



Published September 2nd, 2020

Split MOFD board declines to change reserve balance policy

By Nick Marnell

Despite the pandemic-driven decrease in ambulance revenue and other high-risk operating areas the district faces, the Moraga-Orinda Fire District board voted 3-2 to maintain the policy of a general fund balance equal to 17% of fund revenue, quashing a motion to raise the level to a minimum of 30%.

Prudent fiscal management involves keeping a reasonable amount of money in a reserve account to cover short-term operating contingencies. But public entities walk a fine line between the right amount and an excessive amount, as public agencies are not in the business of hoarding taxpayer dollars.

"A fund balance is not a savings account," Director John Jex said. "It's putting money away so that you can operate successfully."

Some of the operating contingencies the district faces include potential abatement charges it has to pay upfront to clear weeds from properties whose owners defy the fire code ordinance. The district also faces uncertainty with its ongoing pension costs and an ambulance revenue shortfall due to COVID-19.

Its unfunded pension liability remains a high-risk area for the district, though MOFD created a pension stabilization trust fund to set aside money to prepay pension costs. In addition, the equity markets, into which the district pension plan manager invests more than three-quarters of its assets, have climbed nearly 40% in three years.

On hold because of the pandemic are capital improvements to Fire Stations 41 and 45 and the administration center. The district may be vulnerable to infrastructure crises as upgrades to the buildings were recommended in the 2017 Facilities Plan and it is not clear when these capital projects can be funded. "When I listen to these risks, and you're looking at two months of expenditures as a reserve, I feel that number is grossly inadequate," Jex said.

Vice President Craig Jorgens agreed on nearly doubling the reserve policy, noting how the Great Recession battered district finances. "We need those kinds of reserves so we can weather those kinds of storms," Jorgens said. "And we might be in one of those storms right now."

The majority of the board did not see it that way. "I'm certainly in favor of having more savings," said Director Michael Donner, a member of the board majority that voted against increasing the reserve balance policy. "I'm not in favor of mandating it at the present moment." A motion to maintain the current 17% level passed, with Jorgens and Jex voting against. "To identify the risks and make no change to address those risks I think is incompetent," Jex said.

Reach the reporter at: nick@lamorindaweekly.com

[back](#)

Copyright © Lamorinda Weekly, Moraga CA