



Moraga-Orinda Fire District

Board of Directors

CALL and NOTICE of A SPECIAL MEETING

April 29, 2020

6:00 P.M.

PUBLIC BUDGET WORKSHOP

Pursuant to Executive Order N-29-20, Teleconferencing Restrictions of the Brown Act have been suspended.

PLEASE NOTE TELECONFERENCE MEETING INFORMATION:

To join the Workshop:

By Phone: 1-669-900-6833

Webinar ID: 984 0517 4866

Please click the link below to join the webinar by Zoom:

<https://zoom.us/j/98405174866>

Webinar ID: 984 0517 4866

Public Participation is encouraged by joining via the ZOOM link or the dial-in information above. You can access either via a smartphone or computer App (Zoom) or via phone. Public comment will remain open for a minimum of 1 minute to allow for potential digital processing delays to ensure that the public has sufficient time and opportunity to send in questions or comments.

Written Public Comment can be provided via email at info@mofd.org. Emails will be read into the record by staff during public comment. Email must contain in the subject line "Public Comment – Not on the Agenda" or "Public Comment – Agenda Item #" with the relevant agenda item indicated.

Live Public Comment can be provided via the Zoom app (during public comment) by the raise hand or chat function. Staff will unmute participant to allow comment. Participants will be unmuted in the order of hands raised or chat request to comment. If participating by phone, you will need to send a text message to 925-388-9166 to identify the phone number used on Zoom. Staff will announce the last four digits of your number and unmute your phone number to allow talking.

The meeting will be live streamed via the MOFD YouTube Channel. A link will also be accessible via the District's website.

1. OPENING CEREMONIES

- 1.1. Call the Meeting to Order
- 1.2. Roll Call

2. PUBLIC COMMENT

At the beginning of each regular District Board meeting, any member of the public may address the District Board concerning any item not on the Board's agenda but within the subject matter jurisdiction of the Board. Speakers will be limited to three (3) minutes unless otherwise specified by the Presiding Officer. The public will be given an opportunity to speak on each agenda item at the time it is called. The Board may discuss and/or take action regarding any or all of the items listed below. Once the public comment portion of any item on this agenda has been closed by the Board, no further comment from the public will be permitted unless authorized by the Board and if so authorized, said additional public comment shall be limited to the provision of information not previously provided to the Board or as otherwise limited by order of the Presiding Officer or the Board.

3. REGULAR AGENDA

3.1. **Long Range Financial Forecast April 2020**

Staff will present information to the Board regarding the updated Long Range Financial Forecast.
Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Provide direction to staff.

3.2. Fiscal Impacts of COVID-19 on the Fiscal Year 2020 and 2021 Annual Operating Budgets

Staff will present information to the Board regarding the Fiscal Impacts of COVID-19 on the Fiscal Year 2020 and 2021 Annual Operating Budgets.

Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Provide direction to Staff regarding District spending and development of the FY2021 Annual Operating Budget

3.3. Public Budget Workshop

The Moraga-Orinda Fire District Board is in the process of preparing the Annual Operating Budget for Fiscal Year 2021. Staff seeks the Board and public's input in developing discretionary programs and discretionary spending priorities for FY2021. The Proposed Budget will be developed and returned for additional public input and Board review on May 13th.

Staff Recommendation: 1) Discuss; 2) Deliberate; 3) Provide direction to Staff regarding discretionary expenditure budget for FY2021 for the General Fund and Capital Projects Fund.

4. ADJOURNMENT

The Moraga-Orinda Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District Board meetings due to a disability, to please contact the District Chief's office, (925) 258-4501, at least one business day prior to the scheduled District Board meeting to ensure that we may assist you.

Any disclosable public records related to an open session item on a Regular meeting agenda and distributed by the Moraga-Orinda Fire District to a majority of members of the Board of Directors less than 72 hours prior to that meeting are available for public inspections at 1280 Moraga Way, Moraga, during normal business hours.

I hereby certify that this agenda in its entirety was posted on April 24, 2020, at the Moraga and Orinda Fire Administration offices, Stations 41, 42, 43, 44, and 45. Agenda provided to the Moraga Town Office (Hacienda) and Orinda City Hall.



Marcia Holbrook
District Secretary/Clerk



Moraga-Orinda Fire District

TO: Board of Directors

FROM: David Winnacker, Fire Chief
Gloriann Sasser

DATE: April 29, 2020

SUBJECT: Item 3.1 - Long Range Financial Forecast April 2020

Background

In March 2020 staff updated the Long Range Financial Forecast (Forecast). The Forecast was provided to the Finance Committee. The Finance Committee identified several anomalies in out year projections and requested additional analysis to be performed by GovInvest, the District's actuarial software provider. This analysis is currently underway by GovInvest and has not yet been provided by GovInvest.

Subsequently the COVID-19 pandemic began, the United States' economy was shut down and entered a recession. The fiscal impact of COVID-19 is a moving target and changes daily. Previously the Forecast covered a forward-looking 10-year period. Pending resolution of the analysis currently being conducted by GovInvest, staff is presenting a forward-looking 2-year period to aid Board direction to staff regarding FY2021 budget development (Attachment A.)

