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Charter and Task Force Members

The Revenue Enhancement Task Force (RETF) had a focused goal of making recommendations to the City Manager and City Council on potential revenue enhancements to supplement current revenues. The revenue enhancements could span an array of sources to provide funding to meet the city’s strategic goals of January 2008.

The Committee was formed February 27, 2008 and met monthly to report individual or group investigations in support of the charter, all open public meetings. Several community members attended, made comments and participated in the process. Michael Coleman, recognized expert on California city finance, accepted Orinda’s invitation to give an informational workshop in July that provided invaluable insights. The League of California Cities also provided support.

Sue Severson, Vice Mayor and Co-Chair
Allan Resnick, Co-Chair
Neal Brown
Art Haigh, also CIOC
Michael Hanneken

Staff: Janet Keeter, City Manager
Beverli Marshall, City Administrative and Finance Director

Task Force Purpose and Introduction

In the scope of the long term strategic plan, the City Council recently created three new committees and appointed Orinda residents to serve; all tasked with examining the infrastructure challenges and many other city financial needs. Each group was assigned to review city finances, to ensure prudent management of limited city resources, to examine ways to enhance revenues and to develop solutions. City officials recognize that our significant challenges cannot be resolved with one solution; it will likely take several approaches.

The Revenue Enhancement Task Force (RETF) investigated all citizen suggestions, brainstormed any and all ideas to generate additional revenues and researched all options. Additionally, the Budget Committee examines the city’s budget to ensure fiscal prudence and provide oversight. The Citizens Infrastructure Oversight Commission (CIOC) reviews proposed road improvement projects, including the annual pavement management program, to maximize annual dollars allotted to infrastructure improvements. The three bodies, although working separately, are essentially working towards a common goal — to implement the City of Orinda’s strategic plan.

The RETF actively encouraged discussions with stakeholders and Orinda partners, including community members, the Chamber of Commerce Board of Directors, the Contra Costa Association of Realtors, and Moraga Orinda Fire District representatives as part of its process. Ongoing, open communication with citizens and stakeholders should continue as the City works toward successful solutions to its many fiscal challenges.
RETFT Investigations

The task force investigated forty potential revenue enhancement sources. For more details, see attached list Exhibit B. The objective was to review a wide spectrum of revenue enhancement approaches, including all those suggested by community and brainstormed by the task force. All potential revenue sources were researched, reviewed by task force members and a determination made as to its potential for revenue generating capacity, legality, reasonable short or long term accomplishment, feasibility and ease of implementation. Some options require voter approval. Others need collaboration and negotiations with outside agencies. (see Exhibit B)

Summary of options investigated:

- **City Governance Best Practices**: Seek grant opportunities, support state legislative efforts, direct community donations, charter city, realign Parks and Recreation budget, contract out small jobs
- **Fees and Assessments**: maximize all city fees, add local business license (registration) fee, cost neutral assessment districts (M-11), create special assessment districts, challenge county overcharge
- **Additional Tax Revenues**: local sales and use tax, utility user tax, parcel tax, business tax, investigate optimization of property taxes, consider redirection of fire flow tax, real estate transfer tax
- **Service Contracts**: evaluate police services contract options
- **Downtown Revitalization**: downtown business district revitalization to increase sales tax revenue, park and ride lot for fee; consider redevelopment district, install parking meters downtown
- **Financing Mechanisms**: securitize fuel excise tax and Proposition 42 gas sales tax dollars, general obligation bond
- **Budget Financing Plan**: draw down city budget reserves, EBMUD and MOFD commitments, pavement management program annual commitment over 30 years, property tax growth cap

- **Illegal or Not Feasible**: DMV add-on annual car fee, add-on garbage fee, sell city hall, storm water utility fee, charge Moraga fee for Orinda road use, heavy vehicle construction fee

RETFT Findings

The list was prioritized into three categories:

1. **Key Sources** most likely to have the greatest impact in a timely way should be pursued with highest priority. Detailed information on these potential key sources of revenue is provided later within this report. Multiple sources are required to adequately meet needs.
   - Budget Financing Plan
   - Securitize fuel excise tax and Proposition 42 gas tax dollars
   - Optimization of Property Tax and redirect Fire Flow Tax
   - Utility User Tax
   - City Sales and/or Use Tax
   - Special Assessment Districts
   - Real Property Transfer Tax
   - Parcel Tax
   - General Obligation Bond

2. **Supplementary Sources** that the City Council may consider viable to generate reasonable revenue and/or reduce expenses over longer time period. These are worthy of pursuing, but provide less significant additional revenues near term to city. (see Exhibit B)
   - City Governance Best Practices
   - Fees and Assessments
   - Evaluate Police Service Options
   - Downtown Revitalization to increase sales revenues

3. **Not Viable Sources** includes potential sources that were investigated, but found to be illegal, impractical or not feasible.
RETF Key Source Findings Summary

1. Budget Financing Plan
   - City commitment to draw down city reserves and annual pavement/drainage management dollars dedicated to roads and drain repair.
   - City commitment to a property tax growth cap on the general fund.
   - EBMUD commitment to contribute funds for drainage improvements.
   - MOFD commitment to contribute funds for fire water flow and community safety improvements.

2. Securitizing Gas Tax Revenue
   - Based on communication with individuals at California Communities and De la Rosa, the investment bankers underwriting bonds securitizing the gas taxes, there will be additional offerings. For example, Orinda could securitize its annual fuel excise tax ($330,000) and annual Proposition 42 gas sales tax ($168,629) for a total amount of about $4 to 5 million.
   - These monies could be used to fund immediate street repairs to prevent further significant deterioration. (see Exhibit C)

3. Optimization of Orinda Property Taxes
   - Orinda receives 7.4% of the City 1% property tax; Moraga-Orinda Fire District (MOFD) receives 22.6% plus 18.9% from Moraga.
   - MOFD formed June 3, 1997 upon detachment from Contra Costa County Fire District. Reasons stated were to ensure Orinda fire protection dollars stayed in Orinda, greater responsiveness to local needs, maintain high quality service for fewest Orinda dollars and add paramedic service in parity with Moraga.
   - Since the MOFD finance plan projects significant and growing excess revenues long term, there is an opportunity for the City and the MOFD to discuss possible revenue sharing to increase overall safety in Orinda. (see Exhibit D)

4. Utility User Tax
   - The Utility User Tax (UUT) may be imposed by a city on the consumption of utility services (residential and/or commercial), including electricity, gas, water, sewer, telephone (home, cell, local, long distance), sanitation and cable television. City may determine one or all utilities and the specific level of tax for each. The UUT is levied by the city, collected by each utility as part of its regular billing procedure, and then remitted to city. The average UUT amount levied in Contra Costa County is about 8%. (see Exhibit E)

5. City Sales Tax and/or Use Tax
   - Since a 2003 change in law, add-on local sales taxes for general purposes have been taken advantage of by many cities. For example, a 0.5% local sales tax would be added to the existing 7.25% state sales tax plus the 1% county transportation sales tax to equal a total of 8.75% sales tax, comparable to Alameda County cities. This would apply to all appropriate sales made within Orinda.
   - The city can separately create a Use Tax in addition to, or instead of, local sales transaction tax. Basically, a Use Tax is paid on large items purchased outside of Orinda such as cars and boats, but tax dollars are returned to resident city of purchaser. (see Exhibit F)

6. Special Assessment Districts
   - Assessments are charges on real property to pay for improvements within an area which benefit real property. Property assessments are typically collected through owner’s annual property tax bill. Benefit districts can be structured in many ways. (see Exhibit G)

7. Real Property Transfer Tax
   - Charter City status is required. Orinda is currently a General Law City. A Charter City is based upon the principle that a city, rather than the state, is in the best position to know what it needs and how to satisfy those needs. A charter maximizes local control.
   - A real property transfer tax imposes a tax on the purchaser of real property based upon the value of the property. Currently a rate from $1.10 to $15.00 per $1000 value is used. (see Exhibit H)
8. Parcel Tax

- A parcel tax is a special tax on a parcel of real property based on a flat per-parcel rate to benefit a specific purpose, in this case for a proposed ongoing road and drain maintenance fund.
- Consider redirecting the approved six cent Fire Flow Parcel Tax to improve water flow for fire fighting by replacing critically low flow pipes for improved community safety.

9. General Obligation Bond

- A general obligation bond reallocates future revenues to today for large capital needs such as infrastructure repairs. A future city general obligation bond measure will most likely be necessary as many of the repairs need to be completed quickly before the costs significantly increase with further deterioration.

General Comments:

- Infrastructure improvements were identified as the highest strategic budget priority by the City Council in January 2008. Orinda roads were identified as worst roads in entire Bay Area by Metropolitan Transportation Commission.
- Explanation of Orinda’s insufficient road maintenance and storm drains by county before City created 1985 is needed. Further delay in deferred maintenance and repairs will worsen infrastructure and lead to additional costs making it more expensive to repair later.
- The total cost to improve infrastructure exceeds $100M – according to Orinda Infrastructure Committee Report, 2006.
- Citizen Infrastructure Oversight Commission (CIOC) with citizen experts unanimously accepted the infrastructure plan. Newly elected City Council concurred with main tenants of the infrastructure plan.
- Estimated cost to maintain roads in excellent condition, once level obtained, is about $2 million annually. (CIOC, Kleinfelder report)
- Orinda has many funding needs beyond infrastructure, including downtown revitalization, emergency and disaster preparedness, pedestrian and bikeway improvements, effective communication systems, public safety, etc.

RETF Recommendations

Multiple sources of funding will be required to implement Orinda’s strategic plan, primarily the needed infrastructure repairs. The RETF has extensively investigated and reviewed many potential revenue enhancement sources. Selective key revenue sources in combination with optimizing existing resources may provide the best opportunity for meeting the City’s strategic goals. No one option can adequately solve the extensive revenue needs. The task force has created a nine source plan that addresses the estimated $120 million infrastructure repairs, which will bring 90% of infrastructure up to reasonable standards within twelve years. This proposal is outlined in detail through the slide presentation. (Exhibit A)

- Education of the community regarding the potential revenue enhancements explored, process used and best options for near term solutions is considered of vital importance. A formal survey of Orinda citizens should be conducted to determine voter preference and level of support for the various key sources of enhanced revenue and funding reallocation identified by the task force.

- An informed City Council should move forward in determining best options to pursue in a timely manner. It is essential that the City Council be resolved to provide required leadership with the tenacity to see it through and the diplomacy to effectively collaborate with other agencies toward successful solutions.

- Based on this investigation, the task force supports the assertions of previous committees that a general obligation bond will be necessary, in combination with other measures, to adequately address immediate infrastructure improvements as the scale of the repairs is too great to be solved solely through reprioritization of the existing budget. Furthermore, as other sources of revenue reduce the amount needed from a bond measure, the likelihood of a future bond measure passing is increased. A multi-pronged approach securing required revenues to adequately address City needs is strongly encouraged.
<table>
<thead>
<tr>
<th>Potential Key Sources of Enhanced Revenue</th>
<th>Implementation Requires</th>
<th>Revenue Potential</th>
<th>Time Period</th>
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<tbody>
<tr>
<td><strong>City Budget Financing Plan:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Budget- draw down city reserves</td>
<td>Reallocation of existing funds/acceleration</td>
<td>Council approval</td>
<td>$2M</td>
</tr>
<tr>
<td>Property tax growth cap at 4.5%</td>
<td>Reallocation of future funds</td>
<td>Council approval</td>
<td>~$16M</td>
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<tr>
<td>EBMUD Commitment</td>
<td>Advance funds for water supply</td>
<td>EBMUD approval</td>
<td>~$1.2M</td>
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<tr>
<td>MOFD Commitment</td>
<td>Existing funds</td>
<td>MOFD approval</td>
<td>$3.4M</td>
</tr>
<tr>
<td>Annual Pavement Management Program (also Drainage Program)</td>
<td>Existing funds</td>
<td>Council approval</td>
<td>$0.9M</td>
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<td><strong>Securitizing Gas Tax Revenue:</strong></td>
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<td></td>
</tr>
<tr>
<td>Secure Fuel Excise Tax</td>
<td>67% of forecasted gas taxes collected</td>
<td>Council action</td>
<td>~$4-5M</td>
</tr>
<tr>
<td>Proposition 42 Gas Sales Tax</td>
<td>Acceleration of future funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Optimization of Taxes</strong></td>
<td>Reallocation of existing funds</td>
<td></td>
<td></td>
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<tr>
<td>MOFD growth cap at 4.5%</td>
<td>Orinda=7.4%; MOFD=22.6% of property tax</td>
<td>Agency negotiation</td>
<td>~$50+M</td>
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<td>Fire Flow Tax</td>
<td>Redirect to improve low flow water pipes</td>
<td>Agency negotiation</td>
<td>~$580K</td>
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<td><strong>Potential New Taxes:</strong></td>
<td>Create new revenue package to meet needs</td>
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<tr>
<td>Utility User Tax</td>
<td>New funds</td>
<td>Majority vote</td>
<td>~ $3.0M</td>
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<tr>
<td>City Sales and/or Use Tax</td>
<td>New funds</td>
<td>Majority vote</td>
<td>~$0.5M +</td>
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<tr>
<td>Special Assessment Districts</td>
<td>New funds</td>
<td>Majority vote of owners</td>
<td>TBD</td>
</tr>
<tr>
<td>Real Property Transfer Tax</td>
<td>New funds</td>
<td>Majority vote (charter city status required)</td>
<td>~$1.5 M</td>
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<tr>
<td>Parcel Tax</td>
<td>New funds</td>
<td>2/3 voter approval</td>
<td>TBD</td>
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<tr>
<td><strong>General Obligation Bond</strong></td>
<td>Acceleration of future funds</td>
<td>2/3 voter approval</td>
<td>TBD</td>
</tr>
</tbody>
</table>

Note: a simple majority vote required for general use taxes and a 2/3 voter approval for specific purpose taxes
**Action Plan**

1. Educate the community to the Task Force findings with a targeted communication campaign to disseminate the conclusions to the citizens of Orinda.
2. Execute a community survey and poll.
4. Assign existing city committee (Budget or CIOC) including two council members, to further explore key revenue enhancement options and determine next steps.
5. Determine best options to pursue for package of multiple key revenue sources to address infrastructure repairs and other city needs in timely way.
6. Review and implementation by City Council of recommended supplementary revenue sources.
8. Consider hiring consultant to review property tax reallocation plan. Continue open communications and establishment of facts with the MOFD.
9. Evaluate police services options and act accordingly.
10. Continue discussions and collaboration with the Chamber of Commerce.
11. Continue discussions and collaboration with the Contra Costa Association of Realtors (CCAR).
12. Coordinate with the Planning Process Review Task Force (PPRTF) for next steps in revitalization of downtown.

