

Moraga-Orinda Fire Protection District



BOARD OF DIRECTORS REGULAR BOARD MEETING MINUTES

November 7, 2018
(Approved December 5, 2018)

1. Opening Ceremonies

The Board of Directors convened in Open Session at 6:00 P.M. on November 7, 2018 at the Hacienda Mosaic Room, 2100 Donald Drive, Moraga, California. President Barber called the meeting to order. Present were the following Directors and Staff:

Director Anderson	Director Jex	Jonathan Holtzman, District Counsel
Director Barber	Director Jorgens	Jeff Sloan, District Counsel
Director Famulener	Dave Winnacker, Fire Chief	Gloriann Sasser, Admin Services Director

2. Public Comment

There was no comment from the public.

3. Closed Session

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

4. Reconvene the Meeting

President Barber reconvened the regular business meeting of the Moraga-Orinda Fire District Board of Directors at 7:04 P.M. Present were the following Directors and Staff:

Director Anderson	Director Jorgens	Gloriann Sasser, Admin Services Director
Director Barber	Dave Winnacker, Fire Chief	Grace Santos, District Clerks
Director Famulener	Jonathan Holtzman, District Counsel	
Director Jex	Jeff Sloan, District Counsel	

5. Report of Closed Session Action

There was no reportable action taken in Closed Session.

6. Public Comment

Jonathan Goodwin, Canyon resident, bid farewell to retiring Board members Anderson, Barber and Famulener and commented on Chief Winnacker's first year as Chief. He suggested that the Board and Chief Winnacker work together to review the Brown Act and define the roles and responsibilities of the Fire Chief and the Board.

7. Consent Agenda

Director Jorgens asked to pull Item 7.1 Meeting Minutes and discuss separately.

Motion by Director Famulener and seconded by Director Anderson to approve and file item 7.2 Monthly Incident Report, 7.3 Monthly Check/Voucher Register, 7.4 Monthly Financial Reports, 7.5 Quarterly Treasurer's Report, 7.6 Quarterly Ambulance Billing Report, and 7.7 Quarterly Ambulance Billing Report. Said motion carried a 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens; Noes: None).

Director Jorgens stated that he preferred to have a verbatim transcription of item 8.4 contained in the October 3, 2018 Board Meeting Minutes, instead of paraphrased. District Clerk Santos suggested that the Board approve and file the October 3, 2018 meeting minutes to include the amendment of Item 8.4 as directed by Director Jorgens and post on the District's website when complete.

Motion by Director Jorgens and seconded by Director Famulener to approve and file item 7.1 Meeting Minutes. Said motion carried a 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens; Noes: None).

8. Regular Agenda

8.1 Draft GASB 75 OPEB Valuation Report as of June 30, 2018 and Approval of OPEB Funding Policy

The District provides retiree health insurance benefits to employees. Government Accounting Standards Board Statement No. 75 requires the District to complete an actuarial valuation of the other post-

employment benefits (OPEB) plan. As a result, the District contracted with GovInvest to complete an actuarial report calculating the long-term cost associated with the District's OPEB plan.

A draft GASB 75 OPEB Valuation Report as of June 30, 2018 was presented to the Board on October 3, 2018. No changes to the report were directed.

Jonathan Goodwin, Canyon resident, commented on how the report is difficult for the public to read and criticized the accessibility of the report to the community. He stated that the report did not provide answers to simple questions, and only confuse those who are not skilled and possess the wisdom of the financial terminology. Mr. Goodwin asked if staff would summarize the report in simple terms and post on the website.

President Barber agreed with Mr. Goodwin's comment and suggested making documents written in technical terms understandable for the public and community. However, he understands that some of the technical terms have legal consequences and is written to avoid litigation.

Chief Winnacker stated that some of the technical terms have meaning and to create a "lay" version would involve opinions and decisions over which words to use. Using technical terms and following the accepted accounting principles in the current form protects staff from having to take a personal opinion about the District's position. It would be very challenging and subject to interpretation.

