

Moraga-Orinda Fire Protection District



BOARD OF DIRECTORS REGULAR BOARD MEETING MINUTES

January 4, 2017

(Approved January 18, 2017)

1. **Opening Ceremonies**

The Board of Directors convened in Open Session at 6:00 P.M. on January 4, 2017 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:

President Anderson	Director Jorgens
Director Barber	
Director Famulener	
Director Jex	

2. **Public Comment**

There were no comments from the public.

3. **Closed Session**

At 6:00 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 7:30 P.M. Present were the following Directors and Staff:

President Anderson	Director Jorgens
Director Barber	Stephen Healy, Fire Chief
Director Famulener	Gloriann Sasser, Admin Services Director
Director Jex	John Bakker, District Counsel

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, 3.3 Conference with Labor Negotiator, and 3.4 Conference with Labor Negotiator.

6. **Public Comment**

Richard Nelson, Orinda resident, commended past and current Directors and staff for returning MOFD to a healthy operating condition. He urged the Board not to lose track of the fact that the District has to go on, to make sure they understand where it is heading, and to preserve its ability to do that successfully.

7. **Consent Agenda**

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

8. **Regular Calendar**

8.1 **Election of Board Officers, Finance Committee Members and District Liaisons**

Each year, the Board of Directors elects new officers, Standing and Ad Hoc Committee Members and District Liaisons effective January 5, 2017.

President Anderson nominated Director Famulener as the new President of the Board. Director Barber seconded the nomination. Said motion carried a unanimous 5-0 voice vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

Director Famulener nominated Director Barber as the Board's new Vice President. Director Anderson seconded the nomination. Said motion carried a unanimous 4-0 voice vote (Ayes: Anderson, Famulener, Jex and Jorgens; Abstain: Barber).

Director Famulener nominated Director Jex as the Board's new Secretary. Director Anderson seconded the nomination. Said motion carried a unanimous 5-0 voice vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

Director Famulener nominated Director Jorgens as the Board's new Treasurer. Director Anderson seconded the nomination. Said motion carried a unanimous 5-0 voice vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

Director Famulener nominated Directors Anderson and Barber as members of the Finance Committee. Director Barber seconded. Director Barber felt that Directors Jex and Jorgens are more qualified because they have greater background. Director Famulener stated that Directors Jex and Jorgens will be placed on ad hoc committees to work on this year's finances and feels that spending a year on the Board would help them out a lot. Said motion carried a unanimous 5-0 voice vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

President Anderson stated that he feels the need for an ad hoc committee to address financial reporting, which is composed of two board members and not subject to the Brown Act. District Counsel Bakker confirmed that ad hoc committees are not subject to any of the Brown Act's restrictions. President Anderson proposed creating an ad hoc committee to do a pension review, and one to look directly at the District's financial reporting and organize it to a manner germane to GASB.

Motion by Director Jex and seconded by Director Barber to create a Pension Review Ad Hoc Committee with Directors Jorgens and Barber as its members. Said motion carried a unanimous 5-0 voice vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

Motion by Director Jorgens and seconded by Director Famulener to create a Financial Reporting Ad Hoc Committee with Directors Jex and Jorgens as its members. Said motion carried a unanimous 5-0 voice vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

Motion by Director Anderson and seconded by Director Famulener to nominate the following District Liaisons:

- Contra Costa Special Districts Association (CCSDA) Liaison – Director Jex
- Contra Costa County Fire Boards and Commissioners Association Liaison – Director Famulener
- Local Agency Formation Committee (LAFCO) Liaison – Director Anderson
- Local Agency Formation Committee (LAFCO) Alternate Liaison – Director Jorgens
- Orinda City Council Liaison – Director Barber
- Orinda City Council Alternate Liaison – Director Anderson
- Moraga Town Council Liaison – Director Jex
- Moraga Town Council Alternate Liaison – Director Famulener

Said motion carried a unanimous 5-0 voice vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

8.2 2017 Board Meeting Schedule

Currently, the Board of Directors have scheduled regular Board Meetings on the first and third Wednesdays of each month. Various other special meetings are scheduled throughout the year to address time sensitive District issues.

Staff recommended changing the regular meeting dates to the fourth Wednesday of each month beginning February 22, 2017. The reason for the recommended change is to accommodate the availability of District Counsel Bakker, who also serves as District Counsel to the City Council of Dublin and Napa on the first and third Wednesdays of each month, and to give staff enough time to prepare the financial documents and district reports from the previous month.

District Counsel Bakker stated the second and fourth Wednesdays would work without any conflicts, but on the first and third Wednesdays he has standing conflicts. He attends the Napa City

Council meeting that starts at 4:00pm, which is usually done by 6:00pm and he should get to the MOFD meetings by 7:00pm.

