

Moraga-Orinda Fire Protection District



BOARD OF DIRECTORS REGULAR BOARD MEETING MINUTES

June 1, 2016

(Approved June 15, 2016)

1. Opening Ceremonies

The Board of Directors convened in Open Session at 6:00 P.M. on June 1, 2016 in the Sarge Littlehale Community Room, 22 Orinda Way, Orinda, California. President Anderson called the meeting to order.

Present were the following Directors and Staff:

Director Anderson	Director Weil
Director Barber	Stephen Healy, Fire Chief
Director Evans	Gloriann Sasser, Admin Srvc Director
Director Famulener	Grace Santos, District Clerk

2. Public Comment

There were no comments.

3. Closed Session

At 6:01 P.M., the Board adjourned into Closed Session.

4. Reconvene The Meeting

President Anderson reconvened the regular business meeting of the Moraga-Orinda Fire District Board of Directors at 7:00 P.M. Present were the following Directors and Staff:

Director Anderson	Stephen Healy, Fire Chief	Kathy Leonard, Fire Marshal
Director Barber	Gloriann Sasser, Admin Srvc Director	Dennis Rein, EPC
Director Evans	Sean Perkins, Battalion Chief	Grace Santos, District Clerk
Director Famulener	Jerry Lee, Battalion Chief	
Director Weil	Felipe Barreto, Battalion Chief	

5. Report of Closed Session Action

There was no reportable action taken during Closed Session on items 3.1 Conference with Real Property Negotiators and 3.2 Conference with Real Property Negotiators.

6. Public Comment

Richard Olsen, resident of Moraga, commented on the Town of Moraga Planning Commission's next meeting on the proposed City Ventures project next to Station 41 and the MOFD's Training Grounds. Mr. Olsen also commented on his concerns with the current draft of the Fire/EMS LAFCO MSR and his phone conversation with Chief Healy.

7. Consent Agenda

Motion by Director Evans and seconded by Director Weil to receive and file Item 7.1 – Meeting Minutes. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Evans, Famulener and Weil).

8. Regular Calendar

8.1 Resolution 16-12 Establishing the District's Annual Appropriations Limit for Fiscal Year 2016/17

Each year the Board of Directors is required to establish an appropriations limit for the District per California Government Code Section 7910. In accordance with the calculation formula established in the Government Code, the District's appropriations limit for Fiscal Year 2016/17 is \$26,712,286.

Motion by Director Weil and seconded by Director Evans to adopt Resolution No. 16-12 establishing the appropriations limit for Fiscal Year 2016/17 at \$26,712,286. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Evans, Famulener and Weil).

8.2 Resolution 16-13, Ordering Even - Year Board of Directors Election; Consolidation of Elections; and Specifications of the Election Order

The terms of office for two members of the Board of Directors in Divisions 2 and 5 will conclude in December of 2016. The Moraga-Orinda Fire District will participate in the November 2016 General District Election, as a part of the Statewide General Election.

California Elections Code requires a general district election be held in each district to choose a successor for each elective officer whose term will expire on the first Friday in December. Other elections may be held in the district and is an advantage of the district to consolidate.

California Elections Code also authorizes the governing body of any local agency to adopt regulations pertaining to materials prepared by a candidate for a Special District election, including whether a charge shall be levied against each candidate submitting a candidate statement to be sent to the voters. In past elections, the candidates have paid for the cost of their candidate statement.

Resolution 16-13 is necessary to appropriately initiate the District's participation in the election process and gives notice of holding a General Election, as well as specific instructions as to how such an election shall be held and conducted. The resolution also defines the filing instructions, and fee information.

The Moraga-Orinda Fire District Board has the authority to regulate how many words will be allowed in the Candidate Statement and payment for the voluntary Candidate Statement. The word count in the past has been limited to 400 words with the candidate paying the full cost. Due to further streamlining efforts by the Elections Division, the cost of printing has been reduced, and the Contra Costa County Elections Division is recommending a 250 word limit. This is the standard used by most cities and mandated for State elections. Statements over 250 words will double in price.