Director Jorgens suggested asking the outside consultant to prepare a summary in their words, which releases the District from any liability. President Barber agreed and directed staff to contact the District's consultant to discuss preparing a summary that is easier to read.

Director Jex commented that page 43, item 10 of the CAFR includes a footnote disclosure that provides most of the information needed, answers many issues in the document, and is used to produce and summarize the accounting.

Motion by Director Jorgens and seconded by Director Famulener to approve the GASB 75 OPEB Valuation Report as of June 30, 2018 and OPEB Funding Policy. Said motion carried a 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex and Jorgens; Noes: None).

8.2 Annual Audit and Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018

Each year the District engages a certified public accountant to audit the financial statements of the District. The District's Administrative Services Division prepared the financial statements for the fiscal year ending June 30, 2018. The financial statements have been audited by Vavrinek, Trine, Day & Co., LLP (VTD.) In addition to the financial statement audit, VTD was engaged to prepare a required report on the District's Gann appropriations spending limit calculation and a letter to the Board required by professional accounting standards discussing their audit engagement and the procedures they performed. This report includes no audit findings.

Based upon the audit procedures performed, VTD has rendered their opinion that the District's financial statements present fairly the District's financial position at June 30, 2018, and the results of the governmental activities and the budgetary comparison information for the year then ended, in accordance with generally accepted accounting principles. This is generally referred to as a "clean" or "unqualified" audit opinion.

In addition to the audited financial statements, the District prepared a Comprehensive Annual Financial Report (CAFR) that is designed to meet the requirements of the Government Finance Officers Association (GFOA). The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. The GFOA then recognizes individual governments that succeed in achieving this goal. This is the fourth year the District has participated in the CAFR Program.

The District's CAFR for the fiscal year ended June 30, 2018 will be submitted to the GFOA for consideration of a Certificate of Achievement for Excellence in Financial Reporting. The CAFR will also

be posted on the District's website. The CAFR was reviewed by the Audit Ad Hoc Committee in October 2018.

ASD Sasser gave a brief PowerPoint presentation. Ahmad Gharaibeh reviewed the CAFR and answered questions from the Board.

Director Jorgens stated that the Board directed staff to use a discount rate of 6.25% for both the pension and OPEB liabilities. The CAFR is the District's financial statement and the discount rate of 6.25% should be reflected in the report, or at least in the footnote.

ASD Sasser stated that CCCERA's rate is 7%. Chief Winnacker stated that the number is provided by CCCERA, and is used in their calculations.

Director Jorgens stated that the District purchased a model (two years ago) that allows it to do that. He directed staff to include a footnote referencing the difference between the numbers provided by CCCERA and the District's assumption upon rate of return. He also asked staff to include the gross pension liabilities in the footnotes.

Director Jex commented that the information presented in the footnotes of the financial statements must agree with the information presented in the financial statements, and suggested adding it to the unaudited section of the financial statements.

Director Jorgens asked staff to include calculations between the gross liability and the District's proportionate share, and show the District's proportionate share of assets. He directed staff to do so and include in the footnotes.

Director Jex reported that the audit committee meet a few times during the year. He commented on two issues of concern to him. The first was an issue regarding the balance of the Station 43 Construction in Progress. The committee reviewed the issue and made a determination that it was not an asset but instead was a balance that remained on the books. An amount of \$689,733 was written-off and an adjustment was made during the audit. Director Jex also commented on the Long Range Forecast for the next three years. After making adjustments for the new labor contracts, the general fund balance in the next three years would drop down to \$1,917,000 and the Capital Fund balance would drop from \$8M to \$2.9M, which will put the District down to 6.5%. Director Jex commented on the importance of having 50% to fund the first six months of the year without having to borrow from the Teeter Plan. The forecast shows that the District will have less than a month's cash to cover its operating needs. He suggested doing an independent review to determine if the assumptions and rationale are appropriate. Director Jex stated that the District has inadequate cash balance to cover current operations and feels that it is on the verge of bankruptcy. He discussed adding additional disclosure and a comment in the forepart of the financial statements that highlights his going concern situation that if things turn out to be as reflected, without action taken by future boards in terms of the needed funds, a reduction in services or other activities may have to be curtailed in order to remain solvent.

