
**MORAGA-ORINDA FIRE DISTRICT
BOARD OF DIRECTORS
SPECIAL BOARD MEETING MINUTES
March 26, 2013
(Adopted November 6, 2013)**

1. Opening Ceremonies

The Board of Directors convened in Open Session at 6:02 P.M. on March 26, 2013, at the Orinda Community Center, Room 9, 28 Orinda Way, Orinda, California. President Sperling called the meeting to order. Present were the following Directors and Staff:

President Sperling	Director Evans	Jerry Lee, Battalion Chief
Director Wyro	Randall Bradley, Fire Chief	Darrell Lee, Division Chief
Director Weil	Sue Casey, Admin Services Director	Stephen Healy, Division Chief
Director Anderson (teleconference)		Grace Santos, District Clerk

2. Public Comment

There were no comments.

3. Closed Session

At 6:03 P.M., the Board adjourned into Closed Session.

4. Reconvene the Meeting

President Sperling reconvened the regular business meeting of the Moraga-Orinda Fire District Board of Directors at 7:10 P.M. Present were the following Directors and Staff:

President Sperling	Director Evans	Jerry Lee, Battalion Chief
Director Wyro	Randall Bradley, Fire Chief	Darrell Lee, Division Chief
Director Weil	Sue Casey, Admin Services Director	Stephen Healy, Division Chief
Director Anderson (teleconference)		Grace Santos, District Clerk

5. Report of Closed Session Action

President Sperling reported that there was no reportable action taken in Closed Session.

6. Public Comment

There were no public comments.

7. Regular Calendar

7.1 Update and Review of the Draft Long Range Financial Plan

At the Board meeting on January 16, 2013 and on March 11, 2013, the Board reviewed the District's Long Range Financial Plan with a primary focus on the plan's structure. Based upon input from those two meetings, the following changes were made to the plan:

- "Permanent Employees" (9a) title was changed to "Regular Employees".
- An additional "Assumption" column was added on the right of the spreadsheet to better clarify the assumptions. This was in lieu of footnotes.
- Clarification was included on the Plan's design to repay any capital funds used for operational purposes.
- Staff has created an electronic file to capture all historic versions of the Plan.
- A Fiscal Year 2012/13 Projected Actuals Column was added to the Plan.
- The District's property tax consultant estimates the District's property tax revenue will increase by 4.25% in 2013/14.

The original Plan assumed an increase of 2.00%. To remain conservative, staff changed the assumption to 3.5% (5a 13/14) in 2013/14, 3.75% in 2014/15, and 4.0% for the remainder of the plan. The Plan was also changed to include updated assumptions on pension costs. Effective July 1, 2014, CCCERA voted to change their discount rate from 7.75% to 7.25%. It is estimated that employer basic pension costs (not including unfunded liabilities) will increase by 5%. The plan was updated beginning in 2014/15 to reflect this change. CCCERA Employer Payment (9j) was changed from 19.5% of regular salaries (9a) to 24.5% of regular salaries. The reduced discount rate also

reduced the amount of interest the District will pay for CCCERA unfunded liabilities. The CCCERA UAAL Balance (14) calculation was changed from an interest rate of 7.75% to an interest rate of 7.25%. In 2012, CCCERA earned a 14.1% return on their investments. The Plan utilizes an "Unfunded Actuarial Accrued Liability" (UAAL) value with a five-year smoothing component. The 2012 actuarial valuation which will determine the District's new UAAL has not yet been completed. The District's market value unfunded liability decreased by approximately \$7.8 million.

On Wednesday, March 27, the Segal Company, CCCERA's Actuary, will be presenting their projected five-year employer contribution rates based on the actuarial assumption changes. The Plan will be changed to reflect those numbers after they are received. (It is expected that the increase in the Employer Basic Pension Costs will be less than the 5% average built into the plan currently.)

The Board also requested staff to evaluate the impact of the proposed Station 43/16 consolidation on the Plan. A version of the Plan's spreadsheet with an additional \$1,000,000 of revenue with 2% annual increases has been provided. The increase in revenue was included beginning in 2014/15 on line (5f). The replacement of Station 43 was reduced from \$2.7 million remaining to \$1.5 million. This assumes the project would include the sale of the current Station 43 site.