The Contra Costa County Elections Division is estimating printing cost for a 250 word candidate statement to be:

Division 2 - \$190.00
Division 5 – \$206.00

The County Registrar of Voters has determined the cost of the election to the District to be approximately \$1.50 - \$2.00 per registered voter. Per the Contra Costa County Elections Division, Division 2 currently has 4,121 registered voters, Division 5, has 4,852 registered voters and Division 4 has 5,052 registered voters. \$18,000 has been budgeted for the costs of conducting the election.

The County Elections Office requires that we decide what action is to be taken in the event of a tie vote:

- The winner shall be determined by lot at a time and place designated by this board.
- The governing board shall call a run-off election on the sixth Tuesday following the election at which the tie vote occurred.

Staff has been advised that a stand-alone election is estimated to cost about \$5.00 per registered voter.

After a brief discussion, the board asked staff to correct "4-year tern" on page 2, number 1, of Attachment A to read "4-year term" and to double the amount of the printing costs in number 2 of the same page.

Motion by Director Weil and seconded by Director Evans to adopt Resolution 16-13 with corrections to the printing costs and typos, and in the event of a tie vote, the winner will be determined by a lot at a time and place designated by this board. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Evans, Famulener and Weil).

8.3 Proposed Annual Operating Budget Fiscal Year 2016/17

Over the past several months the proposed Annual Operating Budget for Fiscal Year 2016/17 (Budget) has been developed. Staff has developed proposed goals, projections and budget proposals. The proposed Budget was presented to the Finance Committee on May 9, 2016.

The proposed Budget projects a total General Fund surplus of \$250K and a Debt Service Fund surplus of \$205K. The budget projects a planned Capital Projects Fund deficit of \$4.3M, primarily due to the Station 43 Reconstruction project.

Total General Fund revenue is projected to be \$20.4M, which is \$891K or 4.6% more than the amount of General Fund revenue projected to be received in fiscal year 2015/16. Notable differences in General Fund revenue for 2016/17 are as follows:

- Property tax revenue in the General Fund is projected to increase \$1.1M or 6.3%. This is primarily due to increased median price of single family residential properties, increased assessed valuation and Proposition 8 property tax restorations.
- No use of fire flow tax revenue in the General Fund is projected to be necessary in 2016/17.
- No federal grants revenue is projected due to the end of the SAFER Grant
- Ambulance service revenue is projected to increase 4.5% due to a CPI increase of 3% and planned implementation of the ground emergency medical transport (GEMT) and intergovernmental transfers programs (IGT).

Total General Fund expenditures are projected to be \$20.2M. This includes salaries and benefits of \$17.7M based on labor agreements. Notable items include the following:

- The Budget reflects the terms of the labor agreements, which include a 4.5% salary increase for all employees effective July 1, 2016.
- Permanent salaries are projected to increase 7% due to the 4.5% salary increase and due to addition of one half-time permanent position and reclassification of one half-time position. (See the Staffing Summary and Benefit Changes section of the report below.)
- Overtime expenditures are projected to be \$2.1M. This includes planned risk-based staffing during wildland season. This also includes overtime for personnel assigned to State reimbursable strike teams.
- Retirement contribution costs are projected to increase 7%. This is due to the increase in permanent salaries. The Safety retirement rates set by Contra Costa County Employees' Retirement Association actually decreased slightly from 71.03% to 70.60%.
- Health insurance costs are projected to increase 11%. The amount the District pays for health insurance is capped. The cost increase is due to the proposed addition/reclassification of half-time positions in Administration (see Staffing Summary section below) and due to the filling of two vacant Firefighter Paramedic positions.
- Retiree health insurance costs are projected to stay the same because the amount the District pays for retiree health insurance is capped.
- Workers' compensation costs are projected to decrease \$85K or 11%. This is primarily due to a decrease in the District's experience rating modification factor, which is adjusted each year by the District's workers' compensation provider.
- The proposed Budget includes appropriations for the District's 2016/17 contribution to the other post employment benefits trust account of \$118K for retiree health benefits.
- The proposed Budget includes \$2.5M for operating expenditures.