Mr. Gharaibeh stated that he would look into the assumptions and forecasts and add an additional paragraph in the forepart of the financial statements.

Director Jorgens commented on the other revenues section on page 7 and asked why certain numbers were lumped together when others were broken out, and stated that he would like to see more details regarding other revenue. He commented on the use of the terms "total assets" and "total liabilities", that deferred inflows and outflows were not included in the total assets or liabilities, and suggested adding a footnote to explain. Director Jorgens asked to include the amortization period of deferred outflows and inflows, additional clarification, and an amortization period of 5 years.

Mr. Gharaibeh clarified and stated that it is intentional and the accounting standards do not want it included in the liabilities or asset sections. They are timing differences, fluxes in the pensions due to fluxes in the investment market and do not recognize everything all at once for smoothing purposes. They are changes in assumptions and regulated by the accounting standards so that everyone is comparable in the manner that they report financial statements. Mr. Gharaibeh stated that the District has an award-winning CAFR reviewed by separate agencies in compliance with the accounting and reporting standards. He could add more clarification on the source of the deferred inflows and outflows to help non-finance people understand.

Director Jorgens directed staff to make the changes and stated that the Board had to approve the CAFR, not just receive it.

ASD Sasser stated that staff would make the requested changes to the CAFR for presentation at the next meeting for the Board to approve.

8.3 Approval of FY2019 General Fund Expenditure Budget Adjustment

On October 3, 2018, the Board approved a Memorandum of Understanding (MOU) between the District and United Professional Fire Fighters of Contra Costa County I.A.F.F. Local 1230, AFLCIO for the period July 1, 2018 – June 30, 2021. The MOU included wage and benefit increases that were not included in the FY2019 Annual Operating Budget (Budget).

Negotiations were ongoing during development of the Budget and the Budget included no appropriations for increased employee costs. As a result, a General Fund Budget Adjustment is necessary. The Budget includes a General Fund surplus of \$171,021. Staff identified four options for Board direction and requested board direction regarding a General Fund expenditure budget adjustment.

Director Jex stated that he is opposed to charging against the general fund reserve and felt that it would be more appropriate to do so during the mid-year budget review process.

Motion by Director Jorgens and seconded by Director Famulener to increase General Fund expenditure appropriations \$754,206 and maintain all other General Fund expenditure appropriations at the same amounts. This will result in a General Fund budgeted deficit of (\$583,185). Said motion carried a 4-1 roll-call vote (Ayes: Barber, Famulener, Jex, Jorgens; Noes: Anderson).

8.4 Exterior Hazard Inspection Follow-Up – No Staff Report

Chief Winnacker gave an oral report on the Exterior Hazard Inspections. The total number of inspections conducted throughout the year was 187, which include 77 red tag complaints; 60 30-day notices; 24 red tags (that were not a result of a complaint); 19 no-hazard complaints; and 7 verbal warnings.

Five inspections were not associated with either a complaint or a targeted area such as the evacuation routes on Moraga Way, Moraga Road and Miner Road. Of the five, it was determined that one was an incorrectly filed verbal complaint and the homeowner had the work done and was appropriate. Another inspection indicated that one of the dismissed aides asked a property owner to remove a bush. There were no political signs or other indications that the property owner was involved in local elections. Chief Winnacker spoke to the homeowner who assured him that it was not an issue. The remaining three inspections were in the Sanders Ranch area. Chief Winnacker spoke to the homeowners, informed them of the error and they assured him that it was not an issue.