**Reference Documents**

- *A Primer on California City Finance*, by Michael Coleman of Coleman Advisory Services, fiscal consultant to League of California Cities. Mr. Coleman made presentation and answered questions on July 10, 2008 at the invitation of the RETF and Orinda City. This event was hosted by the League of California Cities jointly with Orinda. Bay Area cities were invited to attend. ([www.californiacityfinance.com/financeprimer05.pdf](http://www.californiacityfinance.com/financeprimer05.pdf))
- *Understanding the Basics of County and City Revenues*, published by the Institute for Local Government. ([www.ca-ilg.org/revenueguide](http://www.ca-ilg.org/revenueguide))
- City of Orinda budget documents and strategic plan with major goals and objectives. ([www.cityoforinda.org](http://www.cityoforinda.org))

**Exhibits**

- Exhibit A – PowerPoint slide presentation handout
- Exhibit B – RETF Investigations Summary
- Exhibit C-1 – *Proposition 42 Roadway Repair Financing Program*, Presentation to Public Works Officers Institute and Mini-Expo; March 2008; League of California Cities
- Exhibit C-2 – *T.R.I.P. – Total Road Improvement Program*, Gas Tax Financing Pool Program; League of California Cities; March 2008
- Exhibit D – Optimization of property tax informational packet
- Exhibit F – Local Add-On Sales Taxes: The Rise of Transactions (Sales) and Use Taxes for Cities ([www.CaliforniaCityFinance.com](http://www.CaliforniaCityFinance.com))
- Exhibit G – *Latest Trends on the Formation of New Special Assessment and Tax Districts*, by Tim Seufert, NBS Managing Director
Lamorinda Sun, Guest Article, June 6, 2008
By Janet Keeter, Orinda City Manager

As I conclude my third year of serving as Orinda's City Manager, I continue to work with members of the community, elected officials and staff to find ways to fix Orinda's roads. Orinda's idyllic charm and semi-rural character are exceptional, as are Orinda's schools; yet Orinda's challenges appear at times to be insurmountable.

My time, along with staff's, is focused on carrying out the City Council's core goals and objectives as established each year. This new fiscal year we will place an emphasis on infrastructure solutions, economic development, public safety, planning process streamlining, customer service and community outreach, efficient facilitation of project reviews and prudent fiscal management.

The greatest challenge in successfully carrying out the goals and objectives is finding the solution to fix our decaying infrastructure system. The roads and storm drains continue to erode and only get worse with every day that goes by without repair. City officials recognize the ongoing issue and are gravely concerned about the future of Orinda's infrastructure.

So what have we done since Measures Q & E were presented to the community as a means of providing the necessary revenue for the fixing the infrastructure?

“In an effort to examine the issue from a variety of perspectives, the City Council appointed Orinda residents to serve on three different bodies, all tasked with examining the infrastructure challenge from different perspectives and with developing solutions. City officials recognize that this significant problem cannot simply be resolved with one solution; it will likely take several approaches.

The Budget Committee reviews the city's budget as the document is being developed and provides feedback to the council. The Revenue Enhancement Task Force is brainstorming any and all ideas to generate additional revenues to be used primarily for infrastructure. The Citizens Infrastructure Oversight Commission reviews proposed road improvement projects including the annual pavement management program and sends their recommendations to the City Council. They also are seeking long-term financing solutions. The three bodies, although working separately, are essentially working towards a common goal — finding ways to efficiently fix the roads while searching for new sources of funds.”

The CIOC recently recommended to the council that the city enact a policy recognizing that the most traveled roads (arterials and collectors) should have the highest priority for road repair. After numerous public meetings and great deliberation, the City Council adopted the following policy on May 6, 2008:

Current budgetary constraints and the poor and deteriorating condition of Orinda's roads require the City to apply budgeted pavement management program funds only to those roads where the most benefit for the most residents can be obtained. Simply stated, this means that only arterials and collectors will have repair priority; emergency repairs will be made to residential streets only when severe safety concerns arise. Recognizing that emergency repairs on residential streets will probably increase under this policy, the City recognizes that additional emergency repair funds may be required from the General Fund.

Criteria for Priority Selection:
1. Frequency of use, as measured by Average Annual Daily Traffic
2. Efficiency of expenditure, as measured by the Street Saver Program
3. Availability of significant cost savings through partnering (i.e. with utilities and / or residents)
4. Proximity to schools

The policy was recently used for selecting the road repair list for the upcoming fiscal year; beginning July 1, 2008.

The city's recently adopted budget includes a capital improvement component that identifies $3.6 million for roads projects (including the Moraga Way rehabilitation project), $210,000 for drainage projects, $868,855 for slope stabilization projects, $654,000 for bridge projects, and $207,600 for bikeway/walkway projects. The sources of revenues used to support these projects include gas tax dollars, grants, impact fees, garbage franchise fees and the City’s General Fund reserve. The annual pavement management program is included in the $3.6 million roads projects category and consists of approximately $1.2 million for roads maintenance and repairs.

We are all hoping for that silver bullet, that magical solution, the answer to solve our infrastructure problems to come our way and to come our way soon. However, we are being realistic on what we can do given the resources at hand. It is a tough nut to swallow, and quite frankly very humbling, to know that Orinda's roads and storm drain woes are not going to be solved any time soon by one perfect approach. Until such time as a new revenue source is identified that can be put into place to begin making the much needed improvements. We invite you get involved by logging on to our Web site at www.cityoforinda.org to view upcoming Citizens Infrastructure Oversight Commission and Revenue Enhancement Task Force meetings involving infrastructure discussions. I am personally optimistic that as a community the infrastructure problem will be solved due to the commitment of the residents, City staff, and our local elected officials.
Overview

The task force investigated forty potential revenue enhancement sources. The list was prioritized into three categories: key sources (most likely to have the greatest impact in a timely way), supplementary sources (income generators but over longer time period), not viable sources (currently not available but should be periodically re-reviewed).

The task force then went an additional step and organized the key sources such that they could fund the solution of the city's number one priority; the rehabilitation of the city's infrastructure: roads, storm water drainage and water pipes. This Multi-Source Plan for Infrastructure Rehabilitation develops nine sources to provide a 12 year, $120 million funding package which will rehabilitate the vast majority of the city's deteriorating infrastructure.
**Revenue Source Prioritization**

The revenue source investigation list was prioritized into three categories:

1. **Key Sources** - most likely to have the greatest impact in a timely way should be pursued with highest priority. These key sources are used in the Multi-Source Plan for Infrastructure Rehabilitation to address the city's priority needs.

2. **Supplementary Sources** that the City Council may consider viable to generate reasonable revenue and/or reduce expenses over longer time period. These are worthy of pursuing, but provide less significant additional revenues near term to city.

3. **Not Viable Sources** includes potential sources that were investigated, but found to be illegal, impractical or not feasible.

**Multi-Source Plan for Infrastructure Rehabilitation**

The **multi-source plan** weaves nine **key sources** together to arrive at a 12 year, $120M package. While Orinda has many funding needs including infrastructure, downtown revitalization, emergency and disaster preparedness, pedestrian and bikeway improvements, effective communication systems, public safety, etc.; infrastructure improvements were identified as the highest strategic budget priority by the City Council in January 2008. The $120M package developed by the RETF would bring over 90% of our roads and storm drains up to acceptable standards and address the worst of our undersized water pipes to provide greater safety in fire protection. Further, it identifies on-going sources of funds, beyond the 12 year time frame, to allow for adequate maintenance of the rehabilitated roads and storm drains while continuing to improve the fire water safety problem. A detailed description of this plan is contained in Attachment A-2.

The nine revenue sources of the **multi-source plan** are broken into 4 major groups:

(A) **Current Programs**
These are revenue sources already devoted to infrastructure: the Pavement Management Program (1) and the Drainage Management Program (2). These are funded at $1.3M in 2008/09. The RETF recommends that they grow at 5% annually which would allow them to provide $17M over the plan's 12 year time horizon.

(2) **Community Partners**
This includes match funding for road and water pipe improvements. The road funding (3) would come from county, state and federal sources plus participation by other partners like EBMUD and the Contra Costa Sanitary district when they are forced to dig up our roads to work on their pipes. For the water pipes (4), EBMUD has a program to partner with communities when they want to upgrade aging pipes. We estimate that these programs could contribute $6M over the next 12 years.

(3) **Property Tax Reallocation**
Over the past 12 years, property tax revenues from Orinda property owners have increased at almost 7% per year on average. While there is currently stress on property values, for reasons described in Attachment A-2, we believe that property tax growth will continue at or above these rates. Further, the RETF believes that agencies receiving these funds can live inside a budget less than this compounding 7% growth rate (a doubling of income every 10 years). Of the 25 agencies receiving a slice of Orinda's property tax pie, we can only apply to two of them assist us in our infrastructure needs. These are the city itself (5) and our fire department (6), the Moraga-Orinda Fire District (MOFD). These two receive, in aggregate, 30% of our property taxes. If they could restrict their property tax consumption increases over the next 12 year to 4.5%, the excess over this could fund $66M of infrastructure repairs.
(4) Accelerated Measures.
Most of the money identified in the above sources is back-end weighted (see graph on page 1). The city needs to supplement this with funds occurring in the nearer term (1-5 years) to start addressing the safety and cost impacts of the deteriorating infrastructure. Two readily available sources, $2M from the city reserves (7) and $5M from borrowing against future gas tax revenues (8), would fund the first year of the plan. The next few years would need $20-30M to keep required repairs continuing until other sources became available. These funds would have to come from a tax package (9) approved by the tax payers.

The composite of these nine sources will provide a relatively constant flow of funds for 12 years. While the Property Tax Reallocation funds will be unknown until they are received, the RETF analysis indicates that these funds will be forthcoming, possibly sooner, possibly later. Thus, within 10-15 years, Orinda's infrastructure will be rehabilitated and ready to be maintained with a reasonable flow of funds from the city's treasury.

Multi-Source Plan Details
The multi-source plan is presented in detail in Attachment A-1 (PowerPoint slide presentation to the Orinda City Council - November 18, 2008), Attachment A-2 (Multi-Source Plan for Infrastructure Rehabilitation) and Attachment A-3 (Property Tax Reallocation Proposal for The Moraga-Orinda Fire District). In addition there is a detailed description of the RETF's assessed value forecasting model (Attachment A-4) and an FAQ (Attachment A-5). However, as 3 of the 9 proposed sources are projected to provide 75% of the plan's ultimate revenue, a brief description of these sources is warranted in this space.

Orinda Property Tax Reallocation (source 5)  
The City of Orinda receives 7.37% of the "basic" (1% of assessed value) property taxes paid by Orinda's property owners. For 2008/09 this will amount to about $3.4M out of Orinda's $11.5M budget. Over the next 12 years, the RETF projects that this revenue source will increase at an average rate of over 7% annually. If Orinda would allocate property tax revenues in excess of a 4.5% annual increase to infrastructure, this would generate $16M over 12 years for what the strategic plan calls its number one priority. This will almost double the amount currently being expended by the city for infrastructure maintenance and at the end of the 12 year plan horizon, when added to the proposed growth of the Pavement Management Program and Drainage Management Program, it will provide the city with about $4M annually. These will be sufficient funds to perpetually maintain the city's rehabilitated infrastructure network.

Moraga-Orinda Fire District (MOFD) Tax Reallocation  
The MOFD receives 22.6% of the "basic" property taxes paid by Orinda's property owners. For 2008/09 this is about $10.3M. Over the next 12 years these tax payments are projected to add up to over $200M, an amount worth investigating for possible savings.

Upon investigation by the RETF of this tax expenditure two facts emerged: (1) Orinda is paying 65% of the total property taxes to MOFD while being liable for, or receiving services of, 57-60% of MOFD's costs. For 2008/09 this results in an overpayment of about $2.5M and for the next 12 years $55M (see the graph on the next page). One of the crucial "points" at the formation of the MOFD in 1997 was for Orinda's tax dollars to stay in Orinda. This concern is not being met. (2) The RETF’s analysis shows that MOFD can live within a 4.5% property tax increase limit as proposed to the city itself. This analysis incorporates MOFD's own projections of future expenses and does not ask MOFD to sacrifice operational sufficiency for Orinda's infrastructure needs.
The basic question that arises, however, is "can Orinda even ask the MOFD for a tax reallocation?" As opposed to all other agencies that receive tax money from Orinda tax payers (the State, the County, the Schools, etc.) only the MOFD was created by the citizens of Orinda. They elect its directors who should respond to citizen concerns. So the answer is "yes", Orinda can ask the MOFD for a tax reallocation to deal with competing community priorities.

The RETF analysis projects that a tax reallocation by the MOFD would provide Orinda with $50M for infrastructure over the next 12 years and a 4.5% property tax revenue increase cap would additionally provide Moraga with $7M of tax relief for its own needs.

Details of the MOFD analysis are contained in Attachment A-3.

**New Tax Revenue Package**

After the first year construction projects are funded by money from the city's reserve fund and a gas tax securitization, but before the property tax reallocation proposals start generating significant income (see graph on page 1), additional funds will be needed to prevent accelerating erosion of the infrastructure. This will require some sort of a community commitment to new taxes unless the community wants to see the rehabilitation project stretch out to two decades.

New taxes would be in the $20-30M range. If the taxes are paid to directly fund construction, they would be about $500 per year per household for 7 years. If the taxes were paid over 30 years to repay a bond, they could start at as little as $100 per year per household. There are a variety of tax possibilities that need to be investigated from utility taxes to parcel taxes to special assessment districts to a general obligation bond. The commitment by the tax payers will be significant but so will be the rewards.
RETF Recommendation

Multiple sources of funding will be required to implement Orinda’s strategic plan, primarily the needed infrastructure repairs. The RETF has extensively investigated and reviewed many potential revenue enhancement sources. Selective key revenue sources in combination with optimizing existing resources may provide the best opportunity for meeting the City’s strategic goals. No one option can adequately solve the extensive revenue needs. The task force has created a nine source plan that addresses the estimated $120 million infrastructure repairs, which will bring 90% of infrastructure up to reasonable standards within twelve years. **The City Council should move forward to pursue the implementation of this plan in a timely manner.**

Action Plan

A. Form a committee to develop, implement and monitor the plan  
   This committee should include Council members and members of the RETF

B. Move forward on 9 point Multi-Source Infrastructure Plan
   1&2) Pavement Management and Drainage Management  
   RETF recommends 5% growth rate commitment
   3) Partnering - Grants  
   Structure in place but need to review/confirm process
   4) Partnering - EBMUD  
   Confirm "Rockridge Program" commitment  
   Discuss paving partnership possibilities  
   Explore similar paving partnership possibilities with CCCSD
   5) Orinda City tax reallocation  
   RETF recommends that city formally accept this proposal  
   Property tax revenue in excess of 4.5% growth allocated to infrastructure  
   This alone can stop the infrastructure hemorrhaging
   6) MOFD tax reallocation  
   Create a City Council liaison committee with Moraga to interface with the MOFD
   7) Gas Tax Securitization  
   Start the process  
   Use the proceeds for infrastructure projects in FY 2009/2010
   8) Reserve drawdown  
   RETF recommends city formally accept this proposal  
   Use $2M for infrastructure projects in FY 2009/2010
   9) New taxes  
   Develop a detailed proposal on a $20-30M tax package

C. Hire a consultant to review the RETF's analysis, especially with respect to the MOFD

D. Ask the city attorney to confirm the legal aspects of tax reallocation

E. Work to educate and motivate the community  
   1. Provide the community with the Strategic Plan and RETF findings suggesting solutions
   2. Survey and poll the community to understand the view of the tax payers
   3. Create a “Where do your taxes go?” brochure.