During this unprecedented time, the Government Finance Officers' Association recommends local governments maintain budget flexibility by budgeting revenues conservatively low and budgeting expenditures conservatively high. Based on this recommendation, staff has prepared the Forecast.

The Forecast use several significant assumptions, which are explained below.

General Fund Revenues

Property tax – The District's property tax consultant, HdL Coren and Cone, has provided a property tax projection for FY2021 which reflects growth of 4.6%. Staff confirmed with HdL that the projection for FY2021 is still valid because the projection is based on the lien date of January 1, 2020, prior to the COVID-19 public health emergency. The impact of the recession and sales occurring in the 2020 calendar year will impact the District's property tax revenue beginning in FY2022. Summer is historically the residential moving season. How the Moraga and Orinda residential property sales are affected by COVID-19 during the summer of 2020 will impact the District's property tax revenue beginning in FY2022. A forecast of 2% property tax revenue growth has been used for FY2022.

Beginning in FY2021 General Fund property tax revenue increases due to the final pension obligation bond payment in the Debt Service Fund. The pension obligation bonds were issued in 2005 for a 17-year period. In recent years the payments to service this debt was \$3.8M. This payment will decrease to \$1.7M n FY2023 and to \$0M in FY2024 as the debt is paid off.

Ambulance fees – Ambulance transports are projected to decreased 50% in April 2020 compared to April 2019 and April 2018. Ambulance revenue is conservatively projected to decrease from \$1.8M to \$526K in FY2021 and remain at this lower level in FY2022.

Charges for services – This revenue is generated from plan review and inspection fees. Residential development and remodels may decrease due to the recession. Revenue is conservatively projected to decrease from \$400K to \$74K.

Other revenue federal grants – The final year of the District’s SAFER grant which paid for a percentage of salaries and benefits for four firefighter paramedic positions for three years began in February 2020. The final year pays for 35% of the costs (the first two years paid for 75% of the costs.) The District is not eligible to apply for another SAFER grant on this year’s cycle but will be eligible to apply in 2021.

General Fund Expenditures

Regular salaries – Per the Safety MOU: July 1, 2020 +3%, then +3% in FY2022.

Overtime – Per the Safety MOU: July 1, 2020 +3%, then +3% in FY2022

Benefits – Capped per the MOUs (no increases), +3% beginning in FY2022

Retiree health insurance – Capped per the MOUs (no increases)

Operating expenses – Projected to increase 3% throughout based on CPI.

CCCERA employer payment – Projections are provided by Segal, CCCERA’s actuary. The projections were provided prior to COVID-19. CCCERA employer contribution rates will begin to reflect 2020 investment returns in FY2023.

2020/21 Actual rates set by the CCCERA board of directors
2021/22 +3.56%

OPEB funding – The Forecast includes OPEB contributions based on actuarial calculations used in the GASB 75 OPEB Valuation Report as of June 30, 2019 which were calculated using a discount rate of 6.25% and 18-year closed amortization period.

2020/21 \$475,482
2021/22 \$525.697

Pension rate stabilization – The Forecast includes pension rate stabilization trust contributions as follows based on GovInvest software calculations using discount rate of 6.25% and actual CCCERA investment earnings of 14.6% in 2019:

2020/21 \$1,562,792
2021/22 \$1,414,845

Capital Projects Fund

The Long Range Financial Forecast - Capital Expenditures (Attachment C), has been updated. The Forecast includes the following:

2020/21 \$1,000,000 to begin the Station 41/Administration rebuild project

\$500,000 to complete architectural drawings for Station 45 remodel

2021/22 \$776,000 for Station 41/Administration rebuild project
 \$500,000 for Station 45 remodel

Long Range Financial Forecast Results

In the absence of reductions or other Board direction to curtail expenditures, the Forecast projects deficits in both the General Fund and Capital Projects Fund with expenditures exceeding revenue as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
2020/21	\$2,309,715	\$1,349,148
2021/22	\$778,774	\$1,383,541

Fund Balance Policy and Fund Balance Goal

The District’s Fund Balance Policy states the District will maintain a minimum unrestricted fund balance in the General Fund of 17% of budgeted General Fund revenue. The Board set a goal to maintain a minimum unrestricted fund balance in the General Fund of 50% of budgeted General Fund revenue. The unrestricted fund balance is projected to be 25.08% in FY2021 and 19.81% in FY2022.

This projected reduction in reserves is a result of projected expenditures outpacing revenue during a period of economic contraction. Due to the limited horizon and lack of information regarding CCCERA fund performance and future rate changes, these projections do not account for future increases in pension rates.

Summary of Unfunded Liabilities

The District’s projections of unfunded pension liabilities calculated using the GovInvest software have been updated based on CCCERA’s actuarial assumptions and based on the District’s actuarial assumptions. The Forecast also includes projections of the District’s OPEB unfunded liabilities based on the District’s OPEB actuarial assumptions and planned trust contributions.

