

Moraga-Orinda Fire Protection District



BOARD OF DIRECTORS REGULAR BOARD MEETING MINUTES

January 18, 2017
(Approved February 15, 2017)

1. **Opening Ceremonies**

The Board of Directors convened in Open Session at 6:00 P.M. on January 18, 2017 at the Hacienda Mosaic Room, 2100 Donald Drive, Moraga, California. Vice President Barber called the meeting to order.

Present were the following Directors and Staff:

Director Anderson (via teleconference)	Stephen Healy, Fire Chief
Director Barber	Gloriann Sasser, Admin Services Director
Director Jex	Grace Santos, District Clerk

2. **Public Comment**

There were no comments from the public.

3. **Closed Session**

At 6:00 P.M., the Board adjourned into Closed Session.

President Famulener and Director Jorgens were running behind due to the storm. They arrived at 6:05 P.M.

4. **Reconvene the Meeting**

President Famulener 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:

President Famulener	Director Jorgens	Grace Santos, District Clerk
Director Anderson (via teleconference)	Stephen Healy, Fire Chief	
Director Barber	John Bakker, District Counsel	
Director Jex	Gloriann Sasser, Admin Services Director	

5. **Report of Closed Session Action**

There was no reportable action taken during Closed Session on items 3.1, 3.2, 3.3, and 3.4 – Conference with Labor Negotiator.

6. **Public Comment**

Richard Olsen, Moraga resident, complimented the District and staff on rising to a class 2 status, according to ISO. Mr. Olsen commented on the Standards of Coverage (SOC), stating that if the District decides to authorize the acquisition of the Tiller truck, it will have locked in one of the major features of that draft. The November 2, 2016 Board meetings say that the proposed SOC need to be submitted to the Board for final adoption. He believes that the two new Board members should be allowed to weigh in on the SOC and the changes from the 2006 document since it is they, and not their predecessors, who will have to live with the results of whatever is ultimately adopted.

7. **Public Hearing**

7.1 **Opportunity for public comments contesting weed abatement notification given by the Fire District**

In accordance with the California Health and Safety Code, the Board of Directors must hold a public hearing to confirm the costs of abatement incurred by the Fire District in abating separate parcels of land. The purpose of the hearing is to review any objections from property owners legally responsible to be assessed. The confirmation of the costs includes the passing, approval, and adoption of Resolution 17-01, which includes the necessary documents to be submitted to the Contra Costa County Auditor-Controller Tax Division for enrollment on the property tax roll.

On April 15, 2016, notices to abate vegetation were sent to all properties within the boundaries of the Fire District with a compliance date of June 15, 2016. Property owners who were non-compliant and received notices to abate vegetation hazards were given a minimum of 15 days (as required by ordinance) to remove the vegetation. If such removal was not completed by the requested

removal date, the Fire District, after inspection and proper second and final notice, conducted the required abatement of the property. A contracted company, in accordance with the instructions from the Office of the Fire Marshal and the vegetation clearance standards, conducted the removal. After the work order was executed, the property owners were billed for the work and had an opportunity to pay prior to the District processing a lien on the property.

President Famulener opened the public hearing and asked if there were property owners who wished to speak and had any objections to the costs of abatement. There were no comments from the public. President Famulener closed the public hearing and confirmed the report for costs of abatement incurred by the Fire District.

Motion by Director Barber and seconded by Director Famulener to adopt Resolution 17-01, Confirming and Adopting the Reported Costs Incurred by the Moraga-Orinda Fire District in Abating Public Nuisances on Certain Property within the District Pursuant to Health and Safety Code section 14912. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

7.2 **Public Hearing to consider the proposed revision to the Schedule of Fees for District Services**

On August 7, 2013, Fire Prevention staff reported on the results of a third party independent fee study analysis and in-house comparable agency survey in order to evaluate MOFD's current fees, which have not been updated since 2005.

The Board instructed staff to continue development of a new fee structure, with substantiating data that will restructure fees for services and reflect the true cost of providing those services for revenue cycle improvement to the District. In 2014, along with the adoption of the 2013 California Fire Code and Ordinance 13-01, the updated fee schedule was adopted.

In October of 2016, the Board adopted Ordinance 16-02 and the 2016 California Fire Code.

