide time to evaluate alternative service models and cost reduction options**



# City of Irvine – Equity Concerns

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- **Structural Fire Fund City**
- **Complaints date back to 1996**
  - **Due to property values that are disproportionately high, contributions are more than necessary to provide services**
- **Multiple efforts to mitigate**
  - **1999 OCFA Amendment (Negated by AB 2193 in 2002)**
  - **2014 OCFA Amendment (Invalidated by Appellate Court)**
- **11 Stations (15% of total OCFA)**



# City of Irvine – Equity Concerns

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- **\$79 Million (35% of OCFA SFF revenue, 15% of total revenue)**
- **Cost to provide service = \$56 Million**
- **\$23 Million is basis of Irvine's Complaint**
- **Complicated by Dispute between Irvine and County over basis of Tax Equity Allocation (TEA) of \$17.8 Million**



# Tax Equity Allocation (TEA)

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- **Post Proposition 13 Legislation (AB 709 – 1987 and AB 1197 – 1988)**
  - **Counties must make up difference between what a qualifying city would receive under the normal property tax revenue calculation process and 7% required by TEA**
- **Irvine is the only Orange County City that qualifies**
  - **Receives 3% of Property Tax in Irvine**
  - **OCFA receives 12.5% of Property Tax in Irvine**
  - **Receives \$17.8 Million from County to bring up to 7% level**
- **Dispute over whether this payment is directly related to SFF**



# Irvine Proposal

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- **OCFA extends June 30, 2018, deadline to pursue proposal**
- **Irvine commits to remain in OCFA through June 30, 2030**
- **OCFA commits to pension pay down strategy using Overpayment**
- **OCFA commits to implementing list of “Added Value Items”**
- **OCFA commits that all fire stations and OCFA owned real property in Irvine and equipment necessary to operate transfers to Irvine**
- **OCFA and member agencies enter into property tax transfer agreement that all property tax allocations to OCFA are transferred to Irvine**





## Recommended Action:

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- **Provide direction to the City Manager on La Palma's position on the proposal so it can be conveyed to the Board of Directors OCFA's June 20 Special Meeting**