After a brief discussion by members of the Board and staff, they decided that holding one meeting a month on the third Wednesday worked out best.

Motion by Director Jorgens and seconded by Director Famulener to have one meeting a month, on the third Wednesday of the month. Said motion carried a unanimous 5-0 voice vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

The Board meeting scheduled for January 18, 2017 still stands.

8.3 Updated Actuarial Valuation Report June 30, 2016

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 actuarial valuation was presented at the December 7, 2016 Board meeting. The Board asked staff to review two amounts in the report – the actuarial value of assets and 2016/17 projected payroll. The amounts have been updated – see Sides 12 and 17. In addition, Slide E-27 has been added to present additional information regarding the actuarial value of assets. The changes resulted in an increase to the Unfunded Actuarial Accrued Liability from \$15,330,000 to \$15,331,000. There was no change to the amount the District will need to pre-fund into the OPEB trust account over the next 10 years. The District's actuary certified the results of the report on Slide 30.

President Anderson asked District Counsel Bakker to educate the Board on the actual meeting of receiving a report. District Counsel Bakker stated that his understanding is that receipt means that the Board received the information, not that they agree with what's in it, it simply means they received it. When staff asks that items be received and filed, the Board should just take the report and file it. Some recommend, under Robert's Rules of Order, that you don't take a formal board action on informational items – just hear the item. It's considered to be received at that point and can be filed. There is a key distinction between receiving something and being asked to approve it.

Director Jorgens stated that the way it was phrased in the resolutions that the Board was given stated, "Discuss, deliberate, receive." Receiving being the last act seems to imply that it is not a passive thing but an active thing.

District Counsel Bakker recommends that going forward, when staff includes items on the agenda that requires a receipt, do not include "discuss and deliberate" in the recommendation because the Board is simply being asked to receive it.

Director Barber stated that he was confused not with the terminology of "receive" but with the fact that they are asked to take a vote on the matter. Whether it means something different than "approved or accept", this may be a different issue. If items are submitted for the information of the board only, the Board should not be asked to vote. For example, the Board of Regents of the University of California have either items for action, in which a vote is required, or for information only, in which case there is generally a presentation by staff with discussion, questions, and sometimes the board will give suggestions or direction to staff. It would be clearer if staff titles items as items for action or items for information. Director Barber stated that he would rather not be asked to vote on something if all he is doing is passively receiving the information.

Director Jorgens asked that staff place on a near term future board meeting discussion and possible modification of District Policy 11 as well as the policies of the roles and responsibilities of the Chief and the Board. President Anderson asked Director Jorgens if he wanted to review the entire document or specific sections. Director Jorgens stated that he wanted to review specific sections, but at that time he was not sure what those sections were. President Anderson asked Director

Jorgens to figure out what he feels should be discussed, reviewed and changed, and then provide that information ahead of time to the President of the Board.

Director Jorgens stated that the President can set the agenda but that is not what the current rules or Brown Act states. The Brown Act states that any board member can place anything on the agenda. District Counsel Bakker stated that the Brown Act does not state that. The Brown Act does allow board members to request during a meeting that items be placed on the agenda by the board at a future meeting. That direction can be given at the meeting. Chief Healy stated that there is a paragraph regarding the matter in Section 2.8 of Resolution 11-03. President Anderson directed staff to place the items on the February 2017 meeting agenda.

President Anderson asked if the Board followed Robert's Rules of Order. District Counsel Bakker stated that Resolution 11-03 states that unless the resolution states otherwise, you are subject to Robert's Rules of Order.

Director Barber stated that the Board has been asked to receive the report, advised by District Counsel that "receive" does not require a vote, so he feels it appropriate not to vote. Director Famulener agreed.

President Anderson announced that the Board received the report.

8.4 Resolution No. 17-02 Approving an Investment Policy for District Funds

The District's Investment Policy requires the Board to annually review the District's Investment Policy. The Policy has been reviewed by staff and two changes were recommended as follows:

- Section 1.2 – Add the District's other post-employment benefit (OPEB) trust funds as funds and investment activities not covered by the policy. The OPEB trust funds are invested separately.
- Section 4.2g – Add additional restrictions to money market funds as required by the California Government Code.

Director Jorgens commented that in Section 3.1 of the Investment Policy, it states, "The most effective method of increasing investment yields without sacrificing safety is to extend the investment horizon commensurate with the District's cash requirements." He is not sure that finance experts would agree with that. He is not sure it is a universal truth and feels that it should not be included in the investment policy.

President Anderson stated that there is no reason that staff cannot take the paragraph out. District Counsel Bakker suggested striking the first sentence and "To that end" in section 3.1, and it would just say "improved cash forecasting and management is the preferred investment strategy for the District."