The District may, if authorized by the Board of Directors, increase fees and charges based on annual adjustment of the Consumer Price Index (CPI) Urban Wage Earners, San Francisco-Oakland-San Jose, California region, measured as of October of each year. In 2015, the updated fee schedule was approved by the Board to reflect the annual adjustment of the CPI.

President Famulener opened the public hearing and asked if there were members of the public who wished to speak regarding the revision to the Schedule of Fees. There were no comments from the public. President Famulener closed the public hearing.

Motion by Director Barber and seconded by Director Jex to adopt Resolution 17-03, a Resolution of the Moraga-Orinda Fire District Revising a Schedule of Fees for District Services. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

8. **Consent Agenda**

Motion by Director Barber and seconded by Director Famulener to receive and file Item 8.1 Meeting Minutes, 8.2 Budget Timeline, 8.3 Monthly Incident Report, 8.4 Monthly Check/Voucher Register, and 8.5 Monthly Financial Report. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

9. **Regular Calendar**

9.1 **Resolution 17-04 Authorizing Investment of Monies in Local Agency Investment Fund**

The District uses the State of California Local Agency Investment Fund (LAIF) for the investment of District funds. One of the requirements of participation in LAIF is for the Board to confirm the authority of District officers to order the deposit or withdrawal of funds in LAIF. Due to the recent election of new Board officers, it is necessary to update the officers authorized to deposit or withdraw monies.

Motion by Director Jex and seconded by Director Barber to adopt Resolution 17-04 Authorizing Investment of Monies in Local Agency Investment Fund. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

9.2 Resolution 17-05 Approving the Adoption of the Public Agencies Post-Employment Benefits Trust Administered By Public Agency Retirement Services and Approval of the Agreement for Administrative Services

The District currently participates in a public agencies post-retirement health care plan administered by Public Agency Retirement Services (PARS). PARS also offers a postemployment benefits trust, also called a pension rate stabilization program (PRSP). The PRSP is an irrevocable trust designed exclusively for California public agencies to prefund pension costs. In July 2016 the Board considered establishment of the PARS PRSP. The Board agreed the PRSP is worth exploring and directed staff to bring the item back at a future meeting.

The District's costs for pension benefits through Contra Costa County Employees' Retirement Association (CCCERA) are a significant portion of the District's budget, are volatile and difficult to project. By participating in the PRSP, the District would set aside money that would be available to use in the future when CCCERA rates increase.

It is unknown at this time whether assets placed in the PRSP will offset the District's net pension liability in the District's financial statements. Based on preliminary guidance from various auditors, actuaries and industry experts, there was an expectation that assets held in an irrevocable Section 115 trust to address pension liabilities could be used to offset the net pension liability in the financial statements. This expectation was affirmed by guidance provided by a California Committee on Municipal Accounting white paper released in October 2016. However, in November 2016 the Governmental Accounting Standards Board released an exposure draft that proposed that stabilization trust assets should not be used to reduce an agency's net pension liability. At this time there is no clear formal guidance or interpretations on this issue since the implementation guide may be modified before it is finalized.

The fees for service are detailed in the Agreement for Administrative Services. The PARS annual asset fee is 0.25% for plan assets of \$10M or less and the HighMark Capital Management investment management fees are 0.35% for assets up to \$5M. The fees are the same as those currently charged for the District's participation in the postretirement healthcare plan. Based on the District's current account balance of \$300K, the total the District currently pays is approximately \$1,800 per year.

PARS provides an established trust, investment professionals, a full-service approach and local control. Staff recommends the District contract with PARS to participate in the postemployment benefits trust. Representatives from PARS and HighMark Capital Management will be present at the Board meeting.

The next step in the process would be for the Finance Committee to meet and determine a recommendation for the amount to contribute to the PRSP and for an investment strategy for the funds.

Mitch Barker, from PARS, gave a presentation and answered questions from the Board.

Director Anderson asked of those special districts and agencies described by Mr. Barker, are they currently operating their pensions by a third party similar to CCCERA, and this is an additional funding trust for their pensions. Mr. Barker said that was correct.