Additional control measures are now in place for the oversight and review of inspections to ensure that alignment between the complaints received or direction given before being recorded. To ensure inspections are appropriate, staff now performs a daily review of inspection activities and conducts a weekly and monthly review of the information entered into the database. Chief Winnacker is confident that the inspection program is operating under appropriate oversight and that no additional inspections are unaccounted for or should not have occurred.

Director Jorgens stated that all items on the agenda should include a written staff report.

Jonathan Goodwin, Canyon resident, inquired about the lack of a staff report in the published packet.

Chief Winnacker explained that at the October 3, 2018 meeting, there was not enough time to produce a staff report to include in published packet. For this meeting, Chief Winnacker stated he considers this item to be a Fire Chief Update, which he does not traditionally produce staff reports for.

President Barber stated that the meeting minutes would include Chief Winnacker's report on this item.

8.5 Approval of One Month Extension of District's Payment of Enhanced Medical Insurance Contribution Rates

The District is currently in negotiations in pursuit of successor Memoranda of Understanding with AFSCME Local 2700 and the Moraga Orinda Fire Chief Officers Association (MOFCOA). In 2016, the

District entered into side letters of agreement with the employee organizations to provide enhanced medical insurance contributions. The side letters provided that on June 30, 2018, the enhanced medical insurance contributions "shall revert" to the previous lower contribution levels.

Previously the board approved extensions of the enhanced medical insurance contributions through November 30, 2018. In light of the status of negotiations, an extension of the enhanced medical insurance contributions for one additional month, through December 31, 2018 is appropriate. The terms of the side letter between the parties remain in full force and effect.

The approximate additional cost is \$1,900 and sufficient appropriations are available in the 2018/2019 Annual Operating Budget.

Motion by Director Famulener and seconded by Director Anderson to approve a one-month extension of District's payment of Enhanced Medical Insurance Contribution Rates. Said motion carried a 5-0 roll-call vote (Ayes: Anderson, Barber, Famulener, Jex, Jorgens; Noes: None).

President Barber called for a five-minute recess at 8:25 P.M.

President Barber reconvened the regular business meeting of the Moraga-Orinda Fire District Board of Directors at 8:29 P.M.

8.6 Consideration of and Authorization to Proceed With Real Estate Negotiations by the Fire Chief Regarding Potential Acquisition of the Real Properties Located at Moraga Way, Orinda CA 94563 and 1010 Camino Pablo, Moraga CA 94556

Chief Winnacker stated that the District's Strategic Facilities Plan, written in 2011, calls for rebuilding of Station 41. He is seeking the Board's interest in the pursuit of moving Station 41 to another location and how he should proceed (i.e., holding special meetings, workshops, forming subcommittees, etc.). No staff report was included because Chief Winnacker only seeks the Board's guidance on the process, if there is any interest in pursuing, and if so, what format the Board would like to take to proceed.

Director Anderson suggested opening the process up to the public and having several workshops.

President Barber read a letter from Mr. and Mrs. Pete Wilson, who wrote that they applaud a fresh look of current buildings efficacy and proposal for change, but that change needs more information than currently available. They asked for assurance that the proposal will not negatively affect delivery of the services that MOFD provides, and instead improves them. They suggested the District thoroughly examine short and long-term benefits to operations and public services, without financial considerations, provide statement using financial best estimates of cost/benefit ratio, and doing a feasibility study of costs and property acquisition. Consider providing the public opportunities to weigh in on proposals (other than at board meetings), holding at least two heavily publicized public meetings, and mail/email information to residents so they can learn and comment. Mr. and Mrs. Wilson support the District's exploration of the proposal and urged the Board to authorize Chief Winnacker to further explore all necessary elements to determine which will benefit both the public and the District.