Attachments

- Attachment A-1: PowerPoint slide presentation to the Orinda City Council - November 18, 2008
- Attachment A-2: Multi-Source Plan for Infrastructure Rehabilitation
- Attachment A-3: Property Tax Reallocation Proposal for The Moraga-Orinda Fire District
- Attachment A-4: Assessed Property Value Forecasting Methodology
- Attachment A-5: FAQ for the RETF Multi-Source Plan for Infrastructure Rehabilitation
- Attachment A-6: Memorandum on Legal Options for MOFD Cost Reduction
Revenue Enhancement
Task Force

Part I - Introduction

November 18, 2008 Orinda City Council

Task Force Members

Sue Severson, Vice Mayor, Co Chair
Allan Resnick, Co Chair
Art Haigh, CIOC Chair
Martin Resch, Budget Committee
Michael R. Hanneken
Bill Schmicker
Neil Brown
Tom Ohlson
Workshop Agenda

I RETF Introduction
- Purpose & Funding Needs
- Funding Source Search
- Stakeholders

II Multiple Source Approach
- Potential Source Overview
- Orinda Property Tax
- Funds Outlay Over Time

III MOFD Reallocation
- Comparative Costs
- Funding Inequity
- Call To Action

Community Survey, Polling and Input

Task Force Purpose

- Identify potential revenue enhancements
- Investigate and Priorities Potential Sources
  - Orinda’s Many Needs
- Recognize Orinda’s Strategic Plan
Infrastructure Funding Needs

Road Improvements
Storm Drainage Improvements
Water Pipe Improvements
- Undersized Pipes
- Home and Wildland Fire Threat
- $28M Cost over 12-yrs

$120 million total over 12-yrs

Potential Funding Source Search

**EXTENSIVE RESEARCH**
- RETF investigated 40 potential revenue sources
- Investigations Summary (Exhibit B)
- RETF Report Prioritized Findings

**PRIORITIZED RESULTS**
- **Key Sources**
  Greatest impact in a timely way
  Multiple Source Approach
- **Supplementary Sources**
  City Governance Best Practices
  Fees and Assessments
  Downtown Revitalization
- **Not Viable Sources**
  DMV add-on annual car fee,
  Heavy truck fee, Storm water fee,
  Add-on garbage fee, Road toll,
  Sell city hall
Stakeholders

**Stakeholder’s common interest –**

Demonstrate commitment to the safety and financial well-being of our community.

Revenue Enhancement Task Force

*Part II: Multiple Source Approach*
Multiple Source Approach

- **Current Programs**
- **Community Partners**
- **Property Tax Reallocation**
- **Accelerated Measures**

### CURRENT PROGRAMS

1. Pavement Management Program
   - $14M over 12-yrs
2. Storm Drainage Management Program
   - $3M over 12-yrs

### COMMUNITY PARTNERS

3. Road matching funds from County/State/Federal grants
   - $2M over 12-yrs
4. Water pipe replacement match funding from EBMUD
   - $4M over 12-yrs
   - Rockridge Model
Orinda & MOFD Tax Revenue

- All Revenue
- Orinda & MOFD Revenue
- Revenue Cap
- Reallocated Revenue

Revenue Cap Growth:
- $30M over 12 yrs
- $25M over 12 yrs
- $20M over 12 yrs
- $15M over 12 yrs
- $10M over 12 yrs
- $5M over 12 yrs
- $0M over 12 yrs

Property Tax Reallocation

**FUNDING SOURCES**

5 – City of Orinda Property Taxes
- $16M over 12-yrs

6 – MOFD Property Tax
- $50M over 12-yrs
Accelerated Measures

**FUNDING SOURCES**

7 – Securitizing Gas Tax Revenue
  - $5M one time

8 – City Reserve Draw-down
  - $2M one time

9 – Tax Revenue Package
  - Bond Measure Component
  - Amount contingent on effective partnering

**BENEFIT**

- Leverage long-term funds
- Deterioration and Escalation
- Long-term maintenance

---

Funding Sources Outlay

1. Pavement Management
2. Drainage Management
3. Grant Matching Funds
4. EBMUD Matching
5. Orinda Property Tax
6. MOFD Reallocation
7. Monetized Gas Tax
8. Reserve Draw-Down
9. New Tax Revenue Package

---

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Revenue Enhancement Task Force

Details of MOFD Property Tax Reallocation Proposal

Orinda Property Tax Distribution
$45.7 million FY08-09

- MOFD: 22.6% / $10.3M
- Schools: 50.9% / $23.3M
- County: 10.3% / $4.7M
- City of Orinda: 7.4% / $3.4M
- Other: 8.8% / $4.0M
Comparative Fire Protection Costs

Why was MOFD Formed?

<table>
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<tr>
<th>Purpose of 1997 Formation - statements to Orinda voters</th>
<th>2008 Status</th>
<th>Comments</th>
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<tr>
<td>1. A paramedic on every truck</td>
<td>Done</td>
<td>Also a staffed ambulance in each town</td>
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<tr>
<td>2. Maintain three fire stations</td>
<td>Done</td>
<td>One fully rebuilt</td>
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<td>3. Fire flow tax to be used to upgrade stations, equipment &amp; water pipes</td>
<td>Nothing for water pipes</td>
<td>Deficient and deteriorating pipes – still a serious safety concern</td>
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<tr>
<td>4. Local fire commissioners responsive to local needs</td>
<td>Ongoing</td>
<td>Quality organization but now need focus on water pipes</td>
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<tr>
<td>5. Orinda’s fire protection $$ will stay in Orinda</td>
<td>Incomplete</td>
<td>Orinda share: 1997 - 62%, 2008 – 65% and growing</td>
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</tbody>
</table>
Orinda’s share of MOFD costs

- Why review the 23% tax allocation now?
  - Much has changed since 1997 MOFD formation
  - Fairness issue: increasing share not justified
  - Significant $$$ needed for other safety priorities
  - Review of efficiency of tax expenditures

- What should Orinda’s cost sharing % be?
Orinda's Fair % Share of MOFD Cost?

Percentage of Total:
- Population: 51.9%
- Parcels: 52.7%
- Fire Flow Tax: 54.4%
- Operations Personnel: 57.9%
- Stations: 60.0%

If Orinda’s share of MOFD costs was 60%:

- Pro forma Historical and Projected for next 12 years

Excess Costs From 1997 to Present = $14,000,000
Excess Costs From Present to 2021 = $55,000,000
Cumulative Excess Cost = Pink area
RETF Proposal Regarding MOFD

1. Create property tax reallocation mechanism, working with MOFD & Moraga, to implement an annual 4.5% cap in MOFD revenue starting in 2013 (with phase in).

2. Appoint a permanent Council liaison with MOFD to:
   (a) administer 4.5% proposal and
   (b) maintain an active involvement in MOFD
Can MOFD Operate with Reallocation?

Main Point Summary
MOFD Property Tax Reallocation Proposal

• Funding inequity exists and must be addressed – a fairness issue for Orinda

• Potential benefit of reallocation is huge and the centerpiece of the RETF proposal

• Effect of reallocation on MOFD will be manageable
Next Steps for MOFD Proposal

• Form an action committee to begin official discussions with MOFD and Moraga
• Hire an independent consultant to validate the RETF proposal assumptions and review MOFD operations
• Begin a public dialogue on the RETF proposal
• Confirm the legal process for obtaining a tax allocation adjustment

Revenue Enhancement Task Force

Wrap Up & Next Steps
Wrap Up

1. Orinda’s strategic plan identified infrastructure as Orinda’s #1 problem and #1 priority
   • Now a safety issue
2. After two $60M failed bond issues, RETF was created by City Council
   • Find new revenue sources
3. RETF revenue search exhaustive
   • 40 potential sources – draft report available

Wrap Up (continued)

4. RETF Proposal
   – Identifies multiple revenue sources
   – Reallocates a portion of Orinda citizen’s property tax
   – Fixes virtually all roads, drains & water pipes
   – Improves community safety without compromising fire protection
   – Provides long term maintenance for infrastructure
Critical Assumptions

- Methodology used to project growth in Orinda’s property tax is sound and will happen
- City Council and MOFD will create an environment of “community partnership” and focus on improved citizen safety
- Citizens of Orinda will pass a relatively small tax package ($25-30) million to fix whole infrastructure problem

Next Step

Recommend that the City Council empower a committee to coordinate the infrastructure funding process and to initiate discussions and negotiations with Moraga, MOFD and other partnering agencies.
The Orinda Revenue Enhancement Task Force (RETF) has developed a proposal that will fund, over a 12 year period, the vast majority of Orinda's unfunded infrastructure projects: roads, drainage projects, and water pipe upgrades for adequate fire fighting capabilities.

**NEEDS - $120M**

**Roads - $80M** - The 2006 Infrastructure Committee report showed $63 M being spent over 12 years to rehabilitate the roads and bring them up to a reasonable standard. Adjusting for inflation and a revised construction schedule, that $63M will grow to $85M if the reconstruction starts next year. The RETF plan envisions spending $80M on roads, completing over 90% of required projects in 12 years, leaving only a few left for the years to follow.

**Drainage - $12M** - The 2006 Infrastructure Committee report showed $9 M being spent over 9 years to rehabilitate the drainage running under the roads. Adjusting for inflation and a revised construction schedule, that $9M will grow to $12M if the reconstruction starts next year. The RETF plan envisions completing all drainage projects.

**Water Pipes - $28M** - In 1998 a study was done that showed it would cost $50M to bring Orinda's water pipes up to the established fire flow standard of 2,250 GPM from 3 adjacent hydrants. In 1999 another study concluded that the most severe deficiencies could be solved with $13M. By the time of the 2006 Infrastructure Committee report, due to the completion of a 2 projects on the 1999 studies list of 50, plus inflation, the cost was $14M. The RETF concludes that for $28M over the next 12 years, all of the projects on the 1999 study's list can be complete plus an additional 50%. This is still far from the recommended standard of 1998 study but a major improvement over today.

The total over 12 years in the RETF Multi-Source Plan for Infrastructure Rehabilitation would be $120M.
SOURCES - $120M

The RETF has identified nine sources broken into 4 groups that add up the $120M of funds over 12 years:

**Current Programs**
- Pavement Management Program - $14M
- Storm Drainage Management Program - $3M

**Community Partners**
- Road Matching Funds - $2M
- EBMUD - $4M

**Property Tax Reallocation**
- City of Orinda - $16M
- Moraga-Orinda Fire Department (MOFD) - $50M

**Accelerated Measures**
- Securitize Gas Tax - $5M
- City Reserve Draw Down - $2M
- New Tax Revenue Package - $24M

**Current Programs - $17M**
The two standing programs dedicated to infrastructure, the Pavement Management Program and the Storm Drainage Management Program are funded at $1.34M in the 2008/09 budget. We would recommend that this funding level be continued and increased at 5% for each year through 2021. These programs will add up to $17M over the next 12 years.

**Community Partners - $6M**
Road Matching Funds - There is no set amount available for road matching funds from county, state and federal sources. They are only available on an opportunistic basis and usually require a matching investment by the community. They are often available only for roads of "community" significance: major and minor arterials. We have significant repair requirements for this class of road plus the Orinda Public Works staff has been quite successful in securing such grants in the past. In addition, there may be major federal programs devoted to infrastructure funding being initiated in the not too distant future. We have conservatively estimated the value of this source over the next 12 years as $2M.

In addition, the city would, as it already does, partner with EBMUD and CCCSD, to effect major road repaving instead of patch fixes whenever these utilities are forced to dig up the roads for necessary repairs. The city needs to have the funds to match fund the utilities for these projects. The Plan would give it those funds.

EBMUD Matching Funds - While EBMUD owns the water pipes in Orinda, their policy, not just for Orinda but throughout their entire system, is to replace pipes when they need replacing and to replace them with the same size currently existing. Therefore, just because Orinda has
determined that some of its water pipes are undersized, EBMUD does not consider this their responsibility because those were the pipes Orinda gave to EBMUD when we were formed as a city 25 years ago. However, EBMUD does have a policy (called the Rockridge Plan which was developed after the 1991 Oakland fire storm) in which if a community wishes to replace a pipe with a larger pipe, EBMUD will credit the community for depreciation on the pipe being replaced. Therefore, if EBMUD replaces a 6" pipe that is 3/4 through its useful life with a new 12" pipe, EBMUD will charge The City for the 12" pipe but will credit back 3/4 the cost of a 6" pipe. We estimate that the net effect of this is, if we do $28M of pipe replacement work, a $4M credit from EBMUD.

**Property Tax Reallocation - $66M**

The RETF proposes to both the City of Orinda and to our fire department, MOFD, that they cap their revenue growth from property tax to 4.5% over the next 12 years and reallocate the excess to infrastructure rehabilitation. Over the past 12 years property tax revenues from Orinda have increased at almost 7% per year on average. While there is currently stress on property values, for reasons described below, we believe that the growth will continue at or above these rates. We further believe that the agencies can live within a 4.5% growth rate for the intermediate future as there is no indication that basic costs should increase significantly greater than the long term inflation rate of 3.0%. MOFD's long term forecast projects a 3.4% rate of cost increase.

While the 7% annual tax revenue increase is ultimately due to the increase in property values, the existence of California's Proposition 13 makes the calculus interesting.

As property values rise, most of that increase is not realized as an immediate increase in assessed values and property taxes. That is because Proposition 13 only allows a 2% increase per year for unsold homes. Only when a home sells is its assessed value adjusted to its actual market value. When a new house is built, its market value becomes the assessed value. When an existing house is significantly remodeled, the market value of the remodeling is added to the assessed value.

Orinda is basically an old community with very few new homes being built each year. Typically, about 4% of Orinda's homes get sold each year. Since the average tenancy of an Orinda home is about 25 years, Orinda market values have continued to grow well in excess of their assessed values. Currently the total market value of Orinda real estate is about twice the assessed value. Thus in an normal year, if 96% of the homes increase 2% in assessed value while the 4% of homes that sell increase in assessed value 100% (since their market value is twice their assessed value), the total assessed value increases 6%. But the total assessed value has been increasing at 7%. The extra 1% is the additional value of newly built and remodeled homes. A detailed discussion of the RETF's assessed value projection methodology is contained in Attachment A-4.

In the future a "new" event is going to hit Orinda. It is a major development called Wilder. 245 new homes that could sell for as much as $4M on average. That is $1 billion dollars of new assessed value added to a property tax base of $4.5 billion; more than a 20% increase. Now this might be spread out over 5 years or 10 years or even 15 years. And it might be less that $4M per home, but
not significantly. And while this new development might add some new costs to the community, it won't add much, at least in the near term. There are two additional developments, Pine Grove and Orinda Oaks, which will add further to the property tax growth. These new developments could add 2% to the average annual property tax growth rate.

However, there is also a current "bad" event. Property values are dropping all across the country. How will this affect Orinda? So far, so good. Indications are that if there have been decreases they have been minor. Last year Orinda's assessed value "only" increased 4.8% vs. the 7% average for previous years. The reason for this smaller increase was a function of decreased sales, not decreased values (97% of the homes increased 2% while only 3% increased 100%). What would happen if property values decreased drastically, like 10% or 20%? Remember, as property values increased rapidly, property taxes did not follow directly because of Proposition 13. The same mechanism will protect Orinda from drastic changes if property taxes decrease. If property values decreased 20%, so that the average home was only worth 1.6 times its assessed value as opposed to 2 times, and 4% of the homes continued to sell, then 96% of the homes would increase at 2% while the 4% that sold would only increase 60%. The net effect still 4.3%. For a few years new construction and Wilder might be slowed down but shortly pent up demand and an improving economy would bring the growth rate back to over 6% and maybe even 7%.

For Orinda we are proposing that any increase in property tax revenue in excess of a 4.5% over a base year, assumed to be 2008/09, goes to infrastructure. Over 12 years we project this to be $16M.