Director Jex asked what Mr. Barker meant by an actuarially sound retirement system. Mr. Barker stated that the more assets you put into the trust, the more assets that offset liabilities, which takes the funding ratio to a higher level. This makes it more actuarially sound. If you have a lower funded ratio, that's not as sound as a higher funded ratio. Assets in the trust offset liabilities. GASB gave us three rules back when they set up trust in the beginning – it must be an irrevocable trust, must not be accessible by creditors, and it must be for an exclusive benefit. If those three conditions are met, it counts as an asset offsetting a future liability.

Director Jorgens commented that he thought there was a footnote in the presentation stating that it was in question. ASD Sasser stated that was for the financial reporting in the CAFR. Mr. Barker is referring more to actuarially sound – the more assets you have that are dedicated to the pension liability, then the more actuarially sound the plan.

Director Barber asked if the Board can decide whenever it wants to use the returns to pay CCCERA, and if that's the only option. Mr. Barker stated that the Board could either reimburse the District at any time for its annual expenses or send the money directly to CCCERA.

Director Jorgens asked Mr. Barker if they have competitors, other private companies that do similar things. Mr. Barker stated that no one else that he knows of has an IRS approved combination trust for pension pre-fund that he is aware of. ASD Sasser said the main competitor was CalPERS, which the Board did not want, PFM Asset Management and another one that targeted school districts. The Board chose PARS.

Director Jorgens asked how Mr. Barker's fees compare with their competitors for the private companies. Mr. Barker stated that he has never seen a price schedule from other companies. The market is fairly new, and they currently have 63 agencies who have signed up with them.

Andrew Brown, from Highmark Capital Management gave a presentation and answered questions from the Board.

Director Jorgens asked if the Board decided they wanted only to invest in a select number of individual funds rather than in one of the five, would they have the flexibility of doing so. Mr. Brown stated that the relationship that they are promoting is discretionary trustee, which means the Board gives the discretion to the trustee, US Bank and vis-a-vis HighMark Capital invests accordingly. There is a discretionary trust relationship that does not require their services and the Board can select whatever funds they feel most appropriate. This is called directed.

Director Jorgens asked how it worked and if the Board has to choose to go all one way or the other, or if they can pick portions of each. Mr. Barker stated that he felt a discretionary model is the best way for the District to go. The Board would have input on risk-tolerance level, capital appreciation, and active or passive. The Board would give them the discretion to make the best investment decisions and pick which funds. If the Board stays with the discretionary, you have input but the fiduciary liability goes to HighMark Capital. If you decide to go directed, it changes the relationship a bit, but the fiduciary now switches more on the Board.

Director Barber commented that all of HighMark's portfolios have outperformed CCCERA at least in the last year. Mr. Brown stated that it could be that they take a little bit more risk with capital appreciation and that they have a little more equity exposure than CCCERA does. They are more broadly diversified, which long term is a good thing. Sometimes when you're more broadly diversified, there are some investments that may hold you back over a shorter period of time. Usually it is 50/50 between HighMark and CCCERA in terms of any one particular quarter. Director Barber asked if it would make more sense to put more money into CCCERA if HighMark's results are comparable to CCCERA's.

Director Anderson stated that he is very uncomfortable with CCCERA, and the one advantage of going to an authorized third party is that we have control of the money.

Mr. Brown stated that the rainy-day fund is one concept that their clients have, which is about 70% of the cases, and the other 30% is what Director Barber described. Director Barber stated that he was just trying to get the issues out so the Board can think through them appropriately. He feels while CCCERA has been disappointing to the Board, their performance has not been vastly different than a lot of pension boards within the country, all of which may be disappointing. The disappointment is in not being able to meet their discount rate and not in their absolute returns.

Director Jorgens commented on page 2, number 7 – Confidentiality of the PARS agreement, which states, "The Agency shall not disclose any information relating to the Plan to individuals not employed by the Agency without the prior written consent of PARS, except as such disclosures may be required by applicable law." He stated that it was confusing because the MOFD Board members are not employees of the District, and this statement says that staff is not allowed to disclose anything to the Board without PARS's permission. District Counsel Bakker stated that it would be appropriate to strike out the entire sentence.

Director Jorgens asked if they would be flexible at having a longer renewable option. Mr. Barker stated that it is a three-year term so it does not have to be revisited every year. The District always has a 30-day termination option if they feel PARS was not doing their job. It is entirely up to the Board.