Capital Projects Fund revenue is projected to be \$1.1M. This includes fire flow tax revenue of \$1.1M and impact mitigation fee revenue of \$10K.

Capital Projects Fund expenditures are projected to be \$5M. For the past several years due to the financial condition of the District, capital spending was significantly reduced. Some necessary repairs and replacement were deferred. Now that the financial condition of the District has improved significantly, the District is in the position to make necessary capital improvements. This includes the following for 2016/17:

- Station 43 reconstruction for \$4.5M. The District issued a direct placement lease in May 2016 to fund this project.
- Capital contingency for unexpected needs \$150K
- One replacement command vehicle \$60K
- One fire prevention vehicle \$35K
- One used tiller truck for training purposes \$50K

- New roof for Administration Building \$40K
- Plymovent system improvements Stations 41, 44 and 45 \$35K
- Other equipment \$186K

The proposed Budget includes required debt service payments of \$3.4M for the District's pension obligation bonds and two leases (Station 43 and two ambulances.) The funding source for the debt service payments is property tax revenue of \$3.2M and resources from the Capital Projects Fund.

The following staffing and benefits changes are recommended and included in the proposed Budget:

- Maintain Safety roster strength of 54 positions
- Addition of one half-time, benefitted Fire Inspector/Plans Examiner in Fire Prevention. Additional annual cost is \$75K (0 to 0.5).
- Reduction of two half-time, non-benefitted District Aide positions in Fire Prevention. Reduction in cost is \$38K (3.5 to 2.5).
- Reclassification of Human Resources Benefits Manager position from a half-time, non-benefitted position to a full-time, benefitted position. Additional annual cost is \$94K (0.5 to 1).
- Addition of one half-time, non-benefitted District Aide/Receptionist position in Finance. Additional annual cost is \$19K. (0.5 to 1).
- Addition of vision insurance family coverage for benefitted employees for FY2016/17. Additional annual cost is \$13K.

The proposed Budget projects a total fund balance decrease for fiscal year 2016/17 of \$3.9M. Projected fund balance in the General Fund as of June 30, 2017 is \$3.1M, in the Debt Service Fund \$2.8M and in the Capital Projects Fund \$5.7M.

The District's fund balance policy states the District will maintain a minimum fund balance of unrestricted fund balance in the General Fund of at least 10% of budgeted General Fund revenue at fiscal year-end. It is projected the General Fund balance at June 30, 2017 will be 15.1% of budgeted General Fund revenue.

The MOFD Management Team gave brief presentations on each of their program budgets.

Richard Olsen, Moraga resident, suggested that the District undertake a Nexus study in order to encourage the City of Orinda, Town of Moraga and Contra Costa County to adopt Development Mitigation Fee Ordinances that would apply to future developments within the district and would thereby financially benefit the District's future revenues.

Fire Marshal Leonard stated that the District began working on the impact study a few months ago and has already completed the beginning of a draft Nexus study. The next step is to evaluate the fees, begin forming a plan and to reach out to the City of Orinda, Town of Moraga and the County to discuss ways on how to collect the fees. Staff will provide more information and data to the Board as it becomes available.

The board directed staff to present the final Annual Operating Budget Fiscal Year 2016/17 for adoption at the next regular meeting – no additional presentation is required. Director Weil suggested placing the item on the Consent Agenda for approval.

8.4 Long Range Financial Plan Draft Update

The Long Range Financial Plan (Plan) has been updated as part of the budget development process. The Plan covers a fifteen year period from fiscal year 2015/16 through fiscal year 2030/31. The Plan uses several significant assumptions, which are as follows:

- Property tax revenue projections are provided by HdL, the District's property tax consultants, and are as follows: +4.4%, +4.45%, +4.45%, +4.45%, +4%
- Salary adjustments are per the labor agreements as follows:
 - July 1, 2017 Base salary increase +7.0%
 - June 1, 2018 Base salary increase +1.0%
- Minimum staffing of 17 is projected throughout the plan
- Risk-based staffing and associated overtime costs are projected throughout the plan

