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Director again warns of potential MOFD financial emergency

By Nick Marnell

Even with the approval of two new labor contracts retroactive to July 1, the Moraga-Orinda Fire District expects to reverse the general fund budget deficit of \$583,000 to a \$99,000 surplus for the current fiscal year, based on a midyear budget adjustment presented to the board at its Feb. 20 district meeting. And though the resultant increase to the general fund balance raises it to more than \$6.3 million, equal to 25 percent of budgeted revenue, director John Jex cautioned that the district was still far short of what it needs to safely operate.

The district approved new three-year contracts with its chief officers association and with its clerical and technical employees that run through June 30, 2021. The additional \$72,000 expense of those two contracts was included in the surplus the district recognized for the current year.

But with the district forecasting losses over the next two years, after having added only \$99,000 to its general fund balance this year, Jex warned that the district may not be able to pay its current obligations come 2021.

"I hope the committee working on the long range plan recognizes that a plan for the next three years that shows expenses in excess of revenues is a trip to an eventual declaration of a financial emergency and reversal of all the financial progress the district has made during the last three years," Jex said. "This will eventually force the district to cut services in addition to relying on an unreliable source of borrowed funds to finance current operations."

Jex was speaking of the district reliance on the Contra Costa County Teeter Plan, which advances the district its total property tax entitlement in July, whether collected or not. The advance to MOFD is repaid as the county collects the outstanding taxes, penalties and interest, per Bob Campbell, county auditor-controller. In effect, the county takes on the tax collection risk in exchange for the penalties and interest. "If the county somehow changed that, we'd have no money to pay the bills come July and August," said Jex, who maintained that having a general fund balance of 50 percent of revenue - equal to six months of operating expenses - is the only way to avoid such a catastrophe.

Neighboring fire districts project various general fund balance percentages of revenue for the current year ending June 30. San Ramon Valley Fire reports 91 percent; East Contra Costa Fire, 70 percent; Kensington, 66 percent; Rodeo-Hercules, 2 percent. The general fund balance of the Contra Costa County Fire Protection District sat at 33 percent of revenue for the prior fiscal year.

Jex was the only director who did not approve the district midyear budget adjustments. The long-range financial plan that he spoke of, which is still in the works, is expected to be made public this spring, likely at a district financial workshop.

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[back](#)

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