Director Barber asked if the trust stays in existence even after the Board decides to terminate, and if the Board can ask for all the assets back or does it all have to go to CCCERA. Mr. Barker stated if the Board asked for all its assets back or transferred to another provider, the account would still exist but it would be one with no assets in it. If the District had \$1M in the pension trust, your annual obligation to CCCERA would be 4.5%. PARS could either reimburse the District \$1M for the 4.5% that the District is sending out, or they could send an extra \$1M to CCCERA. The District can also send 3.5% to CCCERA and PARS would send 1% to make up the 4.5%. If the District ever decided to go with another provider, PARS would do a trust-to-trust transfer to the other provider for no fee.

Director Jorgens commented on the annual and other reports that PARS provides and stated that the contract does not mention the timeliness of the reports. He asked if that was something that could be added. Mr. Barker stated that they send out monthly statements, which ASD Sasser gets. The annual report means that Andrew Brown would give an onsite review of the particular account, detailing performance, asset class and so forth. They provide timely feedback on how investments are doing, which include 1 month, 3 month, 6 month, 1 year, 3 year and 5 year columns of returns. Statements are sent out in the mail and electronically.

District Counsel Bakker clarified that the resolution authorizes staff to sign the agreement and with the indication that the sentence of the Confidentiality paragraph of the PARS Agreement should be stricken.

ASD Sasser stated that the Plan Administrator is the Fire Chief or the Administrative Services Director.

Motion by Director Famulener and seconded by Director Barber to adopt Resolution 17-05 Approving the Adoption of the Public Agencies Post-Employment Benefits Trust Administered by Public Agency Retirement Services and Approval of the Agreement for Administrative Services and to strike the last sentence of the Confidentiality paragraph of the PARS Agreement. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

9.3 Transfer Review of Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016 from the Finance Committee to the Ad Hoc Financial Reporting Committee with Review Due to the Board at the February 15, 2017 Board Meeting

President Famulener asked that the Financial Reporting Ad Hoc Committee review the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016, and present their review to the full Board at the February 15, 2017 meeting.

President Famulener stated that last month the Board voted to send all audits forever to the Finance Committee before they came to the full Board for review. We were not clear that the audit from last year, which the Board still has not approved, would go instead to the new Ad Hoc Financial Reporting Committee.

District Counsel Bakker stated that there needs to be a confirmation that the intention was that it would go to the Ad Hoc Audit Committee.

President Famulener proposed sending the CAFR to the Ad Hoc Financial Reporting Committee and they would provide a report to the full Board at the February 15, 2016 meeting. If they are done, gives the Board a full report, and everyone can agree, it can go to the full Board. Both staff and the Ad Hoc Committee understood what they were asked to do.;

9.4 Authorization to Purchase One Pierce Arrow Tractor Drawn Aerial and Two Pierce Arrow Pumpers from Pierce Manufacturing, Inc. in the Amount Not to Exceed \$2,498,297; Authorization of Capital Projects Fund Budget Adjustment Expenditure Increase in the Amount of \$2,498,297 and Adoption of Resolution 17-06 Declaration of Official Intent

The District's June 2016 Long-Range Capital Plan includes the lease/purchase of two new Type-1 fire engines (pumpers) and one new aerial ladder truck in FY 2017/18. These purchases may still be included in the FY 2017/18 budget or purchased sooner.

Current cost estimates for these vehicles are as follows:

- Ladder Truck \$1,289,869
- Pumper \$604,214
- Pumper \$604,214

TOTAL \$2,498,297

The costs include sales tax. The price for the ladder truck and pumpers includes a pre-payment discount and multi-unit discount. The total price for these three apparatus will increase by approximately \$102K in February. If the District sends a purchase order to the third party vendor or executes an agreement with the manufacturer committing to the lease/purchase of the new apparatus prior to February 1, 2017, approximately \$102K savings will be recognized.

The District plans to obtain tax-exempt lease financing for this purchase. A request for proposals for lease financing will be issued. At this time, it is necessary to adopt a resolution declaring the District's official intent to use lease purchase proceeds to reimburse itself for the apparatus property expenditures. Annual lease payments for five years at 2% interest would be approximately \$528,000.

Any purchase would be bonded by the manufacturer to protect the District if the manufacturer fails to deliver the apparatus.

