



Moraga-Orinda Fire District
BOARD OF DIRECTORS
SPECIAL MEETING PUBLIC BUDGET WORKSHOP
April 19, 2023
(APPROVED MAY 17, 2023)

1. OPENING CEREMONIES

The Board of Directors convened Open Session at 6:28 p.m. on April 19, 2023, at the Sarge Littlehale Room, 22 Orinda Way, Orinda, California 94563. This meeting was conducted in a hybrid format with in-person and remote options for public participation. President Jex called the meeting to order, requested an attendance roll call, and led the pledge of allegiance. Present were the following Directors and Staff (present in person unless noted):

| | | |
|--|--|---------------------------------|
| President Jex | Dave Winnacker, Fire Chief | Marcia Holbrook, District Clerk |
| Director Danziger | Gloriann Sasser, Admin Services Director | |
| Director Hasler | Christine Russell, Human Resources Manager | |
| Director Jorgens (present via Zoom) | Mary Smith, Finance Manager | |
| Director Reemer (Absent) | Jonathan Holtzman, District Counsel | |
| | Imran Dar, District Counsel | |

2. PUBLIC COMMENT – ITEMS NOT ON THE AGENDA

President Jex opened Public Comment. There were no requests to address the Board.

3. SPECIAL AGENDA

3.1 Public Budget Workshop - Development of Annual Operating Budget FY2024 and Board Direction Regarding the Draft Budget, General Fund Discretionary Expenditure Budget, Staffing Including the Addition of One Office Specialist Position in Fire Prevention, Capital Projects Fund, Tunnel East Bay Hills Fuel Break Fund and Fire Risk Reduction Grant Fund Budgets (audio)

Administrative Services Director Sasser presented the draft budget attached to these minutes as item 3.1. The public workshop is the first step in the public budget process to discuss the draft budget. Following the Board's direction during the workshop, the proposed Budget will be brought to the Board at the May board meeting for additional public input and board direction. The Budget is scheduled for adoption at the June board meeting, with the latest possible adoption date being October.

The draft budget includes General Fund revenue of \$34.7M, General Fund expenditures of \$32.3M, and a transfer to the Capital Projects Fund of \$3M, resulting in a budgeted deficit of \$533K. The total General Fund revenue is projected to increase by \$618K. Property tax revenue is projected to increase by 5.0% based on estimates provided by HdL. Ambulance revenue is projected to increase by 3% based on a planned fee increase that will be brought to the Board. Investment earnings are budgeted at \$150K due to the recent Board direction to invest beyond LAIF in fixed-income government securities to take advantage of increased interest rates to earn more interest. Grant revenue has been removed from the General Fund based at Board direction. Based on the Board's direction, strike team vehicle charges have been moved to the Capital Projects Fund.

Total General Fund expenditures are budgeted to be \$32.3M. Salaries and benefits expenditures are \$28M, including a July 1, 2023, salary increase of 5% per the MOUs and a mandatory CCCERA pension rate increase of 10.4%. The full actuarially recommended contribution (ARC) of \$543K is included in the OPEB contribution. A Pension Rate Stabilization Trust contribution is included at the full amount of \$1.6M using a 6.25% discount rate. Operating Expenditures are projected to increase by 12% to \$4.3M.

ASD Sasser shared a graph titled General Fund Revenues v. Expenditures representing the General Fund revenue and General Fund expenditures and transfers out. The last column of the graph shows the 2024 General Fund expenditures and transfers exceed revenue by a deficit of \$533K. ASD Sasser also reviewed the Proposed Budget FY2024 Authorized Positions and noted two changes regarding authorized positions in the draft budget. One .5 FTE Office Specialist position is recommended to be added to support the increased fire prevention activities, one .5 FTE Office Specialist is recommended to be added to support Human Resources, and a grant from the State of California will fund two additional Fuel Mitigation specialist positions for three year pilot program. The two grant-funded positions have been moved out of the General Fund into a new fund called the Fire Risk Reduction Grant Fund per Board direction.

The proposed Budget includes Safety roster strength of 57 positions, four Safety Management positions (the same as the prior year), and two Tunnel East Bay Hills Fuel Break project positions. Both fuel break

positions are limited duration, non-benefited, and fully funded with grant money. The proposed Budget includes five full-time Fuels Mitigation Specialist positions (three are funded in the General Fund, and two are funded by a State of California grant).