Director Jorgens stated that he was not sure that improving cash management is an investment strategy. It is a good thing that all the cash stuff is management predicting things well is a good idea but he is not sure it has anything to do with the investment strategy, other than it could say that "informing our investment strategy with good financial forecasting would be good."

Director Barber asked if it would be appropriate if staff strikes the first paragraph and move Section 3.1a up to 3.1.

President Anderson suggested changing Section 3.1a to say, "Investment management activities include..." He proposed deleting the first paragraph of Section 3.1, deleting the word "cash" from Section 3.1a, and replacing with the words "investment strategy" which then becomes the new Section 3.1.

Motion by Director Famulener and seconded by Director Barber to adopt Resolution 17-02 as amended. Said motion carried a unanimous 5-0 voice; vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

8.5 Information Regarding Apparatus Acquisitions

The District's June 2016 Long-Range Capital Plan includes the lease/purchase of two new Type-1 fire engines and one new aerial ladder truck in FY 2017/18. Since that time, mechanical issues with the two 2008 ambulances have persisted and worsened and there is also a need to purchase two additional ambulances.

Current cost estimates for the vehicles are included in the staff report.

Staff will bring an updated Long-Range Capital plan to the January 18, 2017 meeting, along with recommendations. Staff will also introduce a new Long-Range Apparatus Plan at that time.

Chief Healy stated that the rationale for early purchase of the equipment are the need, interest rates are going up, and the District can save additional monies as described in the staff report by purchasing prior to the beginning of the fiscal year. The cost estimates are contained within the staff report as are the build times. Staff will introduce the new Draft Long Range Apparatus Plan, which is one of the initiatives from the Strategic Business Plan. ASD Sasser and Chief Healy had a conference call with the third party vendor for the apparatus and they described the acquisition process of the vehicles. Chief Healy requested that the Board ask their questions now so that staff can research it and take up the issue formally with staff recommendation at the January 18 meeting.

Director Jorgens stated that in August, the Board approved a budget for 2016/17, and the last page is the Capital part. The District does not have any capital included for any of these items. He asked if the District just purchased a couple ambulances, if they are still in good condition, and how old the ambulances are that need to be replaced. Chief Healy stated that a couple ambulances were purchased in 2015 and they are still good. The District would be replacing a 2002 model with over 150,000 miles on it, and a 2008 model with over 100,000 miles on it.

Director Jorgens asked if staff explored purchasing a remount, which costs a lot less. Chief Healy stated that the Apparatus Committee explored it as one of the alternative options and they concluded that it has too many problems associated with it. Director Jorgens asked if staff looked into purchasing used vehicles or ones that other agencies backed out of purchasing. Chief Healy stated that the Apparatus Committee does look for those type of vehicles, which is how the District acquired one of its wildland engines. A Navy base was shutting down and staff got it for a substantial cost savings.

Director Jorgens stated that the staff report states that the budget and financial forecast will be updated to show what the impact of doing this is. But as discussed in the last board meeting, there are some questions about what the funding of the District looks like. He asked if that was coming on the January 18 meeting. Chief Healy stated that a draft will be coming out to help the Board understand the big picture perspective of what the fleet will look like and what the total each year would be for the lease purchases. He also asked ASD Sasser to add a line below it that shows if approved, what the total capital fund balance will be for the next 15 years.

Director Jex asked what the reason to move it up from the normal capital process, which we address typically in the plan later in March, when the capital budget would normally be reviewed. Chief Healy stated it is for two reasons. One is to get the equipment sooner because once we commit to purchasing with a purchase order, we get our place in line for assembly. The new ladder truck will take 14 months to build, the engines take about nine months and the ambulances take about six months. Another reason is that every year in February, the manufacturers raise their prices between 2-3%. This coming year there will be a cost increase of 3%. From time to time, when the emissions standards for diesel engines change, there are expensive add-ons that come as well when a new model year comes out. In days gone, the District purchased pumpers sooner than we wanted to get under the wire with some of those restrictions. As indicated in the staff report, the District would save about \$100,000 total if we purchased early.

Chief Healy stated that the reason he presented this to the Board tonight is because he did not want anyone to be surprised on January 18 when staff asks the Board to make a \$2.8M decision. He wanted to bring it to the Board's attention early to allow any members who want to ask further questions enough time to ask them.

Director Jorgens stated that his general impression would be given the questions they had at the last meeting about the state of the District's finances, it is not intuitively obvious that we have an

extra \$2.8M to spend right now. He does not feel like we have a sufficient handle on what our financial situation is, which makes it more challenging to approve the need for equipment.

Director Barber asked if the impact of this would be approximately \$606,000 in each of the five years beginning 2017/18 and that it would be level. Chief Healy answered yes, and stated that those are cost projections based on a lease purchase for all the vehicles, five-year with current rates. If approved on January 18, staff would put out an RFP for financing to get the most competitive rates. In the Draft Long Range Apparatus Replacement Plan that we blocked everything out in six-year blocks so that if the Board chooses as we get to the end of one of those five-year blocks, they can either look at their capital fund cash balance and decide to pay cash.