Richard Olsen, Moraga resident, former Chair of the MOFD Ad Hoc Facilities Committee, commented on why he felt this study to be appropriate. The committee conducted an extensive study of the condition of MOFD's facilities and its future facility needs and on March 16, 2011, they published a report, which was adopted by the Board on April 6, 2011. The committee recommended an extensive rebuild of Station 41 and included their concern on the impact of the Moraga Center Specific Plan on MOFD, which at the time, they were not aware that town homes would be built up against the District's Station 41, Administration building and training grounds. Mr. Olsen commented that rebuilding Station 41 would no longer be practical, and a new site for Station 41 and the training grounds are both required. He urged the Board to seriously consider exploring its options to dispose of the current site of Station 41, the Administration Building and training grounds and begin the process to evaluate alternative site(s).

Jonathan Goodwin, Canyon resident, stated that careful planning is necessary, that the manner in which the issue is communicated to the public is important to its success, and hopes that many people in the community are consulted.

Director Jorgens suggested thinking globally in planning and consider the station locations, how services should be delivered, then producing a plan that includes timing and budget.

Director Jex commented on the financial implications and suggested producing financial models before proceeding.

Director Anderson commented on the alternative of maintaining the current fire station, adding a conference room and training center in the back, utilizing areas within the District to conduct training or other sites such as Contra Costa County Fire's or San Ramon Valley Fire's training grounds.

Chief Winnacker stated that while other sites are available for training, it cannot be done with on-duty crew members because they need to be available to respond to District emergencies. Using off-site facilities would incur overtime costs and dramatically increase the training budget. Any training done on a normal basis that does not incur overtime costs needs to be inside the District boundaries so that a substantial portion of the response force is not taken out of the District where it is unable to respond. While there are options outside of the District, it comes with either a price tag, overtime, or a response penalty to bring personnel back in the event of a required response.

Director Jorgens stated that facility rental, transportation and overtime costs should be considered and compared to the capital costs of building a new training facility.

Chief Winnacker stated that there would be essentially no cost to constructing its own training site.

Chief Winnacker asked if the Board is interested in pursuing the issue, and if so, what format they would like to take for public input.

Chief Winnacker asked for the authority to have a discussion with property owners regarding the possibility of a parcel swap or acquisition.

Director Jorgens commented on the study and plan being seven years old and stated that the plan may need to be updated. There are a lot of things that he wants to understand before the District begins negotiating.

President Barber asked if it was possible to enter into discussions with the understanding that they are preliminary in nature. Inform property owners should include information that there will be a public process that may involve workshops for people to express their opinions before entering into contract.

Jon Holtzman suggested that the Board consider forming an Ad Hoc Committee to discuss the process, formats and concerns.

Director Jorgens liked the idea of an Ad Hoc Committee.

Director Jex stated that staff should start with a overall study on how to deliver services strategically and in what format. Once this information is known, the location becomes the next issue. It would be difficult to purchase the property and then think about what to do with it, other than just replace it. Then figure out the costs necessary to execute the plan, where the capital will come from, in what format and when. After creating the plan, then discuss with the community.

President Barber agreed with Director Jex and stated that a study should be done before moving forward. He encouraged the Chief to continue discussions with the property owner, but to wait until after the financial, strategic and public relations concerns are addressed. President Barber commented that he liked the idea of having an Ad Hoc Committee.

Director Famulener commented that the meeting agenda indicates that the Board is only being asked to enter into discussion about potential acquisition. She felt that the Board should allow the Chief to begin discussion to find out what the property owner is offering to determine feasibility to it.

Director Jorgens commented on the need for data and research that needs to be done before discussions should begin.

District Counsel Holtzman stated that the Chief's concern is getting the Board's authorization to begin discussions.

President Barber stated that the Chief should be authorized to enter into preliminary discussions regarding potential acquisition of real properties as part of a larger plan for operational improvements and strategic enhancements of the District.

Mr. Goodwin commented on the larger plan and understanding on how this fits into it. It involves staffing numbers and location of other obsolete fire station, which may take more than a short period of time and suggested bearing that in mind.