Proposed Budget FY2024 Authorized Positions

| Positions | FTE |
|----------------------------------|-------------|
| Board | 5 |
| Finance | 3.1 |
| Human Resources | 2.25 |
| Information Technology | 0.25 |
| Emergency Operations | 61 |
| Fire Prevention | 3 |
| Fuels Mitigation | 6 |
| Emergency Preparedness | 0.5 |
| Tunnel East Bay Hills Fuel Break | 2 |
| Total | 83.1 |

Proposed Budget 2024 Non-Discretionary Expenditures (contractual, operational, or legally required)

| | |
|--|----------------|
| Salaries and benefits - Suppression staff | \$21.4M |
| Salaries and benefits - Administration staff | 1.9M |
| Worker's compensation insurance | 1.1M |
| Retiree health insurance | 0.9M |
| Unemployment insurance | .005M |
| Operating Expenses | 3.2M |
| Total non-discretionary | \$28.4M |

Proposed Budget 2024 Continuation of Effort (Non-mandatory expenditures)

| | |
|--|--------------------|
| Pension Rate Stabilization Trust contribution | \$1,569,279 |
| OPEB trust contribution | 543,000 |
| Home hardening grants | 500,000 |
| Salaries and benefits - Fuels Mitigation staff | 435,000 |
| Emergency Preparedness/CERT | 287,937 |
| Additional Office Specialist - Fire Prevention | 132,000 |
| Fuels mitigation operating expenses | 110,000 |
| Fire chief contingency | 100,000 |
| GIS mapping | 85,500 |
| Discretionary training | 25,000 |
| Exercise equipment | 16,500 |
| Drones and supplies | 11,400 |
| Total discretionary | \$3,815,616 |

Capital Projects Fund

The draft budget includes Capital Projects Fund expenditures totaling \$9.4M. It also includes a \$3M transfer out of the General Fund into the Capital Projects Fund to pay cash for the Station 41/Administration construction project. The Capital Projects Fund projects a deficit of \$5M and available reserves of \$2.4M as of June 30, 2024.

| | |
|--|--------------------|
| Station 41/Administration Rebuild - Phase II | \$5,800,000 |
| Fire Engine Type I | 2,200,000 |
| Self-Contained Breathing Apparatus (partial grant) | 620,780 |
| Station Alerting System | 500,000 |
| Portable Radios | 250,000 |
| Station 44 Exterior Lights | 10,000 |
| Total | \$9,380,780 |

Restricted & Unrestricted Reserve Growth and Use

ASD Sasser presented a graph that reflected reserves from 2014 until the present. According to the draft budget, the total reserve amount will decrease in 2024. The Capital Projects Fund will also experience

a decrease in reserves in 2024, primarily due to outflows for the Station 41/Administration construction project and the acquisition of two type-1 fire engines. Staff requested Board direction regarding the draft Budget, which will be brought back to the Board at the May regular board meeting. Staff requested direction regarding the Continuation of Effort expenditures and any other Budget changes the Board would like implemented.

Director Danziger requested an explanation of the proposed expenditures in the Capital Projects Fund (except for the administration building phase II project). Fire Chief Winnacker explained the two type-I fire engines are quoted to cost \$1.1M, with expected delivery in 36 to 48 months. The Self-Contained Breathing Apparatus (SCBA) received a partial grant (\$375K) for a portion of that expense. The existing SCBAs are at the end of their service life and need replacement. The existing Station Alerting System is failing and dates back to the early 90s. Surrounding agencies are also in the process of upgrading their systems to a newer generation of alerting systems. The radios have planned obsolescence. Contra Costa County Fire and San Ramon Valley Fire Protection District have also begun replacing their radios but have decided to do that piecemeal over a period of time. Staff recommended replacing all the radios at once to prevent having multiple versions in use, which causes issues with interoperability and training. Director Danziger asked if the type of radio is coordinated with other surrounding districts. Fire Chief Winnacker answered yes and explained why all Agencies use the same radio model. Lastly, the Station 44 exterior lights were included as a Capital expense since it involved construction.