Recommended Action

1) Discuss; 2) Deliberate; 3) Provide direction to Staff

Attachments

- Attachment A – Long Range Financial Forecast – COVID-19 Revenue Forecast
- Attachment B – Capital Expenditures
- Attachment C – Staffing Summary

Moraga-Orinda Fire Protection District
Long Range Financial Forecast
COVID-19 Revenue Forecast
Draft Update
April 2020

	ACTUAL 16/17	ACTUAL 17/18	ACTUAL 18/19	PROJ 19/20	PROJ 20/21	PROJ 21/22	ASSM	ASSM
1 GENERAL FUND BALANCE UNASSIGNED, BEGINNING	3,607,130	4,905,518	6,297,533	7,828,854	8,389,189	6,079,474	20/21	21/22
2 GENERAL FUND REVENUES								
3 PROPERTY AD VALOREM TAX	18,901,827	19,843,842	21,142,784	22,091,232	23,105,300	25,798,534	HDL	2.00%
5 USE OF MONEY & PROPERTY	4,409	90,725	190,489	70,000	35,000	35,000	Budget	0.00%
6 INTERGOVERNMENTAL REVENUE	263,358	252,467	244,243	235,481	235,414	237,768	Budget	1.00%
7 CHARGES FOR SERVICES/OTHER	386,972	438,422	1,484,464	240,299	73,850	74,589	Budget	1.00%
8 AMBULANCE FEES	1,116,153	1,082,685	1,751,628	1,329,921	526,000	533,890	Budget	1.50%
9 STRIKE TEAM REVENUE (Net of Overtime Costs)	205,485	442,519	379,931	147,414	79,980	82,379	Budget	3.00%
10 OTHER REVENUE (FEDERAL GRANTS)		182,228	550,042	450,000	182,000	0	Budget	NA
11 TOTAL GENERAL FUND REVENUES	20,878,204	22,332,888	25,743,581	24,564,347	24,237,544	26,762,160		
12 GENERAL FUND EXPENDITURES								
13 SALARIES	8,065,559	8,551,976	8,886,941	9,731,649	10,469,257	10,783,335	Budget	3.00%
14 OVERTIME (Excluding Strike Team)	1,863,487	2,040,455	2,359,979	1,419,811	1,531,328	1,577,268	Budget	3.00%
15 BENEFITS	1,718,076	1,850,258	1,892,878	2,413,202	2,928,761	3,016,624	Budget	3.00%
16 RETIREE HEALTH INSURANCE	827,604	821,299	871,105	886,410	925,000	925,000	Budget	0.00%
17 OPERATING EXPENSES	2,153,714	2,251,574	2,427,900	2,724,739	2,934,092	3,022,115	Budget	3.00%
18 CCCERA EMPLOYER PAYMENT - NORMAL COST	4,395,376	1,870,925	1,849,332	2,098,097	2,288,219	2,510,420	CCCERA Rates	(40%)
19 CCCERA EMPLOYER PAYMENT - UAAL PAYMENT		2,806,387	3,267,111	3,147,146	3,432,328	3,765,630	CCCERA Rates	(60%)
20 OPEB FUNDING (INTO TRUST)	256,000	374,000	407,733	559,108	475,482	525,697	Actuary	Actuary
21 PENSION RATE STABILIZATION (INTO TRUST)	300,000	374,000	1,100,000	1,023,850	1,562,792	1,414,845	GovInvest	GovInvest
22 TOTAL GENERAL FUND EXPENDITURES	19,579,816	20,940,874	23,062,979	24,004,012	26,547,259	27,540,934		
23 TRANSFER TO CAPITAL FUND - FIRE FLOW TAX			(137,548)					
24 TRANSFER TO DEBT SERVICE FUND - FIRE FLOW TAX			(1,011,733)					
26 ANNUAL GENERAL FUND SURPLUS (DEFICIT)	1,298,388	1,392,014	1,531,321	560,335	(2,309,715)	(778,774)		
27 GENERAL FUND BALANCE UNASSIGNED, END	4,905,518	6,297,533	7,828,854	8,389,189	6,079,474	5,300,700		
28 UNRESTRICTED FUND BAL AS PERCENT OF GENERAL FUND REVENUE	23.50%	28.20%	30.41%	34.15%	25.08%	19.81%		
29								
30 CAPITAL FUND BALANCE, BEGINNING OF YEAR	10,068,070	9,856,415	8,348,371	5,017,632	4,463,074	3,113,926	20/21	21/22
31 CAPITAL FUND REVENUES - FIRE FLOW TAX	4,044,800	1,389,215	233,047	1,209,705	1,098,000	1,101,623	0.33%	0.33%
32 CAPITAL EXPENDITURES	3,894,381	1,885,289	3,701,334	752,714	1,524,200	1,562,716	NA	NA
33 TRANSFER IN FROM GENERAL FUND - FIRE FLOW TAX			137,548					
35 TRANSFER OUT TO DEBT SERVICE FUND - FIRE FLOW TAX	(362,074)	(1,011,970)		(1,011,549)	(922,948)	(922,448)		
36 ANNUAL CAPITAL FUND SURPLUS (DEFICIT)	(211,655)	(1,508,044)	(3,330,739)	(554,558)	(1,349,148)	(1,383,541)	NA	NA