For MOFD we are proposing the same thing. The proposal is a bit more complicated for MOFD. First, while property taxes only represent about 1/3 of Orinda's revenues they represent the majority of MOFD's revenue so we really need to be sure that they can live within the cap. We also have an issue with our partner in MOFD, Moraga, in that we are currently paying about 5% more of the budget than we should be liable for so we see a tax reallocation as also an equity adjustment in the funding of our mutual fire department. Additionally, while it is in the city's direct interest to make changes in the budget to fund the infrastructure, the benefits to the fire district are not so obvious and getting them to accept them will be a challenge. However, the citizens did form the fire district and they do vote for the directors so they do have some control over what the district does. Over 12 years we project the MOFD reallocation to be worth $50M. A complete discussion of the complexities of the MOFD tax reallocation proposal is found in Attachment A-3.

**Accelerated Measures - $31M**

The funds gained from **Current Programs, Community Partners** and **Property Tax Reallocation** are either relatively level or back-end-weighted (Graph A-2.1, below). This requires some upfront funds to "jump-start" the reconstruction process and arrest the accelerating deterioration of our infrastructure.

1) **Securitize Gas Tax** ($5M) - Gas tax revenue is currently part of the Pavement Management Program. It is a relatively stable source of funds that can be borrowed against; many communities have already availed themselves of this funding technique. While this will reduce the PMP (already
taken into account in the $14M figure quoted above) it will allow for rapid repairs for the most impacted and heavily used roads in Orinda.

2) **Draw down city reserves** ($2M) - Through fiscal management over the years Orinda has accrued a reserve that is larger than it really needs to be. In 1997’s Measure E the city pledged to add $2M to the Measure E funds to repair the city’s infrastructure. The RETF requests that the city renews that pledge.

3) **New Taxes** ($24M) - The already defined 8 sources add up to $96M. The remaining $24M must come from a tax or fee to the citizens of Orinda. It can be noted by looking at the projected cash flows that in the final year of the program the other 8 sources have grown to $12M per year and thus only 2 more years of these funds would provide the $120M needed if there were no new taxes. However, after the Accelerated Sources (1) and (2) provide $8M of funding in the first year, the total for the next 3 years is only $11M. And if property tax revenues lag, even less. New taxes are required to bridge the time gap between the other Accelerated Sources and the major funding of property tax reallocation to realize infrastructure rehabilitation in under 2 decades as the deferral would allow accelerated deterioration and a significant increase in costs.

There are several options for the new taxes. They could be parcel taxes, special assessment district taxes, utility taxes, a general obligation bond or a combination of these and others. The cost could range from $500 per parcel per year (the entire amount spread over 7 years, no long term loan) to $80 for the first year of a general obligation bond for the average homeowner. There are pros and cons for all taxes. The simple, 7 year parcel tax seems fair in that every one pay the same amount, is over in a short period, and while relatively high is only slightly higher than the current elementary school parcel tax and only about 6% of the average property tax bill. A longer term parcel tax, paying off a 30 year bond, would be less than half as much, $225 per year, but would continue for 30 years. This would better match the life of the improvements and if you sold your house in 7 years you would not have had to pay for the entire cost. The general obligation bond, while the least costly option, has both the benefits and the disbenefits of being tied to the assessed value of the house. People with low assessed value think this is great but people with high assessed value think it is unfair. However, the absolute difference is not that great. While the cost for the average homeowner would be about $80; the cost for the 25% of homeowners whose homes are assessed below $200,000 would only be $24 annually; and the cost for the even a $1.5M home (only 5% of all homes exceed this) would only be $200 per year.

**Total Plan - $120M**

The total plan expends $120M over 12 year, starting at $8M in 2010 and increasing to $12M in 2021. By 2021 virtually a roads and drains will be brought up to acceptable standards and the water delivery system for fire protection will be vastly improved. Going forward, assuming tax reallocation from MOFD will not be rolled back, there will be $8M annually for continued water pipe improvements. There will also be $4M annually for continued road improvements and maintenance.

The plan’s cash flows are detailed in Graph A-2.1 and Chart A-2.2.
Funding Sources and Uses
$120,000,000 available

- Water Pipes $28M
- Drainage $12M
- Roads $80M
- NewTax $24M
- Reserve $2M
- GasTax $5M
- MOFD $50M
- Orinda $16M
- EBMUD Match $4M
- Road Grants $2M
- Drainage Mgmt $3M
- Pavement Mgmt $14M
## Chart A-2.2

**Orinda Revenue Enhancement Task Force**

**Multi-Source Plan for Infrastructure Rehabilitation**

($1,000,000's)

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<th>Needs</th>
<th>Pavement Mgmt</th>
<th>Drainage Mgmt</th>
<th>Road Grants</th>
<th>EBMUD Match</th>
<th>Orinda</th>
<th>MOFD</th>
<th>GasTax</th>
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**Sources**

- MOFD GasTax
- City Reserve
- New Taxes
- EBMUD Match
- Orinda
- MOFD
- GasTax
- Road Grants
- Drainage Mgmt
- Pavement Mgmt
Orinda Revenue Enhancement Task Force (RETF)

Property Tax Reallocation Proposal for
The Moraga-Orinda Fire District (MOFD)

I Statement

A portion of the property tax revenues currently slated for MOFD operations should be reallocated to the funding communities, Orinda and Moraga. Projections indicate that over the next 12 years $26 million of property taxes (by MOFD's revenue projections; $57M by RETF's projections) can be redirected back to the communities for crucial needs without negatively impacting the fire district's ability to provide adequate fire protection and medical emergency services. Funds from reallocation will be used in Orinda to improve the much neglected road system and upgrade fire water delivery pipes. This will increase the overall safety and well being of the community.

The Orinda Revenue Enhancement Task Force (RETF) makes the following recommendation to the Orinda City Council with respect to the Moraga-Orinda Fire District (MOFD).

1) That the Council works with MOFD to create a mechanism which would reallocate a portion of Orinda's property taxes back to the city for infrastructure rehabilitation. The reallocation would be based on a property tax revenue cap (from Orinda and Moraga only) at a defined limit. The suggested limit is 6.5% for the fiscal years ending 2010-2011, 5.5% for FYE 2012 and 4.5% thereafter. This agreed growth cap would continue for 12 years through FYE 2021 but would be subject to revision for unforeseen events.

2) That the City Council create a permanent Council liaison with MOFD to
   (a) administer the reallocation proposal
   and
   (b) maintain an active involvement in MOFD

Such an involvement was envisioned by the framers of June 1997's Measure A which formed MOFD.

II Background

Orinda and Moraga voted to form the MOFD in June 1997 (see Attachment A-3.1, the voter's pamphlet). Orinda's reasons for forming this district, as stated in the voters pamphlet, were:

• "Measures [A, B and C] will … give us effective fire safety system with local people … who know Orinda - our streets and our needs."
• "Putting paramedics on every Orinda fire engine"
• "Water supply and hydrant issues are best solved by locally elected and accountable Fire Commissioners and City Council members."
• "We will never again let the Supervisors spend $2.8M of Orinda's money elsewhere in the county, ignoring Orinda's needs."
- "Our tax dollars will be used in our city, now and in the future."
- Measure C (the fire flow tax) was put in place to "provide additional funds for fire protection, prevention and suppression, emergency medical services, … including water distribution facilities for fire suppression purposes, with the proceeds of such tax being restricted to use in the Orinda area."

Orinda now has paramedics on every truck, plus our own Orinda ambulance and a first class fire department. However, our long standing water supply issues have not been addressed. The degradation of our roads have also reached a point where they have become a safety issue competing with fire and emergency medical safety. In addition, Orinda is paying more than its fair share of MOFD's cost (see Section VII). One of the main goals upon the formation of MOFD was to prevent the spending of "Orinda's money elsewhere in the county, ignoring Orinda's needs." This is not being met. We hope the current MOFD directors, "local people … who know Orinda - our streets and our needs", will work with us to rectify these issues.

### III Funding of MOFD

When MOFD was formed, property taxes that previously had gone to fund the Orinda Fire District and the Moraga Fire District were combined. Each district received a fixed percent of the basic 1% property tax levied on all Real and Personal property. Each city was and is broken into 9 Tax Rate Areas (TRA) and each tax rate area's basic 1% tax is divided among about 30 agencies. *Attachment A-3.2* shows the 2008/09 detail breakdown for Orinda property tax and *Attachment A-3.3* shows the summary breakdown for Orinda, Moraga and three neighboring communities. These percentages were set well before MOFD was formed, possibly at the inception of Proposition 13 in 1978. Much has changed since 1978.

In 1997 the percent of the basic 1% that went from Orinda to MOFD was 22.6%. The percent from Moraga was 18.9%. These percentages have not changed. In 1997 Orinda's tax base was $2.04 billion while Moraga's was $1.49 billion (Orinda was paying approximately 62% of the total tax revenue). There were 5 fire houses; 3 in Orinda and 2 in Moraga. One paramedic ambulance stationed in Moraga served the entire community. Orinda was paying 62% of the district's property tax and getting, at the most, 60% of the services (3 of 5 firehouses). At the time there was a valid reason for this discrepancy as Orinda's capital equipment was inferior to Moraga's.

Today, Orinda continues to host 3 of the district's 5 stations and it now has its own paramedic ambulance. With 3 firefighters in each firehouse and 2 paramedics on each ambulance, Orinda utilizes 11 operations personnel per shift while Moraga utilizes 8. The vast majority of the district's budget is for personnel employment costs of which Orinda is incurring 11/19ths of the total (58%) vs. Moraga's 42%. An additional wrinkle is that Orinda's property tax base has increased over the last 12 years at an average annual rate of 6.9% while Moraga's has grown at 5.8%. The tax rates have remained constant so Orinda is now paying 65% of MOFD's combined property tax receipts. This appears to run counter to argument 2 of the MOFD formation measure, "to keep fire protection money in Orinda and not have it subsidize other communities."

The result of this increasing discrepancy is that over the past 12 years Orinda has paid between $14M and $20M in excess of its fair share of MOFD's costs. This has more than compensated Moraga for any shortcomings of the Orinda Fire District coming into the MOFD partnership. Over the next 12 years this inequity is projected to cost Orinda an additional $60M - $75M.
IV Adequate Funding of MOFD

It is time to reallocate excess funds to repair the worst road system in the Bay Area and revitalize a firewater delivery system that was deemed deficient way back in 1997. However, no proposal of revenue sharing from the fire department would be acceptable if it meant the fire department was underfunded, leaving the community at risk. This statement is the backbone and guiding philosophy of our proposal. This proposal increases the community's overall safety by increasing road and fire-water safety while not diminishing fire department effectiveness.

The average property values for Orinda and Moraga combined have increased at an average annual rate of 6.5% since 1997. Over the next 10 years, with the construction of several major developments in Orinda and Moraga, this annual growth rate could increase to over 7%. While there is currently a slump in general property values, Orinda and Moraga retain an appeal that leaves them relatively unaffected. Last year, while some communities lost double digit percent of their tax base, Orinda's increased by 4.8% and Moraga's increased by 3.4%.

This increase was due mostly to reduced sales volume rather than property price movement. By statute, assessed property values increase at 2% per year, due to Proposition 13. What makes a community tax base increase at more than 2% are the sales of existing homes which are currently assessed at below market value and are re-assessed upon sale. The average assessed value of Orinda's 7,000 parcels is $650,000 per parcel. In the past 6 months, the average sales price of homes was about $1,300,000. This is only 2% below the average for the same period last year. So while our prices are not increasing greatly, they are not decreasing. Most importantly, they are twice what the average assessed value is. Therefore, while an unsold house increases in assessed value 2% annually, a sold house increases 100% in the year of sale. If 4% of houses sell each year (that is an average ownership of 25 years), then the average assessed value increase will be 6%. Add developments like Wilder and Pine Grove and the 12 year average assessed value growth can be forecasted to remain over 7%.

What does MOFD need to operate? According to the latest MOFD nine year forecast (dated October 15, 2008):

1) Their operating expenses are projected to increase at an average annual rate of 3.4%
2) The operating expenses account for 95% of the budget excluding extraordinary expenses (see item (6))
3) Going into the current fiscal year they have a reserve of just under $8M
4) They expect 4 years of deficits but by 2017 they project their reserve will be back up to $12M
5) Projecting their forecasts out 12 years through 2021, their reserves could increase to over $36M
6) There are 2 footnotes in their financials for liabilities not exhibited as line items
   a) An unfunded post retirement medical cost liability of $20M that should be amortized over 30 years at $1.7M per year per GASB 45
   b) $30M of new facilities including $20M for 2 new stations and $10M for an administration building

Our proposal allows them to fully fund their operational cost increases and apparatus purchases and still leave them with significant reserves to deal with their footnoted liabilities. The details of this proposal are in section V. The details of the impact of the RETF proposal on MOFD are in section VI.
V The RETF Plan for Reallocation of Tax Revenue

1) Cap MOFD property tax (exclusive of the Fire Flow tax) revenue growth from Orinda plus Moraga at 4.5% annually except for the first three years while MOFD is projecting a deficit (6.5% growth for 2010 and 2011; 5.5% growth in 2012). MOFD continues to retain the first 4.5% (or 5.5% or 6.5%) of revenue growth while Orinda and Moraga share the growth above that percentage, if any.

2) Orinda gets the majority of the savings as it attempts to adjust its share of MOFD's total funding from 65% down to 60% (see Section VII for discussion of the 60% split) over 12 years. Orinda wants to share the savings with Moraga, and not take all of the savings until a 60 : 40 ratio is reached, in order to make Moraga a partner in the reallocation plan.

3) The growth cap is cumulative and can be calculated in advance based on a reference year, which we assume will be 2008/09. To the extent the actual taxes received exceed the cap, the excess will be credited back to Orinda and Moraga. To the extent the cap is not exceeded, no credit will be issued. Any shortfalls (growth rates less than the cap) will reduce future credits but Orinda and Moraga are not obligated to return past credits.

4) The exact mechanism of credit will be determined by a joint MOFD / Orinda / Moraga commission. It could include a reversion of the Fire Flow tax back to the cities; a Joint Powers payment to allow the cities to perform an MOFD obligation (e.g. upgrade water pipes); or a tax rate adjustment from one agency to another for one or more tax rate areas; or any combination of the above. (see Section IX)

5) Periodic review. Part of the reason that we are in the situation that we are currently in is that the allocation of resources for fire protection and emergency medical services was tied to property values with no mechanism for reallocation. Needless to say, there is no logical long term correlation between the cost of these services and property values. If the Orinda and Moraga fire departments were part of their respective cities, the city budgets would be right-sized over time and appropriate spending levels arrived at. To this end, we suggest a mandatory review of this proposal every 6 years by a joint task force of the MOFD, the City of Orinda and the Town of Moraga.

VI The Impact on MOFD

Attachment A-3.4 shows the effect of a 4.5% cap on Orinda plus Moraga's property tax revenue to MOFD.

1) The current MOFD forecast has deficits of $6.9M through 2012, bringing the reserve down to about $1M. The reserve then reconstitutes to $12M by 2017 and $36M by 2021. The proposed reallocation would not exacerbate the expected deficit but would constrain its reconstitution so that by 2017 it would still be at $1M and by 2021 $7M. This would be operating at too thin a margin of error.

2) RETF plan proposes a re-structuring of the current pension bond. The $24.5M balance at the end of 2009 would be replaced with a $27M bond to cushion the deficit for the next 3 years. Then the payments would be structured over 25 years, escalating at 3% per year as opposed to the current 5% escalation.

3) The effect of this restructuring would be a minimum reserve balance of $5M in 2011, a $12M balance in 2017 and a $24M balance in 2021. These are very close to what MOFD had originally projected but, of course, the outstanding Pension Bond balance, due to the slower amortization, would be much higher at these points.

4) By 2021 the net annual surplus would be $4M and increasing at about $500,000 per year.