Director Barber stated that the Long Range Financial Plan anticipated capital purchases. He asked if this was different than what was anticipated in the long run. Chief Healy stated that what was different is the two ambulances coming sooner than projected.

Director Barber asked if we think about encouraging large capital gifts to the District. Chief Healy stated that what current senior staff of the District uses is a methodology and procedure of what needs to be met to trigger impact mitigation fees. Some fire chiefs have very liberal interpretations of impact mitigation fees, and some have very conservative. Chief Healy's lies in the middle based on his knowledge, experience and coaching received from other fire chiefs about what is ethical and what is unreasonable to ask of developers.

Director Barber stated that the Spirit of St. Mary's was a conditional gift, not expressed legally, with expectation that it would always be stationed in close proximity to St. Mary's College. He asked if that would be true of its replacement. Chief Healy stated that the replacement vehicle would be at a different station and would be third due versus first due into St. Mary's College. The District would not have the same implied commitment. He personally thinks that the District should not get into a position where it makes agreements with entities saying that it will place something here. The Spirit of St. Mary's, presently at Station 41, is at the end of its useful life and it will play out as the new vehicle comes online. This is one of the reasons why Chief Healy is pushing forward a little on this issue is it will take so long to receive and put into service the new truck that the current truck will be 18 years old at that point.

Director Jorgens stated that there was a committee of firemen that came together and picked the kind of truck they wanted and they came up with the truck that we had. He asked if something has changed in our District that makes the new one a different flavor. Chief Healy stated that he does not know if it was purposeful that we would have that configuration with a mid-mount aerial with a basket to rescue people from dorms at St. Mary's. Since that time, the District has evolved and progressed. What drove us away from the more traditional platform and towards either shorter axle trucks or the tractor-trailer tiller design is because they are able to get into these new housing developments, which are popping up all over the District. He is trying to make the right decision for the District for the next 15-20 years to put the right vehicle in service to fulfill all the different needs that a truck company from time to time has to provide that service.

President Anderson added that the Spirit of St. Mary's has a great deal of difficulty coming up the curve of Crestview. He asked how the District reimbursed the San Ramon Valley Fire District for using their ambulance. Chief Healy stated that the District has a great relationship with all the neighboring agencies and is lucky to be able to share equipment with them. They could charge us to rent their vehicles but choose not to due to the nature of our relationship.

President Anderson stated that the whole issue of remounts was covered in depth and it appeared that remounts ultimately did not make sense. Chief Healy added that given the age of the District's older ambulances, the remount is impractical.

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

Director Famulener recommended to the two new directors that they consider going to the California Special District Association's leadership conference. The new CSDA catalog just came out and there are many more courses available.

Director Famulener asked who is invited to the meeting with the East Bay Municipal Utility District (EBMUD) on January 17, and if the District is only limited to having two members attend. Chief Healy stated that the meeting is intended to address questions relating to water system delivery and how it affects ISO ratings. The entire Board is invited and it is open to all the fire agencies within EBMUD's District.

10.2 **Questions and informational comments from Board members and Staff**

On behalf of the men and women of the Moraga-Orinda Fire District, Chief Healy thanked President Anderson for his leadership over the past year. Thanks in large part to his leadership, staff has tackled some difficult issues and continue to move the organization forward. Chief Healy thanked President Anderson for a job well done, his leadership, his calm approach to issues, for his mentorship, and help in keeping the District focused on its mission.

Chief Healy announced that the District's ISO rating will go from a 3 to a 2 on April 1, 2017 within the municipal boundaries of Moraga and Orinda. It will go from a 9 to a 2X in the unincorporated areas that are more than a 1,000 feet from the nearest hydrant. He asked if the District should spend the money to send out postcards to all the parcels in our district to inform the homeowners of the change and for them to contact their home insurance. There could be significant savings for business owners and some homeowners.

Director Famulener suggested putting the information on the MOFD website and give all the facts and figures to Mr. Marnell. Chief Healy stated that District Clerk Santos has already posted the information in various locations on the website and he will reach out to Mr. Marnell.

Director Jorgens stated that it seemed to be more applicable to businesses than to residences. He suggested just sending it to businesses; or tell the Chamber of Commerce. Chief Healy stated that he would look into it.

Director Barber asked what the cost of sending a postcard to everyone in the District would be. Chief Healy stated that the type of postcard we send is about \$.60-\$.70 per postcard.

Richard Nelson, Orinda resident, suggested posting it on NextDoor, which costs nothing and reaches many people.

11. **Adjournment**

At 8:53 P.M., President Anderson called for adjournment of the regular meeting.



Grace Santos
Secretary to the Board