37 CAPITAL FUND BALANCE, END OF YEAR	9,856,415	8,348,371	5,017,632	4,463,074	3,113,926	1,730,385	NA	NA
38								
39 DEBT SERVICE FUND BALANCE, BEGINNING	2,587,823	2,793,645	3,008,656	3,244,815	3,487,843	3,747,627		
40 PROPERTY AD VALOREM TAX	3,220,105	3,377,364	3,543,536	3,710,244	3,884,311	1,730,869	NA	NA
41 DEBT SERVICE FUND EXPENDITURES - PENSION OBLIGATION BONDS	3,014,283	3,157,877	3,307,377	3,466,609	3,624,527	3,790,090		
42 DEBT SERVICE FUND EXPENDITURES - OTHER DEBT	362,074	1,016,446	1,011,733	1,012,156	922,948	922,448		
43 TRANSFER IN FROM CAPITAL FUND - FIRE FLOW TAX	362,074	1,011,970	1,011,733	1,011,549	922,948	922,448		
44 DEBT SERVICE FUND BALANCE, END OF YEAR	2,793,645	3,008,656	3,244,815	3,487,843	3,747,627	1,688,406	NA	NA
45								
46 COMBINED UNRESTRICTED FUND BALANCE, BEGINNING OF YEAR	13,675,200	14,761,933	14,645,904	12,846,486	12,852,263	9,193,400	NA	NA
47 TOTAL UNRESTRICTED REVENUES	24,923,004	23,722,103	25,976,628	25,774,052	25,335,544	27,863,784	NA	NA
48 TOTAL UNRESTRICTED EXPENDITURES	23,836,271	23,838,133	26,764,313	25,768,275	28,994,407	30,026,098	NA	NA
49 COMBINED UNRESTRICTED FUND BALANCE, END OF YEAR	14,761,933	14,645,904	13,858,219	12,852,263	9,193,400	7,031,086	NA	NA
50								
51 STAFFING SUMMARY					77.70	77.70		
52 FIRE PREVENTION (Memo Figure)	447,359	464,445	622,916	622,916	623,068	636,877		
53								
54 SUMMARY OF UNFUNDED LIABILITIES								
55								
56 CCCERA PROJECTED OBLIGATION					5,720,547	6,276,050	7.00%	7.00%
57 GOVINVEST PROJECTED OBLIGATION					7,283,339	7,690,896	6.25%	6.25%
58 DIFFERENCE - RECOMMENDED PENSION TRUST CONTRIBUTION					1,562,792	1,414,845		
59 PENSION INFORMATION BASED ON CCCERA ASSUMPTIONS:**								
60 PENSION NET LIABILITY, BEGINNING					29,123,173	26,229,723		
61 CCCERA EMPLOYER PAYMENT - UAAL PAYMENT					3,432,328	3,765,630		
62 PENSION NET LIABILITY, ENDING		23,498,575	23,498,575	29,123,173	26,229,723	22,494,692		
63 PENSION INFORMATION BASED ON DISTRICT ASSUMPTIONS:***								
64 PENSION NET LIABILITY, BEGINNING	48,535,092	47,803,123	47,048,699	47,048,699	50,692,700	48,352,262		
65 RECOMMENDED PENSION RATE STABILIZATION TRUST CONTRIBUTION****	300,000	374,000	1,100,000	1,023,850	1,562,792	1,414,845		
66 PENSION TRUST EARNINGS****				107,769	290,496	397,079	6.25%	6.25%
67 PENSION RATE STABILIZATION TRUST PROJECTED BAL	304,837	700,449	1,879,809	3,085,138	4,938,425	6,750,350	6.25%	6.25%
68 PENSION NET LIABILITY, ENDING	47,803,123	47,048,699	49,482,718	50,692,700	48,352,262	44,023,720		
69								
69 OPEB NET LIABILITY, BEGINNING				14,850,637	14,201,452	13,600,545		
70 OPEB TRUST CONTRIBUTION				559,108	475,482	525,697		
71 OPEB TRUST EARNINGS****				90,077	125,425	166,120	6.25%	6.25%
72 OPEB TRUST PROJECTED BALANCE	472,933	882,128	1,358,338	1,531,313	2,132,220	2,824,037	6.25%	6.25%
73 OPEB NET LIABILITY, ENDING			14,850,637	14,201,452	13,600,545	12,908,728		

* Significant portions of District fleet due for replacement

** As calculated using GovInvest software discount rate 7.0%, investment returns 14.6% in 2019, salary increases 3.25%

***As calculated using GovInvest software discount rate 6.25%, investment earnings 14.6% in 2019, salary increases 3.25%

**** Actual returns may vary from forecast

***** 2017 - 2019 amount directed by the Board. 2020 forward based on GovInvest calculation.

Moraga-Orinda Fire Protection District
 Long Range Financial Forecast - Capital Expenditures
 Draft Update
 April 2020