5) Even if this agreement were continued in 2021 for an additional 6 years, MOFD's reserve could still grow to over $60M by 2027.
VII Equitable Split of MOFD's Expenses

"We will never again let the Supervisors spend $2.8M of Orinda's money elsewhere in the county, ignoring Orinda's needs." - Sargent Littlehale, Mayor of the City of Orinda (from arguments in favor of Orinda's June 1997 Measure A which formed MOFD)

Facts:
- Orinda has 52% of the combined population of Orinda and Moraga
- Orinda contains 53% of the building parcels in Orinda and Moraga
- Orinda pays 54% of the Fire Flow Tax which is a measure of resources required to fight fires
- 58% of MOFD's operation personnel (11 of 19 on each shift) are stationed in Orinda
- 60% of MOFD's stations are in Orinda

So what percent of MOFD's costs should be allocated to Orinda?
- The vast percent of MOFD's expenses are personnel expense so allocation by personnel (58%) could be the answer.
- A high percent of the incidents MOFD responds to are medical emergencies. These are probably proportionate to population; maybe allocation by population is appropriate (52%).
- While we don't have the records of the location of incident numbers between Orinda and Moraga we are sure MOFD does; maybe that is a good indicator of allocation.
- The fire department has a lot of tasks other than responding to incidents (in 2006 there were 2,645 incidents. There are 5 engine companies and 2 ambulances. Dividing 2,645 by these 7 responding units results in 1 incident per unit per day.) They have a lot of time to do things when not responding to incidents and they do lots of things: maintaining the district's fire hydrants; constant classroom and field training for basic skills and specialty rescue skills; child safety seat program. How do you allocate the costs of these hours and programs? Probably not on the location of the stations but where the beneficiaries of the skills and programs reside (by population? by incident?).
- Orinda has 3 stations not because its population is so large that it requires 3 stations (fewer that 6,000 served per station while Moraga has 8,000 and Contra Costa fire serves over 20,000 per station) but because of its spread-out geography. What premium should be placed on Orinda for its "extra" station when that station's fire fighters are generally employed in tasks throughout the district?

The range of equitable share is between 52% and 60%. At this time we are constrained by realities to suggest that we slowly reduce Orinda's share from its current 65% share to the top end of the "equitable" range, 60%. Over time, if costs can be contained or maybe operational efficiencies explored, and if revenues growth exceeds cost growth (as both the RETF and MOFD project they will), we can revisit this issue.

The realities of the situation are:
1) The only way to reduce Orinda's share is to either reduce Orinda's cost or increase Moraga's cost, or a combination of the two.
2) Moraga's property tax rate of 0.189% to MOFD already exceeds every other community in the area (except that of Orinda). Moraga's property tax rate to the Town of Moraga (the only available source of a tax rate shift) of 0.053% is one of the lowest in the area, so there is little room to take tax money from the town. Moraga already pays a Fire Flow parcel tax. To anticipate the citizens voting for an
additional tax is unrealistic. Therefore, it is highly unlikely that Moraga can or will pay additional funds for the operation of MOFD.

3) While there are projected revenue surpluses to MOFD in the future, they will build up slowly. It is not in Orinda's best interests to cause its fire department hardships by forcing it to make cuts in an already efficient budget. We are looking to share only those surpluses over funding levels that allow MOFD to continue to operate effectively. Assuming that MOFD's long term forecasts accurately reflect the monies needed to so operate, it appears that those surpluses will be forthcoming. This will allow Orinda's share of the total cost of the operations of the fire district to return to the fair range that Orinda was promised in 1997.

VIII The Impact on Orinda and Moraga

Attachment A-3.5 shows the effect on Orinda and Moraga of a 4.5% cap on MOFD revenue increases.

The property tax excess transferred to Orinda and Moraga will be allocated between the two communities such that Orinda's share of the total tax bill will reduce from its current 65% to a more equitable 60%. This reduction in share will be phased in over 12 years such that Moraga can participate in the rate savings from MOFD.

1) For the first two years, 2010 and 2011, Orinda's share of the total will drop 0.2% each year from its current level of 65.1% (to 64.9% and 64.7% respectively).
2) Starting in year 3, the share percent will drop 0.5% each year until a share of 60% is achieved.
3) Periodically this proposal should be reviewed by a task force of the City of Orinda and the Town of Moraga to confirm or change assumptions and propose actions or modifications.
4) The total tax revenue reallocated to fire flow and road repairs over the 12 years, based on Orinda's assessed value projections not MOFD's, would be $50M. The total reallocation to Moraga would be $7M.

IX Possible Mechanisms for Reallocation

1) Joint Powers Agreement. It is part of MOFD's range of obligations to participate in the provision of adequate water supplies for the fighting of fires. Therefore, it could transfer money to Orinda, under a Joint Powers Agreement, for the purpose of upgrading pipes that are undersized for adequate fire protection. Additionally, since most of MOFD's main tasks; emergency medical response, fire protection and emergency rescue; all require getting to the site of the emergency as quickly as possible on city streets, it can be argued that MOFD is dependent on and the recipient of the benefits of a well maintained road system. MOFD does not pay taxes to maintain this road system. Responsibility to fund a portion of the road system could also be part of a Joint Powers Agreement.

2) Tax Reallocation. The Govt. Code allows California local agencies (which include cities and special districts) to effect a transfer of property taxes allocations between the two agencies when both parties agree. Since the tax allocation allotted to MOFD was created by the County Supervisors, well prior to the creation of MOFD, the value of property in Orinda and Moraga has shifted. The result is a disproportionate payment of MOFD's costs by Orinda based taxes. If the district were to be formed today different rates would be used. The law exists to adjust the rates to what is appropriate now.
3) Restructuring Orinda’s relationship with MOFD. This would technically entail a detachment from MOFD but it could include a simultaneous contract with MOFD for services. From the user’s perspective, nothing would change. From a legal perspective, Orinda would be receiving the tax revenue previously allocated from MOFD and then would contract out to MOFD for whatever services Orinda felt were necessary, at appropriate costs, in the same way it currently contracts out police services.

The Orinda Revenue Enhancement Task Force

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ORINDA FIRE PROTECTION DISTRICT

MEASURES A, B, C

TUESDAY, JUNE 3, 1997

"Arguments in support or opposition of the proposed measure are the opinions of the authors."
ORINDA FIRE PROTECTION DISTRICT
SPECIAL MERGER MEASURE A ELECTION
TUESDAY, JUNE 3, 1997

"Arguments in support or opposition of the proposed measure are the opinions of the authors."

MEASURE A

"Shall the order adopted on January 14, 1997 by the Board of Supervisors of Contra Costa County to order the consolidation of the Orinda Fire Protection District and the Moraga Fire Protection District into a single district known as the Moraga-Orinda Fire Protection District be confirmed, subject to the terms and conditions specified in the order, including the election of District directors by five geographical divisions?"

YES
NO

ARGUMENT IN FAVOR OF MEASURE A
ORINDA FIRE PROTECTION DISTRICT
SPECIAL MERGER MEASURE A ELECTION
TUESDAY, JUNE 3, 1997

Join the Orinda City Council, Orinda Fire Commission, Orinda Chamber of Commerce, and Orinda Association and vote YES on Measures A, B and C.

It may save your life.

By putting paramedics on every Orinda fire engine and merging fire services with Moraga, we take control of the health and safety decisions that most affect our lives.

A YES vote on these three measures will

- **Put paramedics on every Orinda fire engine**
  Currently paramedics must come all the way from Walnut Creek.
  Orinda-based paramedics will cut 11 minute average response time to 5 or 6 minutes.

  "Every minute saved greatly increases survival rates for cardiac, choking and severe allergic reaction victims."
  - Gary Hallam, MD Emergency Room.

- **Insure that fire protection dollars Orindans pay will stay in Orinda**
  Merger means a locally elected unpaid fire commission will control our fire protection money, not the County Supervisors in Martinez.

  "We must never again let the Supervisors spend $2.8 million of Orinda’s money elsewhere in the County, ignoring Orinda’s needs."
  - Sargent Littlehale, Mayor
  - City of Orinda

- **Insure that Orinda keeps 3 fire stations and current staffing levels**
**Make local fire commissioners responsible for our local needs**

Many of our problems such as overdue replacement of our aging equipment, critical seismic repair to our fire houses and need for paramedic firefighters are due to County neglect. This measure takes control from the Board of Supervisors and places it in the hands of local citizens.

Measures A, B and C must all pass for this to become a reality.

Bring long-needed paramedics
and the highest level of fire services for the fewest dollars to Orinda.

*Vote YES on A, B and C*

Allan Tabor, Mayor Pro-Tem
City of Orinda

Joyce Hawkins, Councilmember
City of Orinda

Robert I. Recker Jr., President
Orinda Fire Commission

Peter F. Elin, President
Orinda Chamber of Commerce

Aldo P. Guidotti
Former Councilmember, City of Orinda

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**ARGUMENT AGAINST MEASURE A ORINDA FIRE PROTECTION DISTRICT SPECIAL MERGER MEASURE A ELECTION TUESDAY, JUNE 3, 1997**

The merger of the Moraga and Orinda Fire Departments will in no way solve the fire related problems of Orinda, which are:

- Inadequate fire water supply, $53,000,000 estimated to upgrade.
- 252 obsolete fire hydrants needing replacing.
- State Fire Marshal designation of “VERY HIGH FIRE HAZARD SEVERITY AREA”.
- 50 tons of fire fuel load per acre.

Professional firefighters of both district state:

- **"WE OPPOSE THIS PROPOSAL."**
  
  Firefighting is a labor intensive job that requires close coordination among all involved. Any substantial fire requires engines from other parts of the county to respond. Currently as part of a county-wide team we train together and plan for efficient operations. Breaking apart this team would jeopardize efficiency of operations and the morale of the personnel. We have full access to resources that are unavailable to a smaller department such as large training facilities, experts in arson investigation, code enforcement, hazardous materials incidents and special rescue situations."

Moraga does not have Orinda’s problems but Moraga will be assuming Orinda’s liabilities.

With merger all of Moraga Fire PROPERTY TAXES will be pooled with Orinda’s. Moragans might have to pay once again their .30¢ fire flow tax to replace property taxes diverted to Orinda?

Moraga’s fire insurance rates might increase to Orinda’s fire risk level.

Orinda has started a paramedic program with 3 firefighter paramedics expanding to 12 and will purchase a $130,000 rescue ambulance.

Neither merger or the FIRE FLOW TAX is needed to maintain the excellent services that Orinda
now enjoys. Nor are they needed to replace equipment or to seismic retrofit fire stations under option I and certainly not needed for emergency medical services.

VOTE NO! LET US IN ORINDA SAVE OUR TAX DOLLARS FOR A BOND ISSUE THAT WILL RESOLVE THE $53,000,000 water pipe replacement issue.

Edmund J. Coyne  James M. Taylor  Daniel F. Murphy
Gilbert K. Dong, Jr.  David P. Leimone
Committee For Fire Safety And Paramedics

REBUTTAL TO ARGUMENT AGAINST MEASURE A
ORINDA FIRE PROTECTION DISTRICT
SPECIAL MERGER MEASURE A ELECTION
TUESDAY, JUNE 3, 1997

Don’t be fooled by the smoke screen created by those who oppose local control.

Fire safety and emergency care for our seniors, school children and families should not be dependent on an insensitive and distant fire bureaucracy in Martinez.

Yes on Measure A will:

- Establish paramedic services at our three fire stations,
- Merge our fire services with Moraga, and,
- Give us local control over the quality and responsiveness of life saving care.

That is why the Orinda City Council and Orinda Fire Commission voted unanimously to support Measure A.

Water supply and hydrant upgrade issues are best solved by locally elected and accountable Fire Commissioners and City Councilmembers. Do you trust the county fire bureaucrats or your local community leaders to get the job done right at the lowest cost?

A merger will not reduce firefighter’s training or mutual aid in the event of an emergency. This is a scare tactic without any basis in fact.

“Orinda’s firefighters will continue to be as experienced and well trained as any fire district in the county.”

Dave Evans
Orinda Fire Chief, Ret’d.

The County has neglected our fire protection needs, while squandering millions of Orinda taxes on fire services in other cities.

Beware! After years of hollow promises by the County’s fire Chieftains, don’t be surprised by election eve promises to set things right.

Please join the Orinda Association and Chamber of Commerce in voting Yes on A, B and C: Local control and paramedics we can count on!

Robert I. Recker Jr.  Allan Tabor  Peter F. Eftin
President  Mayor, Pro Tem  President
Orinda Fire Commission  City of Orinda  Orinda Chamber of Commerce
Joyce Hawkins  Aldo P. Guidotti
Councilmember  Former Mayor
City of Orinda  City of Orinda

ORINDA FIRE PROTECTION DISTRICT
SPECIAL APPROPRIATIONS LIMIT
MEASURE B ELECTION
TUESDAY, JUNE 3, 1997

“Arguments in support or opposition of the proposed measure are the opinions of the authors.”

MEASURE B

“Shall the appropriations limit of the consolidated new Moraga-Orinda Fire Protection District, as established by the Local Agency Formation Commission of Contra Costa County by combining the appropriations limits of the Orinda Fire Protection District and the Moraga Fire Protection District, be confirmed at $11,944,423, with annual adjustments for changes in cost of living and population?”

YES

NO

ARGUMENT IN FAVOR OF MEASURE B
ORINDA FIRE PROTECTION DISTRICT
SPECIAL APPROPRIATIONS LIMIT
MEASURE B ELECTION
TUESDAY, JUNE 3, 1997

Vote YES on Measures A, B and C

Together they will bring paramedics to Orinda and give us control over the health and safety issues that most affect our lives.

Measure B sets the spending limit for the new merged Fire District. Measure B protects taxpayers by containing spending within existing limits. That limit is determined by combining the already existing spending limits of the Orinda and Moraga Fire Protection Districts.

Orinda voters must approve this spending limit by voting YES on Measure B.

The Orinda City Council, Orinda Fire Commission, Orinda Chamber of Commerce, and the Orinda Association all support this measure.

"Measures A, B and C together will insure that Orinda Fire protection dollars are used for our critical needs, including paramedics, seismic upgrading of our fire stations and
replacing our aging fire equipment.

Joyce Hawkins, councilmember
Orinda City Council

"Measures A, B and C together will give us an effective fire safety system with local people in control, people who know Orinda - our streets and our needs."

Aldo Guidotti, former councilmember
City of Orinda

"Measures A, B and C will give us local control so that we will have Orinda Paramedics at our door 3-6 minutes sooner than the current out-of-town ambulance service. Local paramedics will honor our request for transport to the hospital of our choice and to one properly equipped to handle our emergency needs."

Jeffrey Wolf, Orinda MD

ARGUMENT AGAINST MEASURE B
ORINDA FIRE PROTECTION DISTRICT
SPECIAL APPROPRIATIONS LIMIT
MEASURE B ELECTION
TUESDAY, JUNE 3, 1997

None filed.

ARGUMENT IN FAVOR OF MEASURE C
ORINDA FIRE PROTECTION DISTRICT
SPECIAL TAX MEASURE C ELECTION
TUESDAY, JUNE 3, 1997

Take control of the health and fire safety issues that most affect our lives.

Bring paramedics to Orinda by voting YES on Measures A, B and C.

