



PRESS RELEASE
Moraga-Orinda Fire District
MOFD Board of Directors Approved the 2012/13
Preliminary Budget

Moraga-Orinda Fire District
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MORAGA, CA – On Wednesday, June 20, 2012, the Moraga-Orinda Fire District’s (MOFD) Board of Directors approved the 2012/13 preliminary General fund and Capital Projects fund budgets. During the meeting, the Board systematically asked staff detailed questions concerning budget line items with a particular focus on cost savings while ensuring the health and safety of firefighters and the public were not compromised. After the thorough review and additional comments from the public and the Directors, the Board voted unanimously for a preliminary budget that requires the use of \$957,230 from the District’s General fund reserves.

In passing the preliminary budget, the Board expressed extreme concern about the reduction in reserves and the potential impact of further property tax losses and pension cost increases. Director Frank Sperling began the discussion by questioning the replacement of Fire Station 43 if the Districts financial condition does not improve. “I am extremely concerned about cash flow. We absolutely need to replace Fire Station 43 as soon as possible but the question is when is as soon as possible? Should we spend \$2 million now to do the build out or take it to shovel ready? I’m inclined take a pause when the project gets to the shovel ready phase. The project will not be at shovel ready before we approve the final budget on September 19, 2012. At that time we will know more about any further decline or adjustments in property tax assessments from the tax assessor’s office.” Director John Wyro agreed that the District should take the Station 43 project to shovel ready and then decide if the District should move forward based on the information we have at that time. “The size of this budget deficit is not sustainable. While we are working to bring about systemic changes we are in an extraordinary time. We need to conserve our resources as much as possible and until we are through this storm we need to look at when to proceed with the project.”

Fred Weil, President of the Board, expressed a little bit of optimism based on the long range financial forecast. “The long-range financial forecast shows an aggregate “low point” in reserves of about \$2 million if we build Fire Station 43. The cash flow to maintain the District looks much different (more positive) today than it looked a year ago. Despite the things that have happened there has been a level of cost controls that we did not have before.” He continued, “In 2022 approximately \$3.5 million of tax revenues will no longer be dedicated to paying off the Pension Obligation bonds and that money will become available.”

The budget discussion opened with general comments from the MOFD Fire Chief Randall Bradley who provided an overview of the previous budget meeting where the Board directed staff to bring back a budget that identified additional cost saving measures while maintaining service levels. Staff explained that the District has lost over \$2 million in spending power during the past three years that can be primarily attributed to the increase in pension costs. The pension cost increases were caused by Contra Costa County Employee Retirement Association's (CCCERA) loss of over 20 percent of their investments during the 2008 economic downturn and their decision to de-pool employer groups in 2011. A significant portion of those losses are being addressed through a five year smoothing process that has accounted for the significant increases in MOFD pension costs. The Chief reminded the Board that the CCCERA pension system was inherited when the District was formed and that none of the current Board members voted for the current pension formulas.

The past three years the District has been able to address most budget shortfalls through the reduction of five full-time administrative staff, applying for and receiving grants, elimination of the reserve firefighter program, deferred maintenance on facilities, renegotiation of service contracts, implementation of pay-in-lieu of benefits and vehicle accident cost recovery programs. Firefighters have not received cost-of-living pay increases for almost four years; they pay up to 25 percent towards pension costs and have not received health benefit increases for the past three years. The Chief stated that ninety percent of the general fund budget was allocated to personnel pay and benefits and any further reduction in staff would have a direct impact on the District's ability to maintain current service levels.

Chief Bradley also explained the challenge of implementing any service level reductions. He stated that the District is a unique community where members place a high value on open space (semi-rural) while expecting urban fire and emergency medical services with response times of five minutes or less. "The District believes the citizens place a great value on these service levels, have been willing to pay for them, and any service level reductions would be unacceptable. Spreading 38,000 people over 20 square miles requires the District to staff five fire stations with three firefighters and two of those stations with ambulances. Communities with 38,000 people normally have a much higher housing density (much less open space) and may require only two fire stations. Our model is expensive but greatly valued." During final comments the Board committed to hold public "town hall" meeting to validate the community's values and the Board's mandate to maintain the current service levels. Director Sperling stated, "Holding town hall meetings are important to let the community understand the issues and the alternatives. I believe it is important to understand if we have a reaffirmation of our charter or not."

The District has been in prolonged negotiations with Firefighters Local 1230 and the outcome of those negotiations will impact the final budget which will be presented to the Board for approval in September. A member of the public asked the Board to comment on the status of the negotiations and the Board was advised by District Counsel that they

should not comment while negotiations are still in progress . The Board did say that they are very aware of all labor contract impacts on short term and long term budget decisions and the long term sustainability of the District.

A copy of the District's approved preliminary budget can be found at www.mofd.org. For questions or clarifications please contact Fire Chief Randall Bradley.