	DESCRIPTION	AGE	REPLACEMENT DATE	BOOK VALUE	2018 REPLACEMENT COST	PROJ 20/21	PROJ 21/22
	BUILDINGS & GROUNDS						
	STATION-41/TRAINING	61	2022	579,367	8,500,000	750,000	661,000
	ADMINISTRATION	49	2022	340,435	1,500,000	250,000	115,000
	STATION-42	16	2041	1,992,000	2,721,437		
	STATION-43	0	2058		4,093,000		
	STATION-44	11	2046	2,648,802	2,478,819		
	STATION-45	47	2022	475,488	2,000,000	500,000	500,000
	CAPITAL IMPROVEMENTS - OTHER						0
	TOTAL FACILITIES EXPENDITURES					1,500,000	1,276,000
	TOTAL APPARATUS EXPENDITURES/VEHICLE					0	200,000
	FIREFIGHTING CAPITAL EQUIPMENT						43,046
	IT CAPITAL EXPENDITURES						19,228
	OTHER CAPITAL EXPENDITURES					24,200	24,442
	TOTAL CAPITAL					\$ 1,524,200	\$ 1,562,716

STAFFING SUMMARY

DIVISION	2021	2022
Board of Directors		
Director*	5	5
Total	5	5
Emergency Operations		
Fire Chief	1	1
Battalion Chief	3	3
Captain/Paramedic I	2	2
Captain/Paramedic II	9	9
Captain	4	4
Engineer/Paramedic I	2	2
Engineer/Paramedic II	3	3
Engineer	10	10
Firefighter/Paramedic	25	25
Firefighter	2	2
Paramedic**		
Total	61	61
Fire Prevention		
Fire Marshal	1	1
Fire Inspector/Plans Examiner	0.6	0.6
Fuels Mitigation Program Mgr	1	1
Fuels Mitigation Specialist	3	3
Total	5.6	5.6
Emergency Preparedness		
Emer Preparedness Coord***	0.5	0.5
Total	0.5	0.5
Administration		
Administrative Services Director	1	1
Human Resources Benefits Mgr	1	1
Accountant	1	1
Payroll Technician Part-Time	0.6	0.6
District Secretary/District Clerk	1	1
Office Specialist	1	1
Total	5.6	5.6
GRAND TOTAL	77.70	77.70



Moraga-Orinda Fire District

TO: Board of Directors

FROM: David Winnacker, Fire Chief
Gloriann Sasser, Administrative Services Director

DATE: April 29, 2020

SUBJECT: **Item 3.2 – Fiscal Impacts of COVID-19 on the Fiscal Year 2020 and 2021 Annual Operating Budgets**

BACKGROUND

On March 13, 2020 the World Health Organization formally declared COVID-19 a global pandemic. The economic ramifications were sudden and significant. In a matter of weeks, unemployment soared in California and nationwide with more than five million new claims per week with 22 million total claims in four week period. The stock market has been extremely volatile and many Bay Area businesses have closed in response to shelter in place orders and decreased consumer activity. March 2020 has been labeled as the beginning of a recession; this marks the end of the longest economic expansion in United States history. This also marks the most rapid economic breakdown in United States history.

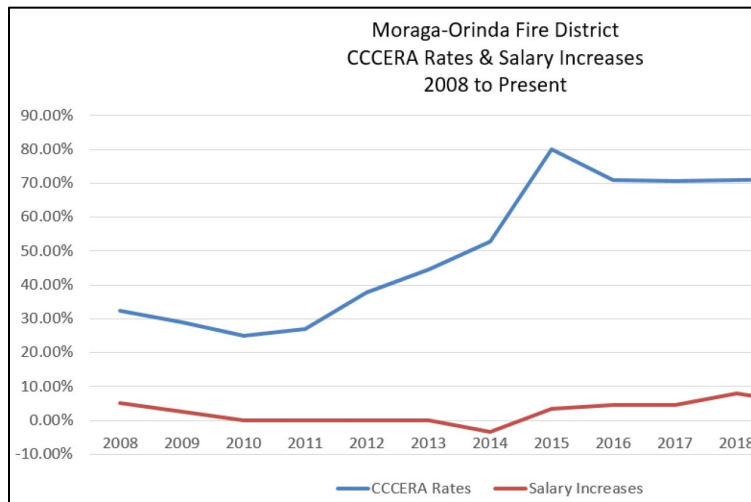
FISCAL IMPACTS OF COVID-19 ON THE DISTRICT'S FINANCES

At the Mid-Year Budget Review in February 2020, staff projected a FY2020 General Fund surplus of \$875K. Property tax revenue, which is the District's most important revenue source (86%), will continue to meet budget in FY2020. The District's property tax consultant, HdL Coren and Cone, has provided a property tax projection for FY2021 which reflects growth of 4.6%. Staff confirmed with HdL that the projection for FY2021 is still valid because the projection is based on the lien date of January 1, 2020, prior to the COVID-19 public health emergency. The impact of the recession and sales occurring in the 2020 calendar year will impact the District's property tax revenue beginning in FY2022.

