

Moraga-Orinda Fire Protection District



BOARD OF DIRECTORS
REGULAR BOARD MEETING MINUTES
December 7, 2016
(Approved as Amended December 14, 2016)

1. Opening Ceremonies

The Board of Directors convened in Open Session at 6:00 P.M. on December 7, 2016 at the Sarge Littlehale Community Room, 22 Orinda Way, Orinda, California. President Anderson called the meeting to order.

Present were the following Directors and Staff:

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| President Anderson | Stephen Healy, Fire Chief |
| Director Barber | Gloriann Sasser, Admin Services Director |
| Director Famulener | Grace Santos, District Clerk |
| Director Jorgens | |

2. Public Comment

There were no comments from the public.

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:

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| President Anderson | Stephen Healy, Fire Chief |
| Director Barber | Gloriann Sasser, Admin Services Director |
| Director Famulener | Jerry Lee, Battalion Chief |
| Director Jorgens | Grace Santos, District Clerk |

5. Report of Closed Session Action

There was no reportable action taken during Closed Session on items 3.1 Conference with Labor Negotiator, 3.2 Conference with Labor Negotiator, and 3.3 Conference with Labor Negotiator.

6. Public Comment

There were no comments from the public.

7. Consent Agenda

Motion by Director Barber and seconded by Director Famulener to receive and file items 7.1 Meeting Minutes and 7.2 Monthly Check/Voucher Register. Said motion carried a 3-0 roll-call vote (Ayes: Anderson, Barber, and Famulener; Abstain: Jorgens).

Chief Healy announced that the Actuary was running late. He decided to take items out of order and start with Item 10.3 – District Updates. MOFD Fire Captain Dan Dick gave a PowerPoint presentation of significant events for November, which included a brief report on two accidents, one car fire, the 3rd Annual MOFD/MOPFA Firefighter Awards Ceremony, and “Movember”, which is a fundraising event for prostate cancer awareness that the MOFD firefighters participate in. Captain Dick congratulated Director Jorgens on winning the Division 2 election. The Board thanked Captain Dick for his presentation.

8. Regular Calendar

8.1 Actuarial Valuation June 30, 2016 and General Fund Budget Adjustment and Additional Contribution of \$138,000 into the OPEB trust account for FY2016/17

The District provides retiree health insurance benefits to employees. Government Accounting

Standards Board Statement No. 45 requires the District to complete an actuarial valuation of the other post-employment benefits (OPEB) plan. As a result, the District contracted with Bartel Associates, LLC for an actuarial report calculating the long-term cost associated with the District's OPEB.

The current Memorandums of Understanding provide the District's monthly retiree medical contribution at the PERS minimum contribution level and cap the maximum retiree medical contribution at a fixed amount for all labor groups for most employees. Retiree dental insurance benefits are also capped. In addition, employees hired after April 15, 2014 receive only the minimum retiree health insurance contribution at retirement (currently \$128 per month). The benefits caps have been included in the updated actuarial valuation.

The actuarial valuation is based on a number of significant assumptions: Amortization period – 22 years fixed (closed) period, General inflation – 3% annually, Discount rate – 6.5%, and Annually prefund recommended contribution.

In 2015 the District established an OPEB trust account. The purpose of the trust account is to accumulate funds for payment of future retiree health insurance obligations. The District made the annual required contribution in FY2014/15, FY2015/16 and FY 2016/17. As a result of the pre-funding and the cap on retiree medical benefits, the District's unfunded actuarial accrued liability (UAAL) has decreased. The balance in the OPEB trust account as of September 30, 2016 is \$303K.

The actuarial valuation measures the UAAL. The UAAL is the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. In other words, the UAAL is the present value of benefits earned to date for both active employees and retirees that are not covered by current plan assets. The District's UAAL has significantly decreased, primarily due to the benefits caps that were implemented and the OPEB trust account contributions.

The prior actuarial valuation as of June 30, 2013 measured the UAAL at \$16.9M. As of June 30, 2016, the UAAL is \$15.5M, a decrease of \$1.4M or 8%.

The District's UAAL peaked in 2009 at \$24M. Since then, the District has implemented significant changes to the retiree health benefits program and the UAAL has steadily decreased to \$15.5M. The amounts are higher than the previous valuation. For FY2016/17, the District will need to contribute an additional \$138K for the pre-funding amount (\$256K v. previous \$118K).

One of the initiatives of the Strategic Plan is to analyze the UAAL and determine the level of threat that unfunded liabilities pose to the District and its ability to provide sustained service delivery. Two ways the District could accelerate the reduction of the retiree medical unfunded liability are:

- Use a shorter amortization period – Slides-23 and 24 show the results of a 20-year amortization period. The District would need to contribute an additional \$68K - \$78K per year over the next five years and into the future in order to pay off the UAAL two years earlier.
- One-time payments – The District could accelerate payments above the minimum annual contributions required without adopting an alternate amortization schedule. The District could make additional one-time payments to pay down the unfunded liability sooner.

The recent strategic planning process identified several initiatives including emergency services delivery, employee development, retention and community risk reduction. Accelerating the reduction of the UAAL could affect other initiatives. In addition, the District is considering establishment of a Pension Rate Stabilization Program. The current OPEB contribution is less than 1% of the total Salaries and Benefits budget.

For FY2016/17, the updated actuarial valuation requires total contribution of \$256K into the OPEB trust account. The previous contribution for the fiscal year was \$118K; this contribution was made in August 2016. Staff recommends the District continue with the existing amortization schedule

of 22 years and that the Board authorize an additional contribution of \$138K into the OPEB trust account to reflect the updated pre-funding amounts. The new contribution amounts will be included in the updated Long Range Financial Plan presented in early 2017.

Doug Prior, of Bartel Associates, went over the main points of the report and answered questions from the Board.

The Board asked staff to review two amounts in the report and confirm whether or not they are correct.

After a discussion by members of the Board and staff, motion by Director Famulener and seconded by Director Barber to authorize a General Fund Budget Adjustment expenditure appropriation increase of \$138,000 for the OPEB pre-funding contribution, and an additional contribution of \$138,000 into the OPEB trust account for FY2016/17 for the updated OPEB pre-funding contribution. Said motion carried a unanimous 4-0 roll-call vote (Ayes: Anderson, Barber, Famulener and Jorgens).

9. Committee Reports

9.1 Finance Committee

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

Director Barber reported that he and Chief Healy met with staff from the East Bay Municipal Utility District (EBMUD) regarding the adequacy of the water supply in certain parts of the District, especially with the City of Orinda. EBMUD provided them with historical materials dating back to the times before the District was incorporated, which they will share with anyone who is interested. Director Barber and Chief Healy will continue to work with EBMUD on a plan for pipe repair, and will present more information as it is made available by EBMUD. Chief Healy will also provide the Board with a tiered framework for hydrant/water improvements.

11. Adjournment

At 8:38 P.M., President Anderson called for adjournment of the regular meeting.



Grace Santos
Secretary to the Board