The District has previously purchased apparatus through a purchasing consortium, the Houston-Galveston Area Council (HGAC). HGAC is also used by many local agencies as well, including Contra Costa Fire, Oakland Fire, Livermore-Pleasanton Fire, and Fremont Fire. HGAC solicits competitive prices through public bidding. This allows the District to acquire the specific manufacturer of apparatus it wants. There is a \$2K fee associated with this method, which is factored into the pricing.

The time required to build the ladder truck is 14 months and approximately nine (9) months for the fire engines.

A draft Long-range Apparatus Replacement Plan was created in 2016 as part of the Strategic Planning process. With the proposed purchases, Capital Projects fund balance is projected to range from \$3.7M - \$5.7M over the next five years.

Members of the MOFD Apparatus Committee answered questions from the Board and public.

Chief Healy gave a PowerPoint presentation describing the service demands, deployment, typing and costs of the proposed ladder truck purchases.

Director Anderson asked if the Tiller truck will be used to block traffic and protect the firefighters. Chief Healy stated that yes, it would become part of the freeway response team.

Director Jorgens asked how many people it takes to man the truck, and how it compares with the used one that the District bought. Chief Healy stated that all the companies right now are three-person companies – the captain, operator in the front who drives the front tractor, and the tillerman in the back. There would be no change in staffing. A new one would have all the features of newer apparatus. The current trainer truck is able to get around the district but it is underpowered. It's serving its purpose of being a training vehicle.

Captain Daryle Balao gave a brief history of how the Apparatus Committee came about choosing a Tiller truck. In the few months that they have had the Tiller trainer, they are amazed at where they can take it, what equipment it can carry, the Tiller truck's capabilities, and the protection it can provide to the firefighters on the freeway. It is a large cost item but it is necessary in order to replace the District's aging fleet.

Director Jorgens stated that in August of last year, the Board approved a budget for 2016/17 and he did not recall any capital equipment included. Chief Healy stated that it was a combination of two things – deferment of vehicle replacement and maintenance during the economic crisis. The District pushed everything back and decided to stabilize its General Fund. As we started to recover, concurrently we started seeing a lot more breakdowns in our fleet quicker than was anticipated. Once the General Fund had a surplus and we had more money in the Capital Fund, we decided to go ahead and move up purchasing replacements sooner. Interest rates are also going up so if we decide to lease-purchase vehicles, now is a good time to get it done.

Director Jorgens stated that the District is currently operating on a budget that the Board approved in August. He asked what has changed between then and now that has led us to believe that we need more equipment. Chief Healy stated that the District has always needed it. What has changed is that we were told that the District could save more money by purchasing it before February. It would be a good choice for the Board to make to get the ball rolling because the build time is a long time.

Director Jex stated that he was concerned with the timing. The packet included a six-month operating report, which showed the current versus actual budget. Last year there was \$1,728,000 that was added to it based on the draft financials. The current budget shows that there would be only \$111,000 added. There is no reflection that the general fund will increase, which would provide the funding for the commitments and obligations discussed. Director Jex is concerned if the capital expenditure budget is going to be reviewed in March, which is concurrent with the development of the operating plan for 2017/18, it ought to coincide with a review of the whole forecast for at least the next five years with some scrutiny and critique by the Finance Committee. He feels uneasy with making this commitment without the forecast. If the District will not be able to add to the general fund either through savings or additional revenues, he would hate to make that kind of commitment even though the interest rates are attractive. He feels the timing is awkward for him.

Chief Healy stated that in the past, when the general fund was struggling, we were always looking at the capital fund knowing we might have to move money from the capital fund into the general fund, which was done for two years to sustain service levels.

Director Jex stated that the only real revenues into the capital fund are fire flow taxes, which is \$1M, and most of it is used up in expenditures not necessarily related to debt. He is concerned that the only revenue coming in is \$1M and there are expenses for a new fire station and leases on this equipment. If he had a better feel in terms of what the forecast was for this year, that the general fund will be augmented with another \$1M, he would feel differently. Without that assurance, he has a hard time making a commitment today that he thinks would be better done by a review of the Finance Committee and the Board then reviewing it and agreeing with the assumptions and the rationale with regards to the forecast.

