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Despite Cost-Saving Measures, ConFire Financial Situation Still Very Iffy

By David Killam

When voters rejected Measure Q to financially rescue the Contra Costa Fire District, the district had to take cost-cutting measures in order to balance the books. The district decided to close three fire stations and reduce service at another. In addition, some people were laid off and vacant positions went unfilled. The district also claimed to have cut costs by 10 percent, although the Contra Costa Taxpayer's Association argues on its website that: "There was a 5 percent pay cut and two 2.5 percent raises that were not granted. Most people do not consider canceled pay raises equal to a pay cut."

The taxpayers association also criticized the district for annual budget planning of $11 million for overtime. District officials responded that the overtime was necessary to insure that emergency facilities met minimum staffing requirements at all times.

The economic downturn caused the district's portfolio assets to decline in value by 30 percent. In addition, when the retirement board decided in 2005 to "de-pool" county pension assets- that is, separate the pensions of county agencies into different funds- the district lost some of its ability to cost-share with other agencies.

In order to help pay for the current retirement program the district had to issue pension liability bonds, the current value of which is $106 million. These bonds will reach maturity in 2022. Combine this with the current $137,737,000 of the district unfunded liability and you have got a serious amount of money. And we're not even talking about what kind of trouble the rest of the county pension fund could be in.

There is a bright spot on the horizon. According to a newsletter put out by Richard Cabral of the Retirement Board: Investment returns for 2012 will be "in excess of 10 percent." It remains to be seen if this kind of investment can pull the county's and the district's chestnuts out of the fire. Other agencies have had to reconfigure their entire retirement program to pay for their retirement system. Can this work in California where the "California rule" guarantees workers' rights to retire with the retirement system they were hired with?

By the end of February the county will issue its 2012 County Comprehensive Annual Financial Report. That may give us a clearer idea of where we stand.

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