Director Jorgens inquired about the proposed \$9.3M. Fire Chief Winnacker explained the proposed \$3M transfer from General Fund to Capital was to cover the proposed Capital Project expenditures. Director Jorgens further inquired about the Capital Projects Fund and asked about the cost for the Station 41/Administration Rebuild project and if half of the cost would be spent in 2024 without proposed construction plans. Fire Chief Winnacker explained that there was an opportunity to start construction if Staff could identify a site and develop the plans.

Director Jorgens asked about the purchase of fire engines and if the District needed to pay for them upfront before delivery. Fire Chief Winnacker confirmed that the District received significant cost savings by paying in advance over paying cash on delivery due to inflation rates. Director Jorgens inquired about a guarantee if something was to happen and the company went out of business. Fire Chief Winnacker answered that Pierce Manufacturing was the exclusive provider for every Fire Department in the greater Bay Area. Staff will review the contract regarding the guarantee. Director Jorgens expressed his concerns and recommended that Staff investigate the company before paying for the fire engines in advance. Fire Chief Winnacker clarified that the approval of the Budget was different from the approval for the purchase. Staff will provide more information regarding the guarantees, recourses, and how the District would be protected against a potential failure to deliver.

President Jex asked about the projected Capital Projects Fund balance of \$7M, and ASD Sasser answered that the Capital Projects Fund projection of \$7.4M on July 1, 2023 was solid because all the capital projects for FY2023 have been completed.

Director Jorgens inquired about the 12.8% increase in the draft operating Budget. ASD Sasser explained that the increase compared what the District spent this year to the following year's Budget and the increase is primarily due to the Home Hardening Grant budget. The Home Hardening Grant program spent \$60K this FY, and the upcoming draft Budget allocated \$500K based on board direction. Other causes were a large increase in professional services outlined on page 8 of the draft Budget included in the board packet.

Director Danziger inquired about the \$287K Emergency Preparedness/CERT position and if that was still a shared position with the City of Lafayette. Fire Chief Winnacker answered that the City of Lafayette had repurposed those funds to John Cornell's position, which provides the Lamorinda area services for the MOFD backup radio system, backup Wi-Fi, and other things. MOFD no longer provides emergency preparedness services to the City of Lafayette. Fire Chief Winnacker added MOFD does continue to sponsor the Lamorinda CERT. The vast majority of CERT's cost, exclusive of the Emergency Preparedness Coordinator's time, is generated by water drum sales and other activities that CERT carries out. Fire Chief Winnacker highlighted how the District benefits from the services received from the John Cornell position supporting the backup radio system. Fire Chief Winnacker explained the exchange of services MOFD received from John Cornell, the City of Lafayette, and the City of Lafayette receives from the Lamorinda CERT program.

Director Hasler inquired about the Fire Chief Contingency Fund. Fire Chief Winnacker answered the Contingency fund included various items such as iPads, mounting brackets, the Fire Adapted Community

Ambassador vests, a hard-to-obtain vehicle, and other minor unplanned items. Director Hasler asked if the \$100K has always been the amount budgeted. Fire Chief Winnacker stated yes since its creation in 2018. The Contingency fund has been unspent for two of the last five years. In other years, things have come up that were operational and expedient to purchase, and confirmed the \$100K is a good number.

Director Danziger inquired about the need for an additional Office Specialist position. Fire Chief Winnacker explained that the current position is split between Human Resources and Fire Prevention, with each department having .5 FTE. The Human Resources department requires additional support for promotions, hiring, and benefits, while Fire Prevention has seen increased staff size and workload. The administrative support has not kept pace with the increased number of people in the field, resulting in a need for a new FTE in support of fire prevention. Staff recommended reallocating .5 FTE from Human Resources and .5 FTE from Fire Prevention to create a dedicated administrative support position for Fire Prevention. This will help increase the professionalism of the organization and improve efficiency. Director Danziger asked if there would be 1.0 FTE in each department, and Fire Chief Winnacker confirmed that this is the staff recommendation. The alternative would be to pull back one of the Fire Prevention Specialists to carry out administrative functions supporting the other four in the field.

Director Danziger informed the Board of his intentions to submit and present revisions for the Board of Directors Purpose and the Standard Level Performance on page 12 of the draft budget. Fire Chief Winnacker stated the item could be added as an agenda item for the Board to discuss, comment on, and then vote to make any changes to be incorporated into the revised budget document.