ASD Sasser stated that this District is unique and it does have the fire flow tax, which is approximately \$1M each year that comes in. The board has said that money will be used for capital project needs in the district. The board does have discretion to use it in other areas, but at this point the Board policy is for capital projects. The fire flow tax revenue would be pledged to pay for this debt, which is the same for the Station 43 project and ambulance debts. All those payments are forecast and known, and are plugged into the plan. This plan is for the apparatus and vehicle. There are similar plans for the facilities and the long-range 15-year plan. The capital fund balance was added at the end of the year, which shows there will be significant fund balance and revenue in the capital projects fund to pay for these purchases.

Director Jex stated that after adding the station lease obligations and the apparatus purchases, MOFD will possibly need funds from the general fund transferred into to the capital funds to fund it all. ASD Sasser stated that it was not correct. General fund money will not be needed to pay for the debt or for capital projects, which is not in the forecast.

Battalion Chief Barreto, apparatus manager, gave the Board an idea of how difficult it is to maintain the aging fleet. He commented on how he had to tow fire engines and ambulances a few times, sometimes with patients in them. MOFD firefighters perform maintenance and repairs at the stations just to keep the vehicles running so that the District can provide the high level of service that is expected by the community. He highly recommends the Board approve the purchase.

Director Barber asked what would happen to the Spirit of St. Mary's if the purchase is approved. Chief Healy stated that there are a couple options - it could be kept as a reserve truck, it could be sold, or it could be turned into a play structure for the Commons.

John Wyro, Orinda resident and retired MOFD Director, asked what the fund balance in the capital fund is. ASD Sasser stated that as of June 30, 2016, there was \$10M in the capital project fund, however, \$4M of that is legally restricted to pay for Station 43, which leaves \$6M for available capital projects. Mr. Wyro stated that the savings is \$100,000+ in going for the equipment now. He stated that the District is in good hands financially and has the resources to do it. He encouraged the Board to follow staff's recommendation.

Richard Olsen, Moraga resident and retired MOFD Director, stated that if the Board authorizes the purchase of the truck tonight, the Board would start to implement a new set of standards of coverage before formally adopting them. He believes that the new directors should have an opportunity to review those standards of cover. He commented on the impact of the purchases in the face of the almost \$10M increase in unfunded pension liabilities, what the actuaries will say once the unfunded liabilities have been posted, and what the impact of that would be on MOFD's future general fund. He suggested that now might be an appropriate time to go slow on capital expenditures until there is better visibility on some of the issues. Mr. Olsen stated that if it is the desire to purchase a Tiller, please make it a Quint.

Firefighter Grgurevic stated that the District has two engines that are 20 years old, which NFPA says is not good. The District also has two pumpers that will reach its 20-year life span in two years, and a truck that will be coming up on its life span. The District's fleet is aging and the firefighters need their apparatus to respond to emergencies. Part of the Board of Directors' job is to make sure that the firefighters get to the emergencies, and in order for them to do that, they need new apparatus.

Gorgon Nathan, Moraga resident and retired MOFD Director, stated that the community wants the District to continue to be a first class operation, but the bottom line comes down to the dollar and cents. He asked if the District purchases the ladder truck and it stays at Station 44, what would happen to some of the equipment there now. He encouraged the Board not to make any rash decisions now, and to wait until after the audit is completed or certified before taking another look at it.

Chris Davies, MOFD Engineer, stated that he has seen the Tiller trainer truck do more in the last 4-5 months than he has seen Truck 41 do in the past 10 years. His biggest fears as an engineer on Truck 41 has been driving to places like Aegis and Moraga Royale, places that the truck has to be backed into to make it work properly. With the tiller truck, they could drive it into those parking lots and function as a truck company. The firefighters have a list that include a couple hundred streets in Orinda where they can't get to with Truck 41. With the Tiller trainer, they have driven successfully through all the streets on the list. He feels the District would benefit greatly by going forward with the purchase.

Fire Marshal Leonard stated that building stock that poses the most risk to the community are the unsprinklered tall buildings in Orinda. The mid-mounted straight truck that the District has now is designed for flatlands, never for hills and tight spaces. The aging building stock in Orinda is our biggest risk, the most inaccessible, and are quite tall. We would be amiss if we didn't address that we have an aging fleet, inaccessible roads, and out of service equipment a sixth of the time. She stated that it is not acceptable as a community risk model, and asked if it is acceptable to the public to have equipment that isn't capable of responding. To have equipment sitting in a station that doesn't work is only a veneer of the safety that we're promoting as a fire district.