The Orinda City Council, Orinda Fire Commission, Orinda Chamber of Commerce and Orinda Association all support these measures that will -

PUT A PARAMEDIC ON EVERY FIRE ENGINE
"A paramedic at your door 3 to 6 minutes sooner than the current response time is a critical difference in a life or death situation such as heart attack, choking or severe trauma."
Gary Hallam MD, Emergency Room Physician

REPLACE AGING FIRE AND AMBULANCE VEHICLES
"When Orinda's 20 year old failing fire equipment must be replaced, money will have been set aside to do so"
Robert I. Recker Jr., President
Orinda Fire Commission

SEISMICALLY REPAIR OUR FIRE STATIONS
"Passage of this measure means Orinda can seismically reinforce our fire stations, so they will be operational when the next earthquake hits."
Lily Regetson
Neighborhood Disaster Coordinator

Measure C authorizes a paramedic and fire safety tax.

It sets a 6 cent rate cap on this levy that is related to house size, not lot size nor assessed valuation.

The maximum an owner of a 2500 square foot house would pay is $81 per year, $6.75 a month, less than the price of a movie ticket!

Our local fire commission will have authority to lower and even eliminate the tax in years when additional revenues are not needed.

The rate cap can never be raised without a 2/3 majority vote by Orindans.

Funds raised by this measure will be spent only in Orinda for Orinda's needs.

Remember, all three measures must pass to bring paramedics to Orinda and take local control of our emergency medical and fire needs.

Vote YES on Measures A, B and C

Sargent Littlehale, Mayor
City of Orinda
Linda Landau, President
Orinda Association

MEASURE C

"Shall Ordinance 97-1, as adopted by Resolution 97-16 of the Contra Costa County Board of Supervisors, be approved to authorize a special tax on property on the cleared tax roll in order to provide additional funds for fire protection, prevention and suppression and emergency medical services, equipment and related facilities, including water distribution facilities for fire suppression purposes, with the proceeds of such tax being restricted to use in the Orinda area?"
Rebuttal to Argument in Favor of Measure C
Orinda Fire Protection District
Special Tax Measure C Election
Tuesday, June 3, 1997

No on fire flow tax! Why?

Fact: Orinda does not need additional taxes to carry out its operational responsibility, paramedic program, replacing aging equipment, retrofitting fire stations, see the proposed 5 year budget for Orinda Fire Department, at Orinda stations and library.

Fact: Orinda's assessed value for property taxes on 7,228 homes, businesses and parcels - $2,051,363,769 - 7/96. Gateway development will add $500,000,000 + to the tax rolls. Orinda's tax rate of 22¢ provides ample funds. The revenue from Gateway would be greater than the fire flow tax.

Fact: Fire-fighting Paramedic Program is already implemented in Orinda.

Fact: Orinda's property tax revenues CAN NOT be touched by County Supervisors. They stay in Orinda.

Fact: Orinda's and Moraga's fire-fighters oppose this merger. They fear the reduction of Battalion 4 effectiveness, loss of back up and fire related services, a REAL CONCERN.

Fact: Orinda has a new $325,000 fire engine. It has budgeted for two additional engines, rescue ambulance, all with existing revenues.

Fact: Orinda's Commissioners have constantly stated that they will have no part in replacing EBMUD's old pipes. Our fire water supply is our biggest problem - save any additional tax dollars for a bond issue that would eliminate the RED TOPPED fire hydrants.

Hard to believe that a newly elected Moraga's District Directors of this merger would be sympathetic to Orinda's real problems namely fire water supply, replacing fire hydrants and excessive fire fuel load. Moraga does not have Orinda's fire related problems.

Vote No!

Edmund J. Coyne
James M. Taylor
Daniel F. Murphy
Gilbert K. Dong, Jr.
Richard J. Townsend
Committee For Safety And Paramedics

Argument Against Measure C
Orinda Fire Protection District
Special Tax Measure C Election
Tuesday, June 3, 1997

Does Orinda Need a Fire Flow Tax?

No, it does not!

Orinda Fire Protection District has a tax rate of 22¢ which is sufficient for it's operational budget, replace fire engines, upgrade equipment, provide paramedic services and seismic retrofit the 3 fire stations so that in the event of earthquake equipment can exit and respond to emergencies.

The Contra Costa County Fire Protection District submitted to the County Board of Supervisors a proposed budget to provide fire protection and enhanced emergency medical (Paramedic) services to Orinda as an alternative to the proposed consolidation of the Orinda and Moraga fire departments.

This projected budget includes the district's capital needs, seismic retrofitting improvements (option 1), two engines at $325,000 each, a $130,000 rescue ambulance and other fire equipment.

It includes $250,000 for paramedic pay differential, medical supplies, paramedic re-certification, skill maintenance expenses and other related costs. Starting with 3 paramedic-firefighters which will increase as vacancies occur to 12.

The fund balance projected at end of FY 2000-01 - $131,520 indicates that all can be accomplished "Without the need for an additional taxing authority".

Every home in Orinda can stand seismic retrofitting but we will not tear our house down and rebuild. It is therefore unreasonable to suggest that all three stations be demolished and rebuilt when the present facilities will serve adequately.

The $500,000,000 Gateway development will provide additional tax revenues that will greatly enhance the financial picture.

Why should we pay an unnecessary fire tax when the real need is replacing Orinda's small 60 year old corroded water pipes and hydrants owned by EBMUD that do not provide adequate fire water supply? Our tax dollars can better be used to fund a $53,000,000 bond issue to resolve this critical problem.

Vote No on Fire Flow Tax.

Edmund J. Coyne
James M. Taylor
Daniel F. Murphy
Gilbert K. Dong, Jr.
Richard J. Townsend
Committee For Safety And Paramedics
REBUTTAL TO ARGUMENT AGAINST MEASURE C
ORINDA FIRE PROTECTION DISTRICT
SPECIAL TAX MEASURE C ELECTION
TUESDAY, JUNE 3, 1997

No one disputes Orinda’s need for paramedics, modern equipment and seismic upgrading of fire stations. The question is, whom do you trust to get the job done; the County’s Fire Bureaucracy or the people of Orinda.

Local control of our fire services, with local taxing authority, is the only way we can ensure that:

- Our tax dollars will be used in our city, now, and in the future.
- Paramedic hiring, equipment upgrades and seismic repairs will be undertaken immediately, and in a fiscally responsible way,
- All activities will be accountable to the residents of Orinda.

“The fire merger of Orinda and Moraga is not only fiscally sound, it is also operationally sound”

Walt Luihn
Orinda Assistant Fire Chief, Ret’d.

For years, we appealed to the County to fund paramedics in our fire stations, saving precious emergency minutes. The County bureaucrats ignored our requests, and spent millions of Orinda fire taxes in other communities.

We’ve had enough of the County’s hollow budget proposals, broken promises and election eve pledges.

Orindans voted for Cityhood because the County had a long track record of abusing our tax dollars and failing to be responsive to our unique needs. For that same reason, we voted two-to-one against County Fire’s attempted power grab in 1994.

Yes on A, B, C will return local control of our emergency care services and taxing authority to the people of Orinda. We must no longer settle for second best when people’s lives are at stake.

Sargent Littlehale
Mayor
City of Orinda

Richard G. Heggie
Former Mayor
City of Orinda

Cynthia Powell
Community Volunteer

Linda Landau
President
Orinda Association
### Orinda Tax Rate Area Detail

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## Allocation of 1% Base Property Tax
### 2008/09

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### Annual Tax ($1,000)

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### $ per Capita

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<th>226,943</th>
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<td>247</td>
<td>257</td>
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<td>City</td>
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<tr>
<td>Other</td>
<td>229</td>
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<td>198</td>
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<td>Total 1% Prop Tax</td>
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<td>1,802</td>
<td>2,215</td>
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### Population (2000)

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<td>Sq Mi</td>
<td>12.6</td>
<td>9.3</td>
<td>21.9</td>
<td>15.2</td>
<td>18.1</td>
<td>19.5</td>
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<tr>
<td>Pop Density</td>
<td>1,396</td>
<td>1,752</td>
<td>1,547</td>
<td>1,573</td>
<td>2,305</td>
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## MOFD OPERATING AND CAPITAL FORECAST

Cap on Orinda & Moraga Tax Revenue / Refinance of Pension Bond (graduated payment schedule)

<table>
<thead>
<tr>
<th>FYE June</th>
<th>Operating Expenses</th>
<th>Non Orinda-Moraga Property Tax</th>
<th>Other Revenue</th>
<th>Capital Revenue</th>
<th>Total Revenue</th>
<th>Growth Rate</th>
<th>Surplus (Deficit)</th>
<th>Pay off Existing Pension Bond</th>
<th>Cash after Debt Service</th>
<th>Reserve Balance</th>
<th>Reserve Earnings</th>
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<tr>
<td>2009</td>
<td>19.1 2.9 22.0</td>
<td>1.2 1.4 1.1 15.2</td>
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<td></td>
<td>18.7</td>
<td>-3.3</td>
<td>0.0</td>
<td>-3.3 4.5</td>
<td></td>
<td></td>
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<tr>
<td>2010</td>
<td>20.4 0.9 21.3</td>
<td>1.2 1.4 0.9 16.0 6.5%</td>
<td></td>
<td></td>
<td>0.0</td>
<td>19.5 4.3%</td>
<td>-1.8 -24.5 27.0 0.0 0.7</td>
<td>5.4 0.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>21.1 0.8 22.0</td>
<td>1.3 1.4 0.9 17.0 6.5%</td>
<td></td>
<td></td>
<td>0.0</td>
<td>20.6 5.4%</td>
<td>-1.4 2.3 0.0 -1.5 -0.6</td>
<td>5.0 0.2</td>
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<td></td>
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<tr>
<td>2012</td>
<td>21.6 0.7 22.5</td>
<td>1.3 1.4 1.1 18.1 5.5%</td>
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<td></td>
<td>0.1</td>
<td>21.9 6.4%</td>
<td>-0.6 2.4 0.0 -1.5 0.3</td>
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<td>2013</td>
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<td></td>
<td>0.8</td>
<td>22.9 6.8%</td>
<td>-0.2 2.5 0.0 -1.6 0.7</td>
<td>6.4 0.2</td>
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<tr>
<td>2014</td>
<td>23.2 0.7 23.9</td>
<td>1.5 1.4 1.1 19.8 4.5%</td>
<td></td>
<td></td>
<td>1.5</td>
<td>23.8 3.9%</td>
<td>-0.1 2.6 0.0 -1.6 0.9</td>
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<td>2015</td>
<td>24.0 0.8 24.7</td>
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<td></td>
<td>2.2</td>
<td>24.8 4.1%</td>
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<tr>
<td>2016</td>
<td>24.7 1.1 25.9</td>
<td>1.6 1.5 1.0 21.6 4.5%</td>
<td></td>
<td></td>
<td>2.7</td>
<td>25.7 3.7%</td>
<td>-0.1 2.9 0.0 -1.7 1.0</td>
<td>10.4 0.4</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>25.5 1.3 26.9</td>
<td>1.7 1.5 0.9 22.6 4.5%</td>
<td></td>
<td></td>
<td>3.0</td>
<td>26.7 3.9%</td>
<td>-0.2 3.0 0.0 -1.8 1.1</td>
<td>11.9 0.4</td>
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<tr>
<td>2018</td>
<td>26.2 0.9 27.2</td>
<td>1.8 1.5 0.9 23.6 4.5%</td>
<td></td>
<td></td>
<td>3.3</td>
<td>27.8 4.1%</td>
<td>0.7 3.0 0.0 -1.8 1.8</td>
<td>14.2 0.5</td>
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<tr>
<td>2019</td>
<td>26.9 1.0 27.9</td>
<td>1.9 1.5 0.9 24.7 4.5%</td>
<td></td>
<td></td>
<td>3.7</td>
<td>29.0 4.2%</td>
<td>1.1 3.0 0.0 -1.9 2.2</td>
<td>17.0 0.6</td>
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<tr>
<td>2020</td>
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<td>4.0</td>
<td>30.2 4.2%</td>
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<td>20.3 0.7</td>
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<tr>
<td>2021</td>
<td>28.4 1.0 29.4</td>
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<td></td>
<td></td>
<td>4.5</td>
<td>31.5 4.2%</td>
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<tr>
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<tr>
<td>2024</td>
<td>27.7 1.1 28.8</td>
<td>2.4 1.6 0.9 30.8 4.5%</td>
<td></td>
<td></td>
<td>6.1</td>
<td>35.7 4.3%</td>
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<tr>
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<td>2.8 1.7 0.9 35.1 4.5%</td>
<td></td>
<td></td>
<td>8.1</td>
<td>40.5 4.3%</td>
<td>8.9 0.0 0.0 -2.4 6.5</td>
<td>63.3 2.2</td>
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# Orinda and Moraga Tax Savings

4.5% Cap on MOFD Tax  
Orinda / Moraga rates decrease until Orinda pays 60% of total taxes

<table>
<thead>
<tr>
<th>FY End</th>
<th>MOFD Tax</th>
<th>Annual Increase</th>
<th>Moraga Tax Base</th>
<th>MOFD Tax Rate</th>
<th>MOFD Tax</th>
<th>Tax Savings</th>
<th>Orinda Tax Base</th>
<th>MOFD Tax Rate</th>
<th>MOFD Tax</th>
<th>Percent of Total</th>
<th>Tax Savings</th>
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<td>2,935,400</td>
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<td>0</td>
<td>4,568,555</td>
<td>0.2263%</td>
<td>10,339</td>
<td>65.1%</td>
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<td>2010</td>
<td>16,925</td>
<td>6.5%</td>
<td>3,154,043</td>
<td>0.1886%</td>
<td>5,949</td>
<td>19</td>
<td>4,908,843</td>
<td>0.2236%</td>
<td>10,977</td>
<td>64.9%</td>
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<tr>
<td>2011</td>
<td>18,026</td>
<td>6.5%</td>
<td>3,379,891</td>
<td>0.1885%</td>
<td>6,371</td>
<td>23</td>
<td>5,500,345</td>
<td>0.2119%</td>
<td>11,654</td>
<td>64.7%</td>
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<td>2012</td>
<td>19,017</td>
<td>5.5%</td>
<td>3,674,495</td>
<td>0.1855%</td>
<td>6,817</td>
<td>135</td>
<td>6,109,936</td>
<td>0.1997%</td>
<td>12,200</td>
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<td>4,025,333</td>
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<td>7,223</td>
<td>393</td>
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<td>4,387,281</td>
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<td>649</td>
<td>7,304,614</td>
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<td>699</td>
<td>7,910,445</td>
<td>0.1719%</td>
<td>13,597</td>
<td>62.7%</td>
<td>4,304</td>
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<tr>
<td>2016</td>
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<td>741</td>
<td>8,356,207</td>
<td>0.1687%</td>
<td>14,095</td>
<td>62.2%</td>
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<td>2017</td>
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<td>4.5%</td>
<td>5,213,580</td>
<td>0.1743%</td>
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<td>777</td>
<td>8,818,820</td>
<td>0.1657%</td>
<td>14,611</td>
<td>61.7%</td>
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<tr>
<td>2018</td>
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<td>4.5%</td>
<td>5,509,952</td>
<td>0.1746%</td>
<td>9,620</td>
<td>805</td>
<td>9,299,374</td>
<td>0.1629%</td>
<td>15,145</td>
<td>61.2%</td>
<td>5,900</td>
</tr>
<tr>
<td>2019</td>
<td>25,879</td>
<td>4.5%</td>
<td>5,817,893</td>
<td>0.1750%</td>
<td>10,183</td>
<td>825</td>
<td>9,799,008</td>
<td>0.1602%</td>
<td>15,697</td>
<td>60.7%</td>
<td>6,478</td>
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<tr>
<td>2020</td>
<td>27,044</td>
<td>4.5%</td>
<td>6,138,111</td>
<td>0.1756%</td>
<td>10,776</td>
<td>837</td>
<td>10,318,907</td>
<td>0.1577%</td>
<td>16,268</td>
<td>60.2%</td>
<td>7,084</td>
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<td>2021</td>
<td>28,261</td>
<td>4.5%</td>
<td>6,471,348</td>
<td>0.1747%</td>
<td>11,304</td>
<td>939</td>
<td>10,860,307</td>
<td>0.1561%</td>
<td>16,957</td>
<td>60.0%</td>
<td>7,620</td>
</tr>
</tbody>
</table>

284,528 6,842 50,022
Attachment A-4

Orinda Property Tax Estimation Methodology
(July 1, 2008)

OVERVIEW

The property tax base, assessed value, is impacted by Proposition 13 that was enacted 30 years ago in 1978. This froze property value assessments, allowing them to increase at a maximum of 2% per year unless significant improvements were made to the property or the property was sold. The impact on Orinda’s property tax base is that it is currently about 50% of the fair market value of the properties in incorporated Orinda.

