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Reality Is Setting In MOFD acknowledges painful times ahead

By Nick Marnell

Director Steve Anderson of the Moraga-Orinda Fire District stated at its Sept. 4 finance committee workshop that the district must consider implementing something once deemed unimaginable: service reductions, including the laying off of employees.

Anderson, a member of the MOFD finance committee along with Alex Evans, explained the district's financial situation simply and clearly: "We cannot sustain the losses of the next two years. It is critical that something be done." Anderson conducted the workshop that included interim fire chief Stephen Healy and administrative services director Gloriann Sasser; director Evans was absent.

The district called the workshop to present to the public its revised 2013-14 fiscal year budget, and its updated long range financial plan. Some of the highlights included a \$500,000 greater than expected operating loss for fiscal year 2012-13, mostly due to overtime charges, resulting in a loss of \$1.3 million; a projected operating loss of \$1.2 million for 2013-14, and a projected loss of over \$2.6 million for 2014-15, mainly attributed to a jump in pension charges of over \$2 million.

Anderson said that he plans to confront the Contra Costa County Employees' Retirement Association, the district's pension plan administrator, and demand an explanation as to exactly how the pension increase was calculated.

"They maybe need to review how they're calculating the discount rate," he said. "If I don't like the way they arrived at the number, I'll have an issue."

CCCERA changed the discount rate used in calculating unfunded pension liability from 7.75 percent to 7.25 percent, effective July 2014. As a result, the total CCCERA unfunded pension liability of the district rose from \$24 million to \$46 million.

As to what recourse is available to the district if it has an issue with the discount rate, Marilyn Leedom, the chief executive officer of CCCERA, did not return a call seeking comment.

According to Anderson, as far as reigning in district expenses, everything is on the table. And though he was not stating district policy, he indicated that even the laying off of employees needs to be considered by the board.

"Maybe cutting salaries, maybe cutting staffing," said Anderson. "Employees, the union, citizens ... we're all in this together."

The Contra Costa County Fire Protection District will see its pension charges increase \$9 million in the next fiscal year. In response to its bleak financial situation, the district closed five fire stations this year, with possibly one more to shut down in January. The county Board of Supervisors commissioned a study by fire consultant Fitch and Associates to find alternate ways for ConFire to deliver fire and emergency services in its district.

The MOFD board has long maintained that service reductions are simply not acceptable. However, based upon the financial information recently made available, the board will be faced with making some of the most challenging decisions in the district's 16 year history.

The next MOFD board meeting is Wednesday, Sept. 18.

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