- Employee and retiree health insurance costs are capped based on the amounts agreed upon in the labor agreements.
- Operating expenditures are projected to increase 2.5% per year
- Contra Costa County Employees' Retirement Association (CCCERA) projected rate changes are unknown at this time due to the recent change in the assumed investment return from 7.25% to 7%. Updated cost information will be provided by CCCERA in July 2016. The CCCERA assumption change has no effect on the rates for 2016/17.
 - 2016/17 Actual rates (Safety 70.6%, Non-Safety 25.13%)
 - 2017/18 increase +10%. This projection will change in July 2016 when CCCERA provides additional information.
 - Future years no change. This projection will also change in July 2016 when CCCERA provides additional information.
- The Single-role Paramedic position established in the MOU is not implemented in the Long Range Financial Plan.
- The annual contribution for the District's Other Post-Employment Benefits Trust is included throughout the Plan based on the most recent actuarial report.
- Capital Projects Fund expenditures are based on the updated Capital Plan and included with this report.

The uncertainty of the CCCERA rates is a significant issue. The projected increase in CCCERA rates has not been provided by CCCERA so the projection used in the Plan will change in July 2016. Plan results show use of General Fund reserves of \$960K in 17/18 and \$413K in 18/19 due to the projected increase in CCCERA rates. Over the last three years, the District has built significant General Fund reserves that can be used while the District adjusts to the higher CCCERA rates. Staff will continue to monitor this situation and provide an updated Plan when more information is available. Fund balance in the General Fund is projected to exceed 10% of budgeted General Fund revenue as of June 30, 2016, 2017, and 2018, then drop below 10% for the next two years.

The Plan results show a Capital Projects Fund surplus in most years. Some years project use of fund balance due to scheduled capital replacements. However, fund balance in the Capital Projects Fund trends upward throughout the Plan.

The United States has historically experienced a recession every 7 to 9 years. The economy is currently 7 years into the recovery since the last recession, which ended in 2009. As a result of the last recession, the District experienced decreased property tax revenue and increased retirement costs. The Plan projects continued growth of property tax revenue throughout the plan. A recession is not projected in the Plan. Prudent levels of fund balance reserves are necessary to help the District adjust when the next economic downturn occurs.

Richard Olsen, Moraga resident, shared his concerns about both the plan to acquire a tiller aerial ladder truck and the derivative consequences of that proposed purchase. Chief Healy introduced Captain Daryle Balao and Firefighter Grgurevic, two members of the MOFD Apparatus Committee, who gave a brief explanation of what a tiller-truck is. They explained that a tiller truck, also known as a tractor-drawn aerial, tiller ladder, is a specialized turntable ladder mounted on a semi-trailer truck. Unlike a commercial semi, the trailer and tractor are permanently combined and special tools are required to separate them. It will require two drivers, with separate steering wheels for front and rear wheels. One of the main features of the tiller-truck is its enhanced maneuverability. The independent steering of the front and back wheels allow the tiller to make much sharper turns, which is particularly helpful on narrow streets and apartment complexes with mazelike roads. An additional feature of the tiller-truck is that its overall length, over 50 feet for most models, allows for additional storage of tools and equipment. The extreme length gives compartment capacities that range between 500 and 650 cubic feet on the trailer with an additional 40 and 60 cubic feet on the cab.

The Board thanked staff for a job well done and directed them to move forward.

- 9. Committee Reports**
9.1 Finance Committee (*Directors Barber & Weil*)
There was nothing to report.

- 10. Announcements**

10.1 Brief information only reports related to meetings attended by a Director at District expense

(Government Code Section 53232.3(d))

There was nothing to report.

10.2 Questions and informational comments from Board members and Staff

Chief Healy thanked the staff and the Apparatus Committee for their hard work. He thanked the Board for their support, and the public for their participation.

President Anderson commented on how impressed he was by the tiller-truck information presented by Captain Balao and Firefighter Grgurevic.

11. Adjournment

At 9:20 P.M., President Anderson called for adjournment of the regular meeting.



Grace Santos
Secretary to the Board