Director Jex commented how funding will be generated and the need to determine if the District will operate in the same mode currently operating in or change the use and staffing of facilities in a different format for the different services. He stated that it is strategically important in order to generate funds or save money in the process to justify the need.

President Barber authorized Chief Winnacker to enter into preliminary discussions with property owners of Moraga Way, Orinda, CA 94563 and 1010 Camino Pablo, Moraga, CA 94556 to discuss potential acquisition of the real properties as part of a larger plan, which includes operational improvements and strategic enhancements of the district.

9. Committee Reports

9.1 Finance Committee (Directors Anderson and Jorgens)

The Committee did not meet and there was nothing to report.

9.2 Pension Review Ad Hoc Committee (Directors Barber and Jorgens)

The Committee did not meet and there was nothing to report.

9.3 Board of Directors and Fire Chief Roles & Responsibilities and Rules of Procedures Update Ad Hoc Committee (Directors Famulener and Jorgens)

The Committee did not meet and there was nothing to report.

9.4 Audit Ad Hoc Committee (Director Jex)

The Committee did not meet and there was nothing to report.

9.5 Long Range Financial Plan Ad Hoc Committee (Directors Barber and Jex)

The Committee did not meet and there was nothing to report.

9.6 Labor Negotiations Ad Hoc Committee (Directors Anderson and Jorgens)

The Committee did not meet and there was nothing to report.

10. Announcements

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

Director Famulener reported that the Contra Costa County Fire Boards and Commissioners met on October 25, 2018. Chief Winnacker, President Barber, Director Famulener and District Clerk Santos attended.

10.2 Questions and informational comments from Board members and Staff

Director Famulener asked for a light agenda at the December 19 meeting, with the retirement and swearing-in ceremonies to follow after the meeting adjourns. President Barber agreed as long as no urgent matters arise.

Director Jorgens commented that he would not be available on December 18th and proposed to meet during the second week of December instead.

Directors Famulener and Jex stated that they would not be available for the December 5th meeting.

President Barber suggested coordinating the December meetings schedule by email.

10.3 Fire Chief Updates

Mark McCullah, Local 1230 Representative and MOFD Fire Captain, thanked the retiring Board members for their service and dedication.

10.3.1 Fire Detection Sensor System Update

Chief Winnacker gave a PowerPoint presentation and update on the California Fire Foundation grant funded Early Wildfire Detection Sensor System.

10.3.2 Fuels Mitigation Update/Plan

Chief Winnacker asked for permission to defer the item to a later date, which the Board approved.

10.3.3 Station 43 Construction Update

Chief Winnacker gave an update on the Station 43 Construction project.

10.4 Communications Received

Chief Winnacker received several cards thanking the District for positive medical outcomes.

10.5 Future Agenda Items

President Barber requested a long-term agenda item. He directed Chief Winnacker, working in collaboration with the labor groups, to prepare a report before June 30, 2019 that includes an analysis and recommendations on operational improvements and modernization within the District. Including, but not limited to, emergency medical and fire rescue, and wildfire prevention. The report analysis and recommendations should address both effectiveness and efficiency in operations including how best to provide improved service to the areas of the District where current levels of service are suboptimal, examining models of providing service improvements and location of District facilities. It should also address ways and means effectively to reduce or eliminate unfunded pension liabilities within a defined timeline so that when the next economic downturn occurs, it will be unnecessary to reduce either services or salaries.

Director Jorgens requested adding an item on the next agenda that addresses the staffing of the District's financial vehicles, how the boards are staffed, determine if a policy is needed, and the appropriateness of the committees, given that they are questionably ethical. Director Famulener agreed.

President Barber cancelled the scheduled Closed Session.

11. Adjournment

At 9:45 P.M., President Barber called for adjournment of the regular meeting.



Grace Santos, District Secretary/Clerk