President Jex expressed difficulty performing a meaningful review without a balance sheet and asked if the retirement contribution amount was a firm number. Fire Chief Winnacker confirmed that the number is based on CCCERA's revised calculations. President Jex asked why the contribution to the Pension Stabilization Trust Fund went down 26%; Fire Chief Winnacker explained that it was largely due to the narrowing of the delta between MOFD's assumed rate of return and CCCERA's assumed rate of return following CCCERA's decision to change their assumed rate of return from 7.0% to 6.75%.

President Jex requested more information on the decreased contribution percentage and mentioned that a 1% change in the unfunded pension liability would increase the cost to \$51M. The same issue was present for the OPEB Fund, with the unfunded amount going up from \$11M to \$13M. President Jex emphasized that any change in the Actuary's assumptions would greatly impact determining the outflow and inflow.

President Jex requested an unaudited complete balance sheet before finalizing the operating Budget. ASD Sasser responded the CCCERA rates for the FY2024 Budget are based on the December 31, 2021, Actuarial valuation. Because of the 18-month lag, those rates go into effect on July 1, 2023. The CCCERA numbers are solid for what the cost is going to be for the fiscal year 2024. The December 31, 2022 CCCERA actuarial valuation will be available in October, and again will see the 18-month lag. ASD Sasser stated an updated balance sheet as of March 31, 2023, was included in the April board packet.

President Jex explained that he is looking at the information relative to the Actuarial information, which has not been seen since 2021. ASD Sasser answered the 2022 information would be available in October 2023. President Jex stated the assumptions CCCERA has made indicate that the District might be looking at a \$111M unfunded pension liability. CCCERA may choose not to bill the District to cover their obligations; however, they may be underfunding. If they are underfunding, the District needs to know the risk that will eventually come to the District. Fire Chief Winnacker stated as policy, CCCERA uses smoothing which results in the impact of gains and losses being spread over a five year period. The District will see the smoothing in two places: the regular pension contribution and an increase in the UAAL contribution.

Director Jorgens commented that the concerns were previously discussed during the Long-Range Financial Forecast (Forecast) discussion at the March meeting. ASD Sasser confirmed that the information had been updated in the Forecast, which included the CCCERA numbers received from Segal Consulting, based on the results of December 31, 2022, and coming up for discussion. Director Jorgens expressed doubt that CCCERA had that data available yet. President Jex emphasized the importance of having that information for budget planning purposes. Director Jorgens noted that the Board needed to put the Budget in perspective relative to the Forecast to forecast the cash needs accurately. Also, the numbers received from CCCERA were dated and optimistic, assuming a 3.5% salary increase, much lower than the District's potential future salary increases.

Fire Chief Winnacker answered that the District's labor contracts are used by CCCERA to obtain precise figures from that contract period. Once the contract period expires, CCCERA and the District's Forecast

use a standard 3% rate and project it accordingly. Once new labor contracts are in place, actual salary increases are used to updated projections.

President Jex expressed concern about future bills being higher than forecasted, which could result in a financial shortfall for the District. The Board must plan for any potential cost increase to avoid this scenario. Director Jorgens recalled the impact of the 2008 financial crisis on the organization and the increased contribution that CCCERA required as a result. This experience highlighted the importance of being proactive in planning for financial contingencies. Fire Chief Winnacker stated the employer contribution increased significantly from 2009 to 2012.

Daniel Elbanna, Local 1230 Union Representative, supported fully funding pensions; however, he expressed concerns about solely setting aside money for emergencies rather than prioritizing customer service for the citizens. Mr. Elbanna recommended balancing the Pension Stabilization funding and spending to ensure the highest level of service. He requested clarification on the CCCERA increase for 2024 and why the Pension Rate Stabilization Fund was not being used to pay for the rate increase instead of the General Fund. Mr. Elbanna expressed confusion about the purpose of the Pension Rate Stabilization Fund and asked for more details on its purpose. He also inquired about the maximum amount the Board wants in that Fund. Mr. Elbanna concluded by expressing his support for the Fund and requested that the Board establish policy and guidance to define how the funds will be spent and utilized.