This has caused stress on providing municipal financing but now that the Prop 13 “effect” has “matured” communities should start recovering from its negative impact. How so? Because of Prop 13, the Fair Market Value (FMV) of Orinda’s properties is about twice the assessed value. The homes that have been owned since the inception of Prop 13 (1978) have an FMV as great as 10 times their assessed value. Since no one lives forever or stays in one place forever, the homes that are most likely to be sold and then re-assessed are the ones with the greatest potential for re-assessment gain. When they are, their huge undervaluation will be realized and the city’s tax base will increase faster than the proscribed 2%. This has already been happening over the past several years and this effect will continue well into the future. Even if real estate prices stop escalating at the rate they have for the past decade, or even if they drop, this backlog of under-assessed value will keep the tax base growing at 5-6% rate or greater.

ANALYSIS CONCEPT

1) “Mature” properties that have been owned for a long time are highly under assessed but will be sold at a higher rate than the average properties.
2) New developments (Wilder and Pine Grove) will add significantly to the tax base over the next 5 years.

DATA AND ASSUMPTIONS

From the Contra Costa Association of Realtors (table attached)

1) Over the past 6 years, an average of 231 houses per year have been sold in Orinda (see attached chart). This represents 3.8% of Orinda’s 6,100 single family dwellings. There have also been about 50 condominium sales per year but their value is only about 2% of the home sales so this can be ignored. We have no figures on commercial real estate but it cannot be a significant factor in Orinda relative to single family houses.
2) The average sales price has increased from $850,000 in 2002 to $1,300,000 in 2007 (peaking at $1,370,000 in 2006). This year the average sales price is $1,450,000 but only 24 houses have been sold or on contract so we will ignore this data.

3) Thus, while the average sales price dropped a bit in 2007, it has increased at an average rate of 9% since 2002. Using $1,300,000 as the average house value, there are $8,000,000,000 of single family homes in Orinda.

4) Adding commercial property and multiple family dwellings, we are going to assume that the FMV of all of Orinda’s real estate is currently $8,500,000,000.

From the Contra Costa Controllers office:
For 2007-8, before supplemental assessments (mid year changes), Orinda’s property tax base is $4,358,567,000. This is 51% of our assumed $8,500,000,000 FMV. Both values can be considered mid-year 2007 values.

Our analysis breaks Orinda’s real estate into three groups:

A) Mature Homes that are assessed at 25% of their FMV. We assume that 25% of Orinda’s homes fall in this category and we further assume that these houses will sell at twice the average rate, i.e. 8% of this group will be sold per year.

B) Slightly older homes that are assessed at 40% of their FMV. We assume these houses will sell at a slightly higher rate than the average (4% per year), we have assumed 5% per year.

C) The remaining 35% of the homes are the more recently acquired. Their assessed value is calculated at 78% of FMV (this makes the sum of all properties assessed values 51% of their FMV). Further, these homes are assumed to sell at a rate such that the aggregate rate is 4% per year.

When a home sells its assessed value is increased by the difference between its pre-sale assessed value and its current FMV. The assessed value base of “unsold” homes increases at the proscribed 2% per year while we assume the FMV value increases at 5% per year.

The assumed 5% FMV growth is well below the 9% experienced over the past 6 years but above the historic 3% rate of general inflation. The reason we assume this 5% rate is not so much that we believe that hyper property inflation can continue, but that many Orinda properties are “under developed” and as they are improved these improvements will add significant value in these homes. In reality some of these improvements may add immediately to the tax base by being re-assessed but we have conservatively added this increased value to the FMV base to be realized on sale. In addition, while Wilder may be the last “significant” Orinda development, there is still the odd vacant lot and minor subdivision possible that will add to the tax base.

In addition, we add the Wilder and Pine Grove developments separately. For Wilder (245 homes) we assume that they will sell for an average of $4,000,000 starting in FYE 2011 and spread over 5 years. For Pine Grove we assume 80 homes and condos that will sell for an
average of $1,000,000 each over 2 years starting in FYE 2011. Once they are “put in the system” they are added to the pool that sells at 4% per year.

These assumptions produce a property base that increases at about 7% annually until the Wilder and Pine Grove developments come “on line”, it then increases to about 11% for a couple of years, tapers off to about 9% while Wilder “builds out” and then maintains at about 5%. The average increase over 25 years is 6.2% annually. This projection is labeled “Projection A” in the chart detailing the calculation of Orinda’s projected tax base through 2039. Note: over the past 11 years, since MOFD’s inception, the property tax base has increased an average of 6.7% per year with no major developments in Orinda and the Proposition 13 governing mechanism in place. Also included is a Downside Analysis. The three adjustments made to the “base case”, Projection A, are:

1) It is assumed that the total Fair Market Value drops 20% immediately from $8.5mm to 7.0mm thus reducing the gain experienced when a property is sold.
2) It is assumed that going-forward the Fair Market Value will only increase at 4% per year instead of 5%.
3) It is assumed that the Wilder houses will only sell for an average price of $3,000,000 instead of $4,000,000 but they will still sell over 5 years. The Pine Grove price assumption did not change.

The result of this reduced expectation is a long-term growth rate of the property tax base of 5.0% instead of 6.2% and a doubling of the base in 11.5 years instead of 8.5 years. This projection is labeled “Projection B”.

Finally there is a projection for Moraga. It uses the same assumptions as Orinda's Projection A with the following exceptions

1) It starts with an 2008 tax base of approximately $2.8 billion (from the county assessor's office).
2) It is assumed that the fair value is about twice this value, i.e. $5.7 billion.
3) The values for the Palos Colorados (123 houses @ $1.75mm) and Rancho Lagunas (35 houses @ $1.75mm) developments were taken from the MOFD long term forecast provided to us in April, 2008.
FAQ
Orinda Revenue Enhancement Task Force
Recommended Multi-Source Plan For Infrastructure Rehabilitation

Q Will the $120M fix everything?
A Essentially yes. The Orinda Infrastructure Committee calculations (from 2006), adjusted for inflation and the RETF's projected revenue patterns, suggest that by 2021 over 90% of road and drainage projects will be complete. At that point, Orinda funds alone should be at $4M annually, almost 4 times what we are spending today, which should easily be able to complete remaining projects in a reasonable time frame and perpetually maintain the roads. Also at that point, MOFD tax reallocation would be in excess of $7M annually which will have brought Orinda's share of MOFD's expenses to an equitable 60% of the total. $28M will have been spent on water pipes. However, the total estimated costs to bring all water pipes up to standards was $50M back in 1998, so it would still take some time to finally reach that standard.

Q Why a 12 year time frame?
A Work can only be accomplished so fast and $10M per year is close to the limit. Plus, the "back-end" funding depends on property tax increases which cannot be artificially accelerated.

Q How much will the new tax cost?
A There are several options for raising and paying back the projected $24M of new taxes.
  * If these were simple parcel taxes or a utility tax paid for over 8 years they would average $35/month or $425 per year per parcel or household.
  * If this was a parcel tax that was being used to pay off a bond with a 25 year repayment term and payments that increased 3% each year, the payments would start at about $160/year and increase at 3% per year
  * If this was an ad valorem tax (based on assessed value) paying off a general obligation bond with a 25 year repayment term, the payments would start at about $12 per $100,000 assessed value and increase at 2% per year. The average assessed value of a home is $650,000 so the average cost would start at $80 per year but the assessed values range from 25% of the homes are under $200,000 (under $24 tax), to 15% of the homes being over $1M (over $120 per year). Only 3% of all homes are assessed at over $1.6M ($200 tax). For any home value, the property tax increase would be about 1% of current taxes paid.
Q: What happens if property values don’t grow or even decrease?

A: We tested multiple downside scenarios

Existing Home Market Value - now or at the bottom of the market
- a) 200% of assessed value
- b) 180% of assessed value (10% reduction)
- c) 160% of assessed value (20% reduction)

New Developments (Wilder is the big one)
All scenarios assume Wilder sales (home completion) starts in 2011
1) 50 homes per year (5 years) at an average price of $4.0M
   price escalates at 3% per year
2) 25 homes per year (10 years) at an average price of $3.5M
   price escalates at 3% per year
3) 16 homes per year (15 years) at an average price of $3.5M
   price escalates at 3% per year

Market Value as a Percent of Assessed Value

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Wilder Sales</th>
<th>200%</th>
<th>180%</th>
<th>160%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>$66M</td>
<td>$51M</td>
<td>$35M</td>
<td></td>
</tr>
<tr>
<td>(2)</td>
<td>$58M</td>
<td>$42M</td>
<td>$25M</td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td>$50M</td>
<td>$35M</td>
<td>$18M *</td>
<td></td>
</tr>
</tbody>
</table>

Value of Tax Reallocation from Orinda plus MOFD
(Cumulative over Twelve Years)

* In the worse case, the 12 year cumulative is $48M less than the base case projection, but that shortfall can be made up within 5 years if the MOFD reallocation remains in place.

Note: in no case is any year-to-year increase less than 4.5%, the proposed cap for Orinda and MOFD, above which excess goes to infrastructure projects.

Comment: Why are other communities seeing large assessed value decreases? The very mechanism, Proposition 13, that has restrained our property values from increasing over the years will protect us on the downside. We have a high percentage of old homes with market values well in excess of assessed values. The average is 2:1. Some homes are 4:1 or greater. A decrease in value will affect the percent gain of a sold home but will not affect the 96% of homes that are not sold each year.
Q  Has MOFD agreed to the proposal?
A  The short answer is no. But they do have valid concerns which we need to address and believe can be overcome. They are willing to "come to the table" with the Orinda Council.

Concerns:
1) Unknown future cost increases - pension cost increases (due to under-performing pension investments highlighted by the current financial crisis); general cost increases (hyper-inflation due to the government "printing money" to spend itself out of the recession). RETF Response - To the extent unanticipated costs arose, the community would do everything in its power to keep its fire department functioning. No agreement would be so rigid as to not acknowledge and deal with the unknown. It is not in Orinda's best interest to sacrifice fire protection and medical emergency safety, even for upgraded infrastructure. As for increased pension costs, these would materialize slowly through rate adjustments and if the market rebounded they may not occur at all. Hyper-inflation did occur in the late 1970's with three years of double digit inflation. What would a repeat do to MOFD costs? (would employment expenses, 80% of the
operations budget, spike? 10% of the budget is a fixed rate pension bond payment; this would not be affected.) Would there be equally likely scenarios for decreased costs? This year MOFD's tax receipts are increasing by 4.3%. This is less than the 6.5% annual increase MOFD has averaged for 11 years but a lot more than the tax receipt increases of the Contra Costa and East Contra Costa fire districts (they experienced decreases this year of 0.5% and 7% respectively) . These districts are much larger than MOFD (combined, 12 times MOFD's budget) so if they need to cut costs, maybe by renegotiating salaries and benefits with their fire fighters, these savings could flow over to MOFD employment costs which are the vast majority of its budget.

2) Unfunded Liability - Post Retirement Medical Benefits - $20M. At the moment this is not a line item in the MOFD budget but a footnote. At some point they need to fund it; either in anticipation of the expenses that will occur or as the expenses begin to materialize. In their current budget, which goes out through 2017, they have an accrued reserve of $12 at the end of this period. Our projected continuation of this budget through 2021 (12 years), with no tax reallocation, shows this reserve growing to $36M. This would completely cover this liability. RETF Response - GASB 45 allows them to amortize this liability over 30 years. Doing so over 12 years is commendable (using the anticipated reserve) but if there are competing demands for the funds, this seems a bit too conservative. Our analysis, including the 4.5% cap on revenue but using their forecast of costs, projects a reserve of $24M after 12 years. Sufficient to significantly address this unfunded liability.

3) Unfunded Liability - Facility Construction Projects - $30M. At the moment this is not a line item in the MOFD budget but a footnote. The projects include two new fire stations for $20M total and an administration building for $10M. RETF Response - These are not seismic upgrades or retrofitting for evolving needs but three brand new buildings. While some portion of these projects might be critical, we can not believe the majority of these projects supersede the need to realign Orinda's contribution to the district to regain an equitable share of costs which will allow Orinda to repair its badly deteriorating infrastructure. By 2021, MOFD budget projections, including the effect of a 4.5% revenue growth cap, shows a $24M reserve and an annual surplus of $4M which is increasing at a rate of $500,000 annually. If the district still felt that these projects were necessary at that time, this money would go a long way towards completing them in short order. They could also debt fund a long term asset like a new building. It would be better to have debt and an offsetting reserve, for risk management purposes, than no debt and no reserve.

4) "This is not the right vehicle." (we are not quite sure what they mean by "the right vehicle" but we think they mean a tax revenue increase cap). RETF Response - The reason for the rate increase cap mechanism is that it gives MOFD a reasonable growth rate to plan within but it does not leave the benefits of future revenue increases, especially due to new developments like Wilder, open ended. Without reallocation the projected revenue increases are not tied to any corresponding operational cost increases. The MOFD directors claim a fault in our projections that show surpluses in that "they always think there will be a surplus but there never are." Over the past 12 years the Bay Area consumer price index has increased about 3% per year. Over the same period, MOFD revenue growth has increased 6.5% annually. We admit we know nothing about fire department operations (which is why we are suggesting to the City Council to hire an industry consultant to assist us) but we do not understand how you can live in a 3% world and consistently not be able to live within a 6.5% budget and need to project continuing 6.5% increases well into the future. In addition, maybe there are cost
savings to be had or operational efficiencies or changes that the community would accept that
the MOFD directors do not believe we would accept that would help them live within a 4.5% 
revenue growth. Setting a 4.5% revenue increase limit in a 3% world seems reasonable.

Q  Does MOFD cost too much?
A  It certainly costs Orindans a lot more than what their neighbors pay. On a cost per capita, which
may not be the correct way to look at things but it is the way a lot of us price things we buy:

Orinda    $614
Moraga    $366
MOFD avg  $468
CoCo Fire $174
SRV Fire  $317
Lafayette $319
Danville  $368
Walnut Creek $259

Are there reasons for this? Yes.

1) The tax rates for fire protection were set when Proposition 13 came into effect 30 years ago. A lot has
happened in 30 years except the changing of these tax rates.

2) Different communities receive different services. MOFD provides 2 paramedic ambulances for its
users while the other districts rely on commercial services which are charged separately to the users. In
MOFD there are 2 firemen/paramedics staffing each ambulance; 3 shifts; 12 full time employees (17 % of
the MOFD workforce). The district charges back to recipients of the ambulance service cost of transport
but accepts whatever their insurance provides; nothing extra if there is a shortfall. Net cost of service?
About 10% of budget.