Ambulance services revenue, the second largest revenue source (5%), is now projected to decrease and not meet budget in FY2020. The number of ambulance transports in March and April 2020 have significantly decreased as the community follows shelter in place guidelines and seeks alternate care due to concerns about infection transmission in hospitals. As of April 20th, MOFD has transported 52 times with a projected monthly total of 78 transports. This is 50% of April 2018 and April 2019 transports. County wide emergency department volume has been at 50% of seasonal norms for the last month. This is projected to continue through at least June 2020 and will likely result in ambulance revenue not meeting budget. In April 2020 the District received \$22,930 of federal stimulus money provided to ambulance services providers in the CARES Act.

The District's plan review, permit and inspection fees are projected to decrease and not meet budget due to a reduction in construction activity. The District's investment earnings are also projected to decrease.

Salaries and benefits expenditures for FY2020 have not changed due to COVID-19 and are projected to meet budget. The District is working with GovInvest and CCCERA to better understand the impact of market volatility on future employer retirement contribution rates. For comparison, from 2008 to 2015 CCCERA rates increased from 32% to 80%.



The District projects additional operating expenses in FY2020 due to COVID-19 supply costs of \$50,000. The District is seeking reimbursement for this and other costs via the state-wide emergency declaration.

During this unprecedented time, the Government Finance Officers' Association recommends local governments maintain budget flexibility by budgeting revenues conservatively low and budgeting expenditures conservatively high. Based on this recommendation, staff conservatively projects District General Fund revenue will meet expenditures for FY2020 with a small surplus.

The most significant fiscal impacts due to COVID-19 will likely occur beginning in FY2022 when property tax revenue will reflect 2020 real estate sales activity and FY2023 as CCCERA employer contribution rates will begin to reflect 2020.

At this time there is much uncertainty throughout the state, country and world. It is unknown how long the shelter-in-place will last, how the sheltering restrictions will be eased nor how long the recession will last.

The District has the following reserve funds:

- General Fund unassigned \$7.8M
- Capital Projects Fund assigned \$4.4M
- North Orinda Emergency Fuel Break assigned \$410K
- General Fund restricted for pension benefits \$2.6M
- Restricted for OPEB benefits \$1.7M

The District's pension obligation bonds will be paid-in-full on July 1, 2022 which increases General Fund property tax revenue beginning in FY2022 (\$2M - \$3.8M per year.)

FY2021 Budget Development

There are several approaches that can be taken to the FY2021 budget development including:

- Status quo – continue all programs and plans
- Moderate spending decrease – reduce some General Fund spending, review Capital Projects Fund spending.
- Aggressive spending decrease – freeze hiring, eliminate non-mandatory spending and activities including fuels mitigation, non-mandatory fire prevention activities, emergency preparedness/CERT, non-mandatory training, exercise equipment, capital projects, etc.

RECOMMENDATION

The fiscal impacts of COVID-19 are significant. The District, while well positioned for a recession with healthy reserve levels, is not immune to the fiscal challenges. At this time there are many uncertainties. Staff recommends a moderate to aggressive approach to spending decreases for the FY2021 budget development process. As FY2021 develops, the District can increase spending and restore programs if the economy begins to rapidly recover.