Director Anderson asked ASD Sasser if she took out the Station 43 rebuild, what would be the balance in the capital fund. ASD Sasser stated it would be about \$6M.

Director Jorgens asked if there is there a prioritization, if the District has to make one big decision or can we decide to purchase some of the vehicles now and some later when we have more data. Chief Healy stated that there would have been a time when he would have recommend purchasing

one over the other, but knowing what he knows about the breakdowns, he recommends them equally.

President Famulener stated that it was her understanding that this was done in 2016. The issue between a Quint or Tiller truck was already discussed, and the Board decided that we were to go with a Tiller truck. The District purchased the Tiller training truck with plans to buy a new one in 2017/18 rather than in this fiscal year, but we can save \$100,000 if it gets into the lease agreement before February 1, 2017. The District also has more of a need for new equipment than we did a year ago. She feels that the purchase should be approved.

Director Jex complimented the Apparatus Committee, and stated that he has no concerns over their selection and trusts their judgement. His concern is the timing and wishes that the Finance Committee and Board reviews the forecast to look at the projections carefully in light of what he saw in the 6-month statement indicating that the District may not make any contribution to the general fund this year. He agrees that \$100,000 is a lot but so is \$2.4M if it is a mistake in terms of timing.

Director Barber congratulated the Apparatus Committee. He stated that as Board members they are primarily concerned with policy and finance. But on matters of selection of equipment, he feels that he needs to be deferential to the recommendation of the Chief and of the Committee. He is persuaded there is a compelling need to get new equipment that serves the needs of the communities MOFD serves. He does not want to ask people to rely on equipment that will not serve the community's needs. He would be inclined to approve both items, but not without some concern about the finances, which he feels needs to be looked at carefully to see if there's a way we can act quickly to mitigate any problems.

Director Jorgens stated that the last time he spoke with ASD Sasser, they had not quantified the impact of the current fiscal year. In the past, some money was taken out of the capital budget and put it to support other operations. At the moment, we don't have a current forecast to know whether we might need to do that and we might not have \$6M. The unfunded pension liability is taking up roughly 2/3 of our payment to CCCERA and that just went up by a material amount, which could put a big hole in the District's operating budget.

Motion by Director Famulener and seconded by Director Anderson to authorize the purchase of one Pierce Arrow tractor drawn aerial and two Pierce Arrow pumpers from Pierce Manufacturing, Inc. in the amount not to exceed \$2,498,297 and adopt Resolution 17-06 Declaration of Official Intent. Said motion carried a 3-2 roll-call vote (Ayes: Anderson, Barber, Famulener; Noes: Jex and Jorgens).

Motion by Director Famulener and seconded by Director Barber to authorize a Capital Projects Fund budget adjustment expenditure increase in the amount of \$2,498,297. Said motion carried a unanimous 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

Director Jex asked ASD Sasser if the lease is a capital lease and if there is a lease-purchase option at the end that is nil. ASD Sasser stated that it is for \$1.00 and is at the end of the lease. The District owns it at the end of the lease.

If there is money in the District's capital account, Director Jorgens asked why we would go out and borrow money, instead of using that money, and pay interest on it. If there is money in the capital fund, the District should spend it. ASD Sasser stated that the life expectancy of the vehicles is 20 years so it is good to have the purchase be paid for over a longer period of time, and not just come all out of the fund balance at once. With interest rates as low as they are right now, it makes sense to pay it over 5 years. This allows the District to have more cash, which allows for other options over the next 5 years for the cash.

ASD Sasser said the next step is to issue a Request for Proposals (RFP) to get lease financing and we will receive proposals back from various banks and financing companies. At that point, the Board would decide whether to issue the debt, or decide to pay cash and not issue the debt.

9.5 Authorization to Purchase Two 2017 Leader Ambulances from National Auto Fleet Group in the Amount Not to Exceed \$365,952, Authorization of Capital Projects Fund Budget

Adjustment Expenditure Increase in the Amount of \$365,952 and Adoption of Resolution 17-07 Declaration of Official Intent

In 2016, two front-line 2008 ambulances were replaced with new vehicles. At that time, the 2008 ambulances were placed in a back-up status, available to deploy for a 3rd incident within the District or if one of the front-line ambulances was in the shop. These ambulances were originally scheduled to be replaced in FY 2020/21. Since that time, on-going maintenance issues, significant repair costs, and reliability issues with the 2008 ambulances have persisted and worsened.