Additional items that will be included in future iterations of the plan include:

- Adding a footnote page that identifies and defines important assumptions in the plan

Discussions and Board directions included:

- Utilizing a Market Value unfunded liability verses a "Unfunded Actuarial Accrued Liability" (UAAL) value in the Plan (14)
 - Board suggested to show both unfunded liabilities and UAAL values in the Plan
- Utilizing historical data or current data (or a combination of data) to develop Plan assumptions
 - Board suggested to use all, as appropriate
 - Board recommended using 20 year terms and longer-range trends
- Add a year to the plan each year or keep the plan a 14 year plan
 - Board recommended to maintain a five-year forecast
- Financing of facilities and paying down debt with available cash (Finance Policy)
 - Board suggested that staff stay flexible to use either cash or financing and make it a part of the review process each time a major expense comes up
- Maintaining a 10% reserve (Finance Policy)
 - Board suggested that staff keep it as is
- Evaluate how assumptions are interrelated
 - Board suggested to use expense and income line items in the forecast and how they are interrelated
 - Makes forecasting in future more simple
 - Could build in a formula to adjust in forecast
 - By identifying those interrelationships, there's not accidental oversight of not adjusting a line item if changes were made to another

7.2 Consideration of Continuing with Purchase of 1035 Lorinda Lane, Lafayette, California

On February 6, 2013, and on February 20, 2013, staff provided the Board with the conceptual framework to combine Moraga-Orinda Fire District (MOFD) Station 43 with Contra Costa County Fire Protection District (Con Fire) Station 16. The stations are located 1.5 miles apart in low-density residential neighborhoods with relatively low call volumes. The fire protection model in the Orinda, Moraga and Lafayette areas positioned fire stations three miles apart. The proximity of FS-43 to FS-16 is the exception (1.5 miles) which causes redundant overlap of valuable public safety resources.

On February 20, 2013, the Board provided direction for staff to identify property and to negotiate the acquisitions of property without incurring any cost to the District. Staff was able to negotiate an option to purchase property that is ideal for combining FS-43 and FS-16. The property is located at 1035 Lorinda Lane in Lafayette. The 2.33 acre parcel has a 3 bedroom 1 bath home near the middle of the property. The fire station would be located on El Nido Ranch Road on the south side of the property. The property is on the boundary of Lafayette and Orinda and is 0.7 miles from the current FS-43 and 0.85 miles from the closed FS-16. All of the service level impact analysis was based on this property. Architectural and civil engineers have determined the property will accommodate an

appropriately sized fire station. The City of Lafayette has indicated the property is zoned for a fire station, but significant city approvals would still be required.

Staff continued to negotiate an extension to the March 28, 2013 date when the deposit will become non-refundable. If Staff's efforts are unsuccessful, by March 28, the District must choose between either remaining in contract with the seller (in which case the \$15,000 deposit will become non-refundable) and cancelling the contract (in which case the \$15,000 would be returned to the District).

Staff believed the property is the ideal location for the proposed fire station based on the proximity to the district and city boundaries, the overall reduction in response times for both communities, availability of the property, and the ability of the property to accommodate the required fire station. Failure to secure this property will make the combined Fire Station 46 proposal much more difficult to plan and implement.

If the Board decides to continue with the purchase of the property, the District will have until May 25, 2013 to complete the purchase of the property by completing one of the following mechanisms:

- Agree to the proposed contract with Con Fire, form a Joint Powers Authority (JPA), assign the contract to the JPA and have the JPA purchase the property. This will require Board of Supervisor and MOFD Board approval.
- If the Board of Supervisors does not approve the formation of a JPA, another potential option is that MOFD could assign the contract to the City of Lafayette, provide the funding to City of Lafayette, and have the City of Lafayette purchase the property on behalf of MOFD. This option has not been discussed with or considered by the City of Lafayette and is also being reviewed by District Counsel. This option would require Lafayette City Council and MOFD Board approval.
- Annex the property into MOFD and MOFD could complete the purchase. LAFCO staff indicated that LAFCO would be open to considering this option as an alternative to the JPA. This would require MOFD Board and LAFCO approval, which could take longer than the May 25, 2013 deadline and additional time would have to be negotiated with the seller.

On a motion by Director Weil and seconded by Director Evans, the Board took action to provide the MOFD Fire Chief the authority to release the \$15,000 deposit to the seller on March 28, 2013 as identified in the purchase agreement and its addendums dated February 26, 2013 for the purchase of the property at 1035 Lorinda Lane, Lafayette, California; sellers John and Crysanthé Papadakos. Said motion carried a (3-2) voice vote (Ayes: Evans, Anderson, Wyro; Noes: Sperling, Weil)

8. Adjournment

At 9:56 P.M., President Sperling called for adjournment of the special meeting.



Grace Santos
Secretary to the Board