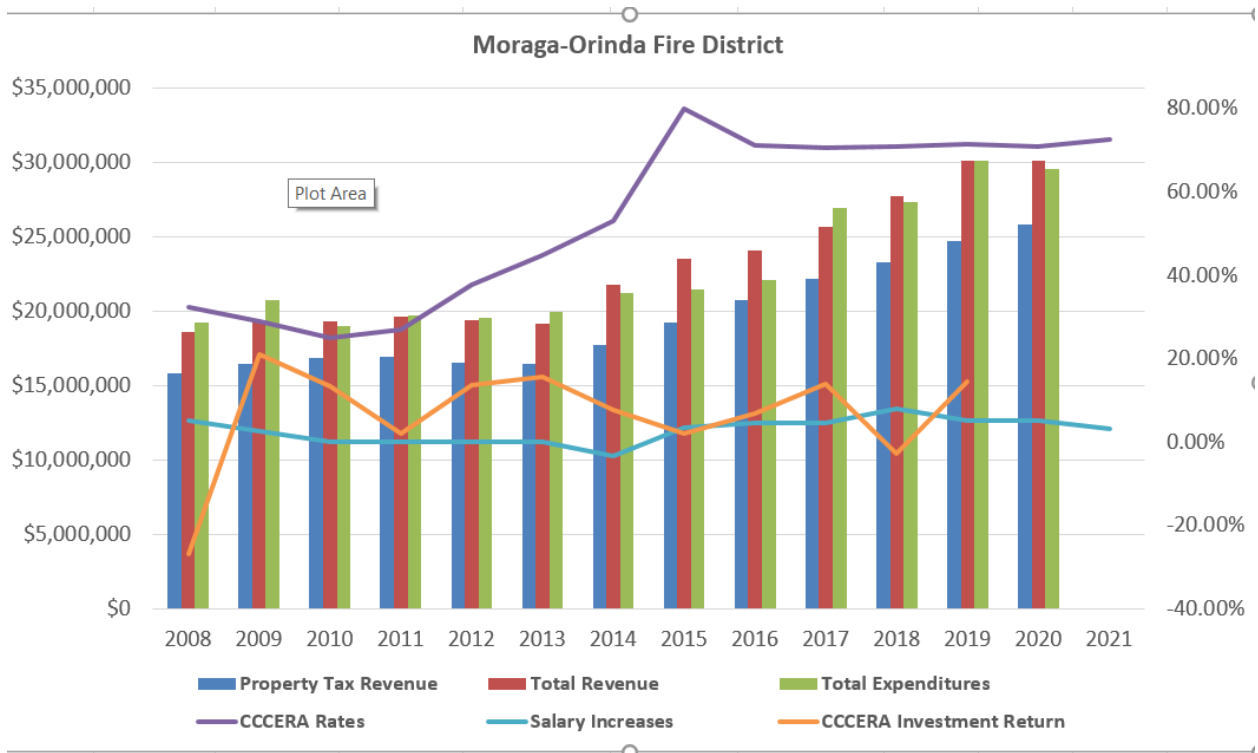
BOARD ACTION

Staff requests Board direction regarding District spending and development of the FY2021 Annual Operating Budget.

ATTACHMENTS

Attachment A – Graph of Historical Revenue, Expenditures, Salary Increases, CCCERA Investment Return and Rates

Attachment B – Revenue History



**Moraga-Orinda Fire District
Revenue History**

Fiscal Year	Property Tax		YOY Change		Ambulance		YOY Change		Fire Flow Tax		YOY Change		Total Revenue*		YOY Change		Notable Events
	Revenue	Revenue	Change	Change	Revenue	Revenue	Change	Change	Revenue	Revenue	Change	Change	Revenue	Revenue	Change	Change	
2006	\$14,227,016	\$900,346			\$893,355	\$16,486,425			\$893,355	\$16,486,425			\$16,486,425	\$16,486,425			
2007	\$15,941,297	\$887,441	12.05%	-1.43%	\$960,183	\$17,818,560	7.48%	8.08%	\$960,183	\$17,818,560	7.48%	8.08%	\$17,818,560	\$17,818,560	7.48%	8.08%	
2008	\$15,805,123	\$879,464	-0.85%	-0.90%	\$884,763	\$18,582,241	-7.85%	4.29%	\$884,763	\$18,582,241	-7.85%	4.29%	\$18,582,241	\$18,582,241	-7.85%	4.29%	Great Recession: 12/2007 - 6/2009
2009	\$16,407,887	\$791,704	3.81%	-9.98%	\$1,066,761	\$19,295,709	20.57%	3.84%	\$1,066,761	\$19,295,709	20.57%	3.84%	\$19,295,709	\$19,295,709	20.57%	3.84%	Swine Flu H1N1 4/2009 - 4/2010
2010	\$16,827,597	\$898,236	2.56%	13.46%	\$1,064,888	\$19,316,557	0.11%	0.11%	\$1,064,888	\$19,316,557	-0.18%	0.11%	\$19,316,557	\$19,316,557	-0.18%	0.11%	
2011	\$16,882,276	\$906,709	0.32%	0.94%	\$1,067,969	\$19,618,106	1.56%	1.56%	\$1,067,969	\$19,618,106	0.29%	1.56%	\$19,618,106	\$19,618,106	0.29%	1.56%	
2012	\$16,524,808	\$903,692	-2.12%	-0.33%	\$1,067,763	\$19,337,588	-1.43%	-1.43%	\$1,067,763	\$19,337,588	-0.02%	-1.43%	\$19,337,588	\$19,337,588	-0.02%	-1.43%	
2013	\$16,471,345	\$951,486	-0.32%	5.29%	\$1,069,288	\$19,110,387	-1.17%	-1.17%	\$1,069,288	\$19,110,387	0.14%	-1.17%	\$19,110,387	\$19,110,387	0.14%	-1.17%	
2014	\$17,670,263	\$810,990	7.28%	-14.77%	\$1,071,747	\$21,718,550	13.65%	13.65%	\$1,071,747	\$21,718,550	0.23%	13.65%	\$21,718,550	\$21,718,550	0.23%	13.65%	Ebola: 2014-2016
2015	\$19,235,848	\$907,730	8.86%	11.93%	\$1,068,288	\$23,462,143	8.03%	8.03%	\$1,068,288	\$23,462,143	-0.32%	8.03%	\$23,462,143	\$23,462,143	-0.32%	8.03%	
2016	\$20,693,314	\$997,388	7.58%	9.88%	\$1,070,214	\$24,079,474	2.63%	2.63%	\$1,070,214	\$24,079,474	0.18%	2.63%	\$24,079,474	\$24,079,474	0.18%	2.63%	Zika: 12/2015 - 9/2016
2017	\$22,121,300	\$1,116,153	6.90%	11.91%	\$1,076,738	\$25,614,287	6.37%	6.37%	\$1,076,738	\$25,614,287	0.61%	6.37%	\$25,614,287	\$25,614,287	0.61%	6.37%	
2018	\$23,220,123	\$1,082,685	4.97%	-3.00%	\$1,080,597	\$27,729,669	8.26%	8.26%	\$1,080,597	\$27,729,669	0.36%	8.26%	\$27,729,669	\$27,729,669	0.36%	8.26%	
2019	\$24,686,257	\$1,751,628	6.31%	61.79%	\$1,084,245	\$29,928,996	7.93%	7.93%	\$1,084,245	\$29,928,996	0.34%	7.93%	\$29,928,996	\$29,928,996	0.34%	7.93%	
2020	\$25,798,580	\$1,330,000	4.51%	-24.07%	\$1,087,937	\$30,060,279	0.44%	0.44%	\$1,087,937	\$30,060,279	0.34%	0.44%	\$30,060,279	\$30,060,279	0.34%	0.44%	COVID-19: 3/2020 -
2021	\$26,989,611	\$526,000	4.62%	-60.45%	\$1,088,000		0.01%	0.01%	\$1,088,000		0.01%	0.01%			0.01%	0.01%	