Staff now recommends the timely acquisition of two additional ambulances through the National Joint Powers Alliance competitively solicited national contract. This contract was awarded through an appropriate public bid process and meets the requirements of the District's Purchasing Ordinance. The total cost for each ambulance including sales tax, pre-construction inspection costs and delivery fees is \$182,976.

The District plans to obtain tax-exempt lease financing for this purchase. A request for proposals for lease financing will be issued. At this time, it is necessary to adopt a resolution declaring the District's official intent to use lease purchase proceeds to reimburse itself for the ambulance property expenditures. Annual lease payments for five years at 2% interest would be approximately \$77,000.

The District will also need to purchase two Stryker gurneys for the ambulances. The gurneys will cost approximately \$17,000 each and will be purchased through the District's Capital Budget.

With the proposed purchases, Capital Projects fund balance is projected to range from \$3.7M - \$5.7M over the next five years.

Director Jorgens asked how much the District received for selling the old ambulance, and if the money went back into the capital budget. He stated that the purchase price of the ambulance out to be lowered by the same amount. Chief Healy stated that it was sold for about \$6,000. ASD Sasser said that she will verify that the money went back into the capital fund as a sale of District property.

Richard Olsen, Moraga resident, commented on the price difference between the new ambulances the District wants to buy and the ones that were recently purchased. He asked what the difference was and if they are different ambulances. Chief Healy stated that the ambulances are similar to the 2002 and 2008 ambulances. Firefighter Paramedic Matt Lopez stated that the new ones are not the same as the current International ambulances because they are gas ambulances. The Apparatus Committee decided to go with something more efficient and cost effective.

Director Jorgens asked why the District would be buying back-up ambulances for the two new ambulances that were recently purchased. Chief Healy explained that the current deployment model has two full-time ambulances – one stationed at 41 and one at 44. At Station 42 and 45, when they're available and not in the shop, we have back-up ambulances. When a third call comes in, the dispatch center can activate that ambulance to take that third call. The problem right now is when we get a third call, there are reliability issues with that third-out ambulance. Those ambulances also serve as vehicle back-ups for the current ones when they go in the shop for maintenance.

Director Barber asked if the money is available, why wouldn't the District buy three ambulances instead of two. Chief Healy proposed two because he felt that was enough for the District to serve its mission of providing two full-time ambulances with capacity for a third one. He didn't want to spend the money and buy one more if it wasn't really needed.

Director Jex stated that he hopes the Finance Committee will review the forecast but because this is a small amount, he had no objections.

Motion by Director Barber and seconded by Director Anderson to authorize the purchase of two new 2017 Leader ambulances from National Auto Fleet Group in the amount not to exceed \$365,952, authorize a Capital Projects Fund Budget adjustment expenditure increase in the amount of \$365,952 and Adopt Resolution 17-07 Declaration of Official Intent. Said motion carried a unanimous 5-0 roll-call; vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens).

At 9:47 P.M., Director Anderson left the meeting.

10. Committee Reports

10.1 Finance Committee

There was nothing to report.

10.2 Pension Review Ad Hoc Committee

There was nothing to report.

10.3 Financial Reporting Ad Hoc Committee

Director Jorgens stated that they met and scheduled their first meeting with Chief Healy and ASD Sasser on January 25, 2017, to get started on their part.

11. Announcements

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

There was nothing to report.

11.2 Questions and informational comments from Board members and Staff

Chief Healy congratulated Firefighter Paramedic Lucas Trumpf and Firefighter Paramedic Andrew Leach for successfully completing their probationary period.

Firefighter Paramedic and Moraga-Orinda Professional Firefighters Association President Anthony Stephens gave a 2016 year in review presentation to help paint a picture of the firefighters, who they are, and their contributions to the community and the public. The Board thanked Firefighter Stephens for putting the presentation together.

11.3 District Updates for November and December 2016

There was nothing to report.

12. Adjournment

At 10:11 P.M., President Famulener called for adjournment of the regular meeting.



Grace Santos
Secretary to the Board