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MOFD Board Discusses Potential Budget Deficit

By Lucy Amaral

Lower property values and higher pension obligations mean the Moraga- Orinda Fire District could face an almost \$900,000 deficit for the 2012-2013 budget year.

At the MOFD Board Meeting held May 30, Fire Chief Randy Bradley presented the preliminary projections for the General Fund and the Capital Projects Fund budgets. Typically, this presentation would have occurred during a separate Finance Committee meeting, then a draft budget would be brought back to the full Board for review and approval in June. Because the vacant Board seats leave only three sitting Board members, they also now serve as the Finance Committee.

According to Bradley's report, property tax revenue growth is predicted to be flat at best, while expenses continue to rise, especially pension charges. Bradley said that MOFD's pension costs will increase by more than \$500,000 this next year due to higher pension obligation bond payments, as well as de-pooling and loss recovery actions taken by Contra Costa County Employee Retirement Association (CCCERA).

Last fiscal year, the Board approved pulling more than \$350,000 from reserves in order to balance the District's budget. Bradley also noted that because of the large volume of homes being reassessed this past year, property tax revenue decreased an additional \$200,000 from the original estimate. This carry-over, along with the increased expenses for next year, created an estimated deficit of \$862,208.

Bradley discussed the cost-cutting measures the District has taken over the last several years. Eliminating several full-time positions, restructuring salaries, and freezing positions were some of the actions taken by the District to balance the budget without cutting service levels.

"This year is going to be very difficult," said Bradley. "We are running out of program elements and staffing elements to cut in order to maintain the same service levels."

Bradley offered several options to try and make up the short fall including dipping into reserves again, cross-staffing one ambulance for a year, or funding the reserves with revenue from the Fire Flow Tax.

The proposed budget does include hiring three firefighter/paramedics. Bradley noted that these hires would replace three firefighters who retired in 2012 and therefore not represent an increase in staffing. Currently, those man-hours are being covered by overtime charges. Former Board member Brook Mancinelli, who was in the audience that night, cautioned Bradley about hiring new firefighters. Mancinelli said that while it's not a long-term solution, paying overtime to firefighters is more cost effective as there is no increase in benefits or retirement charges.

Also in attendance was former Board member Dick Olsen, who expressed concern about CCCERA and the growing pension obligations. He cited a recent study where investment-interest claims by CCCERA were overestimated. Olsen advised the Board to act cautiously.

Bradley said that the Capital Projects fund preliminary draft shows that just over \$1 million of new revenues are expected, with expenditures reaching just over \$2.5 million. The expenditures for the upcoming budget year include the reconstruction of Station 43 in Orinda and remodeling costs for Station 41 in Moraga.

The discussion from the Board primarily echoed Bradley's warnings of service cuts. Board members John Wyro, Frank Sperling and Fred Weil all expressed concern about changing the ambulance configuration and how that would affect response times. As well, any redirecting of funds, such as the Fire Flow Tax, would need to be a temporary fix only. Weil directed Bradley to look at where more cuts could be made without sacrificing service, and bring back a budget proposal to the June 20 meeting for review.

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