President Jex stated that the increase in the pension fund contribution was \$1.8M, a 29% increase. The Pension Rate Stabilization Fund decreased by 26% in the Budget, going from \$2,108,000 to \$1,567,000. When the Pension Stabilization Fund was established, the Board dealt with an unfunded pension liability of \$40-\$50M. The Board decided that if the funding organization did not provide adequate support, the District would establish a stabilization fund with enough resources to cover the difference. The stabilization fund was created to finance the unfunded pension liability over time, not to level out the pension cost. If the District faced a catastrophe and revenues were impacted, the District would have the necessary funds to make the payment.

Director Jorgens agreed and added that CCCERA has been making the mistake of underestimating its liabilities and overestimating its assets for the last two decades, which have resulted in the premiums being undercharged, leading to unfunded liabilities. The Board set up a parallel fund to CCCERA to have those assets to solve the problem and ensure that the payments could be funded going forward, even during budget cuts.

Director Hasler inquired about the existence of a policy for the Pension Rate Stabilization Fund. Fire Chief Winnacker responded by stating that there is currently no policy in place that governs the outflows of the Fund.

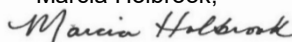
Jonathan Goodwin, a Canyon resident, voiced his support for the Pension Rate Stabilization Fund and the actions of the Board. He emphasized the importance of providing details of the cycles and the significance of the Fund. Mr. Goodwin agreed with the importance of balancing Budget concerns with operational quality. Director Jorgens expressed that he felt the Board was already doing both on a regular basis.

Jacob Airola, Local 1230 Union Representative, opposed allocating \$500K to the Home Hardening Grant program. Providing grants with MOFD tax dollars could be seen as appropriating public funds for private use and could be seen as unfair to taxpayers who may not be eligible to receive the same benefits. Mr. Airola contended that funding to improve individual homes while denying the highest level of service to the community (at large) goes against the mission of the District and requested the Board indicate exactly how it will be spent.

4. ADJOURNMENT

At 7:28 p.m., Director Hasler motioned and seconded by Director Danziger to adjourn the meeting. Said motion carried a 4-0-1-0 voice vote (Ayes: Danziger, Hasler, Jorgens, and Jex; Noes: None; Absent: Roemer; Abstain: None).

Marcia Holbrook,


District Secretary/District Clerk

Moraga Orinda Fire District 2024 Annual Operating Budget Proposed

MORAGA-ORINDA FIRE DISTRICT

DRAFT

Annual Operating Budget
Fiscal Year 2024

PUBLIC BOARD
BUDGET WORKSHOP



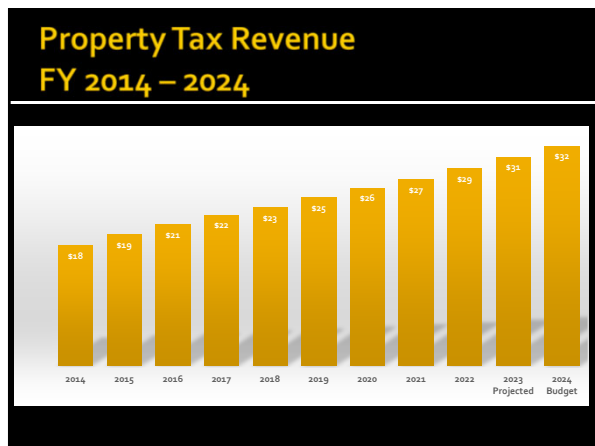
Board of Directors Meeting
April 19, 2023



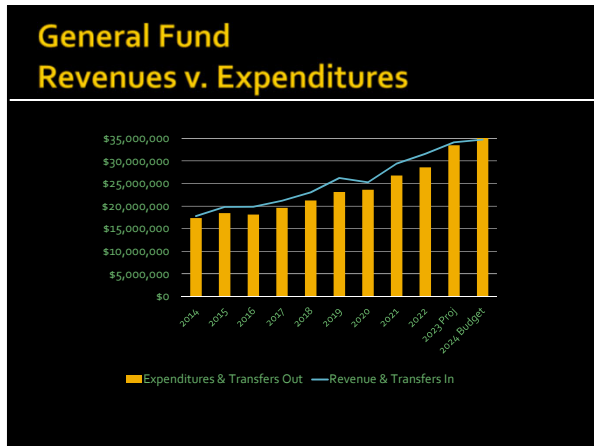
General Fund Budget Overview Deficit \$533,403

| | |
|------------------------------------|---------|
| General Fund Revenue | \$34.7M |
| Salaries and Benefits Expenditures | \$28.0M |
| Operating Expenditures | \$4.3M |
| Transfer to Capital Projects Fund | \$3.0M |
| Expenditures in Excess of Revenue | \$0.5M |

