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Published August 19th, 2009

## **Suspension of Prop 1A Focus of MOFD Finance Committee Meeting**

*By Lucy Amaral*

The Moraga-Orinda Fire District (MOFD) Finance Committee met August 6 to discuss the effects of the suspension of Prop 1A, an action which allows the State of California to borrow up to eight percent of property tax revenue from local governments and special districts (like MOFD), to offset the State's deficit.

If the full amount is borrowed by the State of California, MOFD can expect to be shorted over \$1.3 million in tax revenue for the 2009/10 budget year. As this money is considered a loan, the State is technically required to repay the borrowed funds within three years, with interest. In the meantime, the first 'shorted' funding payment will be December of this year, when property tax revenue is distributed.

Finance committee members John Wyro and Frank Sperling were also briefed by staff on the options by which MOFD could offset their reduction. Within the California State Assembly Bill ABx4 15, which suspended Prop 1A, there was also language that set up the opportunity for local agencies to form a joint powers authority (JPA) to issue notes backed by the state's repayment obligation. MOFD Fire Chief Pete Nowicki said that the Board has not made any decisions whether or not to participate in the JPA issued notes, and that for this year, the borrowed funds can be absorbed through MOFD's reserve fund.

During the discussion, the committee made it clear that borrowing from reserves is not a long term fix and repayment by the State is critical. "(For this year) we are able to (continue to) provide a high level of service with the budget we have to work with," Wyro said. "However, we will feel this cut deeply if the money cannot be recovered from the State."

Even without the State's take, stagnant tax revenue and higher fixed costs has MOFD already running an almost \$900,000 deficit for the 2009/2010 budget year. This shortfall will also be filled with reserve funds, however, Nowicki said that they are actively addressing the issue. Immediate modifications include not 'up-staffing' on red flag days, he added, and other changes will come in the winter months, when the fire danger is not as high. The committee said they will present this information at the next MOFD Board meeting scheduled for August 19.

Reach the reporter at: [info@lamorindaweekly.com](mailto:info@lamorindaweekly.com)

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