* Does not include revenue from the State of California for the North Orinda Emergency Fuel Break project

Source: Comprehensive Annual Financial Report



Moraga-Orinda Fire District

TO: Board of Directors

FROM: David Winnacker, Fire Chief
Gloriann Sasser, Administrative Services Director

DATE: April 29, 2020

SUBJECT: **Item 3.3 – Development of Annual Operating Budget FY2021 and Discretionary Expenditure Budget for FY2021**

Background

Over the past several months the development of the Annual Operating Budget for Fiscal Year 2021 (Budget) has begun. The purpose of the public workshop is to provide an opportunity for the Board and the public to discuss discretionary programs and discretionary spending priorities for FY2021. Based on Board direction during the public workshop, the Budget will be developed and returned for public input and board review on May 13th. The proposed Budget is scheduled for adoption by the Board on June 17, 2020 but is not required until October 2020 at the latest.

General Fund

Total General Fund revenue is projected to be \$24.8M, which is \$22K less than the amount of General Fund revenue projected to be received in FY2020. Notable differences in General Fund revenue for FY2021 are as follows:

- Property tax revenue in the General Fund is projected to increase \$1.0M or 4.6% based on HdL estimates. This is primarily due to increased median price of single family residential properties and increased assessed valuation.
- Ambulance service revenue is projected to decrease \$804K or 60.5% due to COVID-19 effects on ambulance transports.
- Charges for services is projected to decrease \$136K or 64.8% due to projected reductions in residential development and remodel activity due to COVID-19 financial effects.
- Intergovernmental revenue is projected to decrease \$268K or 39% due to the completion of the federal SAFER grant.
- Investment earnings are projected to decrease \$35K or 50% due to lower returns of LAIF funds due to COVID-19 financial effects.

Many of the District's expenditures are required based on contractual, operational or legal requirements. These non-discretionary General Fund expenditures have been projected as follows:

Salaries and benefits - Suppression staff	\$18,090,591
Salaries and benefits - Administration staff	1,155,080
Worker's compensation insurance	1,306,576
Retiree health insurance	925,000
Unemployment insurance	11,000
Operating Expenses	<u>2,574,117</u>
Total non-discretionary	\$24,062,364

Additional expenditures are not mandatory, however represent a continuation of effort in areas such as pension and OPEB trust contributions, fuels mitigation program, emergency preparedness/CERT, fire chief contingency and training. These expenditures are:

Pension rate stabilization trust contribution	\$1,562,792
Salaries and benefits - Fuels Mitigation staff	481,000
OPEB trust contribution	475,482
Emergency Preparedness/CERT	157,123
Fuels mitigation operating expenses	100,000
Fire chief contingency	100,000
Discretionary training	35,000
GIS mapping	26,300
Fire station furniture	16,500
Hiring freeze - recruit academy	15,000
Exercise equipment	10,200
Other	<u>45,518</u>
Total discretionary	\$3,024,915

Revenue is projected to exceed projected non-discretionary and continuation of effort expenditures by \$715K. The purpose of the public workshop is to obtain direction from the Board regarding how to allocate the \$3.0M of discretionary expenditures and the use of General Fund reserves in FY2021.

Capital Projects Fund

The Capital Projects Fund budget includes the following:

Station 41/Administration remodel	\$1,000,000
Station 45 remodel – architect	500,000

The Capital Projects Fund projects a deficit of \$1.3M and available reserves of \$4.4M.

Recommended Action

1) Discuss; 2) Deliberate; 3) Provide direction to Staff regarding discretionary expenditure budget for FY2021 for the General Fund and Capital Projects Fund.