- ## General Fund Budget Highlights Deficit \$533,403
- General Fund Revenues: \$34.7M (+\$618K)
 - Property taxes: \$32.2M (+5.0%/\$1.5M)
 - Ambulance fees: \$1.1M (+3%)
 - Investment earnings: \$150K
 - Grant revenue removed from General Fund
 - Strike team vehicle charges moved to Capital Projects Fund: -\$100K



- ## General Fund Budget Highlights Deficit \$533,403
- General Fund Expenditures: \$32.3M
 - Salaries & benefits: \$28.0M
 - CCCERA rate increase +10.4%
 - OPEB Contribution: \$543K (full ARC)
 - Pension Rate Stabilization Trust: \$1.6M (full amount 6.25% discount rate)
 - Operating: \$4.3M (+12%)



Proposed Budget FY2024 Authorized Positions

| | |
|----------------------------------|--------------|
| Board | 5.00 |
| Finance | 3.10 |
| Human Resources | 2.25 |
| Information Technology | 0.25 |
| Emergency Operations | 61.00 |
| Fire Prevention | 3.00 |
| Fuels Mitigation | 6.00 |
| Emergency Preparedness | 0.50 |
| Tunnel East Bay Hills Fuel Break | 2.00 |
| Total | 83.10 |

- ### Proposed Budget 2024 Authorized Positions
- Emergency Operations
 - Safety roster 57
 - Safety management 4
 - Tunnel East Bay Hills Fuels Break – 2 limited duration positions
 - Fuels Mitigation Specialist – 5
 - General Fund – 3
 - Fire Risk Reduction Grant – 2 limited duration

Proposed Budget 2024 Non-Discretionary Expenditures

| | |
|--|----------------|
| Salaries and benefits - Suppression staff | \$21.4M |
| Salaries and benefits - Administration staff | 1.9M |
| Worker's compensation insurance | 1.1M |
| Retiree health insurance | 0.9M |
| Unemployment insurance | .005M |
| Operating Expenses | 3.2M |
| Total non-discretionary | \$28.4M |

Proposed Budget 2024 Continuation of Effort

| | |
|--|--------------------|
| Pension rate stabilization trust contribution | \$1,569,279 |
| OPEB trust contribution | 543,000 |
| Home hardening grants | 500,000 |
| Salaries and benefits - Fuels Mitigation staff | 435,000 |
| Emergency Preparedness/CERT | 287,937 |
| Additional Office Specialist - Fire Prevention | 132,000 |
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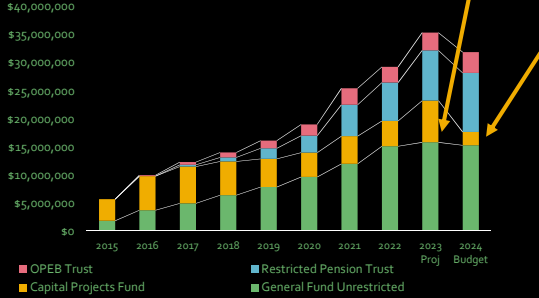
Capital Projects Fund

Proposed Expenditures

| | |
|--|--------------------|
| Station 41/Administration Rebuild - Phase II | \$5,800,000 |
| Fire Engine Type I | 2,200,000 |
| Self Contained Breathing Apparatus (partial grant) | 620,780 |
| Station Alerting System | 500,000 |
| Portable Radios | 250,000 |
| Station 44 Exterior Lights | 10,000 |
| Total | \$9,380,780 |

Proposed transfer from the General Fund to the Capital Projects Fund \$3.0M

Restricted & Unrestricted Reserve Growth and Use



Board Direction Requested

- General Fund continuation of effort budget
- Staffing – Office Specialist
- Capital Projects Fund expenditures
- Any other direction regarding the draft Budget (\$533K General Fund deficit)