3) Due to geography, it may be necessary to provide more stations per capita to provide adequate services
(response times). The more people served per station the less expensive the service per capita. The
number of residents per station is as follows:

Orinda   5,900
Moraga   8,100
MOFD avg 6,800
CoCo Fire 21,000
SRV Fire 15,000
Lafayette 8,000

4) Based on factors (2) and (3) how do our costs compare to CoCo Fire? Reducing MOFD's $486 per
capita by removing the ambulance service costs results in $437 per capita. If we had 21,000 persons per
station instead of the 6,800 per station that we do have, our cost per capita would only be $141 per capita.
CoCo Fire users pay $174 per capita. We are getting quite a deal. Hats off to MOFD.
5) However, to the lay person, Orinda + Moraga seem very similar to Lafayette. And Lafayette is only paying $319 per capita vs. MOFD's $486 per capita. Again, adjusting for the ambulances (10%); we would be paying $437 per capita. Adjusting for the fact that we only have 6,800 per station rather than 8,000 like Lafayette; our cost would be $371 if we had 8,000 served per station. Why is this still 16% higher than Lafayette? The vagaries of post Prop 13 allocations? (while Orinda is paying 23% of its property tax for fire protection Lafayette is only paying 14%) Quite likely.

6) Are there ways to reduce our costs? Again, Orinda + Moraga seem very similar to Lafayette. What if we had only 4 fire stations instead of 5, such that we served 8,500 per station, similar to Lafayette's 8,000 per station? This would reduce the district by about 10 employees; 14% of the total staff. 90% of costs for personnel, times a 14% reduction equals a 12.5% budget savings. Add some for the cost of the station itself, let's say a total 15% reduction. That would bring our cost per capita down to, excluding ambulance costs, $370. Not Lafayette's $319 but closer. And a 15% reduction in costs is a $3M annual savings. Would this put individuals at risk for fire and medical emergencies? Has this option been examined? Have other cost saving options been examined? (do we need firefighter/paramedics on our ambulances? Would basic paramedics suffice and be less expensive? Are we charging the appropriate fees for the ambulance service? Would contracting out the ambulance service to a commercial service be efficient and cost effective?) We are not qualified to make these judgments but we are qualified to ask the questions.

Q  What is an equitable percent for Orinda to pay for MOFD services?
A  Orinda currently pays 65% of the total property tax allocated to MOFD by Orinda and Moraga and projections show this will increase to 67% within the next 10 years. (This analysis only addresses basic property taxes (not including parcel taxes) paid by incorporated Orinda and Moraga, not other income MOFD receives.)

The first question needed to be answered is: "Should Orinda pay based on its ability to pay or should it pay based on the value of services received?"

Fire protection services are paid from property tax. Orinda's property tax base is $4.57 billion which is $260,000 per capita. Moraga's property tax base is $2.94 billion which is $180,000 per capita. Orinda's property taxes are 55% greater than Moraga's and on a per capita basis 45% greater. Should Orinda pay 45% more for the same services?

However, the services are not the same. Orinda has 3 fire stations vs. Moraga's two; 50% more. Should these two factors be multiplied together implying Orinda should pay 3.2 times what Moraga pays or 69% of the total?

Or should both Orinda and Moraga pay the same percent of their property taxes to MOFD? Orinda now pays 22.6% and Moraga pays 18.9%. If they both paid 18.9% or 22.6%, or somewhere in between, then Orinda would be paying 61% of the total.

In 1996 both cities had independent fire districts. In 1997 they voted to combine into one. At that time they, or one or the other or both, could have alternatively decided to abolish their fire districts and incorporate their fire departments into the city as the police departments are. That was an option. Today
they have the right to do the same thing. Orinda or Moraga or both have the right to detach from MOFD and reform separate districts or have no district at all and run fire protection and medical emergency services out of the city. Therefore, neither city has the obligation to "subsidize" the other with respect to fire and emergency medical protection by blending taxes.

However, they do not have the right to detach from the state school system or the county or the Mosquito Abatement District. Therefore, while property tax rates are proscribed by law and applied to the assessed value of one's property, which means the rich subsidize the poor, the taxpayers within a city have no obligation to subsidize anyone outside their city for fire protection and emergency medical services. They have the right to pull the management of those services inside the city and manage the operations and costs themselves. Therefore, to answer the first question, Orinda has the right, and we believe should, pay based on the values of services received and not on its ability to pay.

What is the value of services received? Assuming that MOFD is efficiently operated (as we do in this analysis in that, while we suggest that operational efficiencies should be explored, we accept MOFD's long term expense budget, as-is), we need to explore not the dollar value but rather what the equitable split is between Orinda and Moraga. While some resources come from outside incorporated Orinda and Moraga and some resources are expended beyond the incorporated boundaries, the vast majority of MOFD's sources and uses are associated with the two incorporated communities.

There are several ways to measure how costs should be allocated between communities.

1) The simplest is by the number of fire stations in each community. 3 are in Orinda; 2 are in Moraga. 60% of the cost should go to Orinda.

2) However, the material operation of a station is relatively cheap. It is the cost of the personnel that is the expensive part; up to 90% of the total cost. There are 11 operational staff on duty in Orinda at any time (9 fire fighters, 3 per station, and 2 ambulance personnel) and 8 in Moraga (6 fire fighters and 2 ambulance personnel). Based on this factor, 58% of the cost of the district should be allocated to Orinda.

3) A high percentage of incidents are medical emergencies which are correlated to population. There are 17,600 people in Orinda and 16,300 in Moraga. Based on this measure, 52% of the cost should be allocated to Orinda. However, some of the incidents are fire or property related. There are 7,046 parcels in Orinda and 6,324 in Moraga. Based on this measure, 53% of the cost should be allocated to Orinda. Or maybe just add up the historical incidents experienced by each community and split the cost by total emergency incident count. In the MOFD 2007 annual report it is stated that Orinda had 1,377 emergency incidents vs. 1,269 for Moraga; thus Orinda had 52% of the total incidents.

4) Both towns pay a fire flow parcel tax. This tax is based on the likelihood and effort required to deal with fires. Orinda will pay about $590,000 per year for this tax and Moraga will pay about $470,000. Based on this tax, 56% of the cost should be allocated to Orinda.

5) There are also more complex ways to analyze the split. In one such methodology we broke down the budget into capital costs, station operating costs, personnel costs, overhead costs, etc. and broke these down by station, by person per station, and by town. The result was a 57% share allocated to Orinda.
We are sure there are other methods that can be explored. However, we could find no measure that would allocate more than 60% nor less than 52% to Orinda. Orinda is currently paying 65% of the total.

MOFD raises one issue that it believes skews the allocation. There are about 675 homes in south Orinda, mostly in the area bordered by Ivy Drive and Moraga Way. Before the creation of MOFD, although they are in Orinda, these homes were part of (served by) the Moraga Fire District and their taxes went to the Moraga Fire District. MOFD contends they are still "part of Moraga" and thus their taxes should be allocated to Moraga, increasing Moraga’s share of the total contribution and decreasing Orinda’s.

This area (which is formally designated "Contra Costa County Tax Rate Area 18012") will pay $720,000 out of Orinda's $10.3M (2008/09) in taxes to MOFD. If this $720,000 was transferred from Orinda and added to Moraga's $5.6M tax payment, Orinda's share of the total would drop from 65.0% to 60.5%, just about the high end of the range that we consider equitable.

However, taking a close look at this area makes MOFD's contention that this area is "part of Moraga" questionable. The north boundary of this area, where the north end of Ivy Drive meets Moraga Way, is only 0.7 miles from Orinda's Station 44 and 1.8 miles from Moraga's Station 41; clearly better served by Station 44. The midpoint of the area is about where Whitehall enters Moraga Way, 1.25 miles from both Station 44 and Station 41. So at least half the homes, maybe more, in this area are BETTER served by Orinda's Station 44; if quicker access means better. The remainder of the homes, south of Whitehall and Coral Drive, while closer to Moraga's Station 41, could still be adequately served by Station 44 as the south end of this area is 1.8 miles from the station and this distance can be covered in about 2 minutes at 50mph. Allocating the taxes from half of TRA 18012 ($360,000) to Moraga would result in Orinda currently paying 62.5% of the total. Still above the 52%-60% range of "equitable" share.

However, based on 1,377 total incidents in Orinda for 6,600 households, the 400 homes in this area served by Moraga's Station 41 would only create 60 incidents annually. For a station that needs to exist anyway and only serves 8,000 in Moraga (vs. the average "load" per station for Con Fire of 21,000 per station), charging $360,000 for 60 incidents seems excessive.

In addition, our understanding is that under the terms of the Mutual Aid agreement which all county fire departments operate on, the closest station to an incident is dispatched regardless of agency borders. Station 41 units go north into Orinda and Station 42's unit goes east into Lafayette. We believe that there is no "back-charge" for this service. The MOFD 2007 annual report shows 92 calls into Lafayette. If this understanding is correct and Orinda and Moraga were separate, Station 41 would service some portion of south TRA 18012 for no charge. Why should $360,000 be allocated out of Orinda when it is already being allocated the majority of the district's costs and its citizens are paying far more per capita than Moraga?

In conclusion - we believe that a 57% - 60% share is defensible.

p.s. As to whether there is any inequity or not, at the November 5th MOFD board meeting Director Wilson stated "Orinda is subsidizing Moraga".
Map A-5.1

Circle Radius - 1.25 mi
90 seconds @ 50 mph
Q What are the pros and cons of the various "new taxes" ideas?
A To be developed in the future

Q What does Moraga think of the MOFD reallocation?
A We have not have discussions with them but we would imagine a plan that would give them a $7M benefit over 12 years might seem attractive.
To: Orinda RETF Committee
From: Jim Roethe
Date: October 10, 2008
Subject: Possible Areas of Relief—MOFD Property Taxes

I have been asked by the Committee to look at various avenues by which the City of Orinda could either reduce its costs for fire protection or increase revenues so that it might have additional funding available for improving roads and water pressure within the City. The City currently receives its fire protection service from the Moraga Orinda Fire District (“MOFD”), established in 1997 to serve both the cities of Orinda and Moraga.

**Brief Summary of Conclusions**

A number of avenues of relief are potentially available to reduce the cost of fire protection to the City of Orinda. These include: (1) negotiating with MOFD for a reduction in the percentage of the City’s property taxes made available to MOFD for fire protection services; (2) convincing MOFD to use a portion of moneys available to it from Orinda’s property tax allocation to improve Orinda’s main feeder roads or to upgrade water pressure and flow throughout the City to improve fire protection; or (3) asking the County’s Local Agency Formation Commission (“LAFCO” or “Commission”) to consider recommending changes in the allocation of Orinda property tax allocations for fire protection in a soon-to-begin public review by LAFCO of all fire protection services within Contra Costa County. As a last resort, the City of Orinda could, by resolution of the City Council, apply to LAFCO to detach itself from MOFD. Before such approval could be given, the City would have to convince LAFCO that (a) it has a plan in place to provide fire protection services to its citizens at essentially the same level as provided by MOFD and (b) that service to the City of Moraga will not be denigrated as a result of the detachment. Any final reallocation of property tax revenues following detachment would be made by the Contra Costa County Auditor based on a Fiscal Analysis prepared by the City (LAFCO could provide its recommendation), and after taking into consideration the needs of all of the agencies that currently share in Orinda’s property tax revenues. A vote of the electorate could be required if 25% of either the electorate or the property owners of Orinda or Moraga file protests.

**Background Information**

Since the merger of the Orinda and Moraga fire departments in 1997, the residents of the City of Orinda have received their fire protection services from MOFD. 22.6% of Orinda’s available property tax dollars go to MOFD for providing that service. Only 18.9% of Moraga’s property tax dollars go to MOFD for fire protection. (On a per
capita basis, Orinda pays $587/per resident while Moraga pays only $341 per resident.\(^1\)

These percentages are something of an historical accident—based on the cost to each city of providing its own fire protection services prior to the adoption of Proposition 13 in 1978. The percentages of their property tax paid by Orinda and Moraga residents to MOFD for fire protection will continue in perpetuity or until changed by law.

As of July 2008, MOFD had approximately $4MM in its capital fund and $4.8MM in its operating fund, generated from property taxes from Orinda and Moraga. MOFD’s long range budget provides for significant expenditures for the construction of new facilities through 2019, including the construction of a new administrative building in Moraga and the replacement of Station 41 in Moraga and Station 43 on Via Las Cruces in Orinda. The questions posed by the above are:

a. Are the capital expenditures proposed by MOFD through 2019 really needed, or does MOFD have excess funds that could be put to other better uses; and

b. Does it actually cost MOFD more to provide fire protection services to Orinda than to Moraga, or do the relative 22.6% and 18.9% contributions of property tax by the two cities suggest an inequity disfavoring Orinda?

The answer to these questions is beyond the scope of this memorandum and is left to others to determine. The remainder of the memorandum addresses possible solutions assuming that an inequity does exist.

**Possible Avenues of Relief for Orinda**

There are four possible avenues of relief from what some argue is an unfair allocation of Orinda property taxes to MOFD. The first three are actions that the City should probably initiate before resorting to the more drastic fourth available action—detachment.

1. **Attempt to Negotiate an Agreement with MOFD for a Transfer of Some Property Tax Revenues to the City**

   The Govt. Code allows California local agencies (which include cities and special districts) to effect a transfer of property taxes allocations between the two agencies where both parties agree. Before more drastic measures are attempted, it would be advisable for the City of Orinda to undertake negotiations with MOFD in an effort to obtain voluntarily agree to a reduction of Orinda’s current allocation of 22.6% of its available property taxes to MOFD. I would note that before any detachment proceeding could succeed before LAFCO, the City may well be required to attempt to negotiate some agreed settlement of this issue with MOFD.

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\(^1\) The City of Lafayette pays only 13% of its available property tax dollars to the Contra Costa County Fire District for fire protection services. This amounts to $319 per resident.
2. Attempt to Convince MOFD to Use Any Available Excess Funds to Improve Orinda’s Roads/Water Flow

It is not at all clear that the California statutes would prohibit MOFD from using available funds to improve Orinda roads or water flows. Among the powers provided to fire protection districts are the power to provide both (1) fire protection services and (2) “any other services relating to the protection of lives and property.” Health & Safety Code §§ 13862(a) & (f). The statute would seem to authorize MOFD, at a minimum, to use available funds to improve water flows for fire protection within the City of Orinda. Arguably, even the improvement of roads might be authorized if the improvements are necessary to assure adequate fire protection or can otherwise be said to help “protect lives and property” within the boundaries of Orinda. Once again, the City should attempt to reach some agreement with MOFD along these lines before resorting to detachment.

3. Participate in an Upcoming LAFCO Review of all County Fire Service Providers

Contra Costa LAFCO has recently embarked on a comprehensive Municipal Services Review of all fire protection services in the County pursuant to authority granted by Govt. Code §§ 56425 and 56430. In the course of this review, LAFCO will obtain budgets, capital plans, and a myriad of other financial information from all of the fire districts within the County. The Commission will be attempting to determine whether each fire district is providing adequate fire protection services, at what cost, and whether opportunities exist for consolidation, dissolution or reorganization that could improve fire protection service and efficiency. In the course of this review, LAFCO will reach conclusions concerning the adequacy of funding of each district and could conceivably determine that excess funds held by a district could better be used elsewhere. Sometime in early 2009, a public workshop and public hearings will be held to review drafts of the Commission’s proposed conclusions and recommendations. The City of Orinda will receive notice from LAFCO of this undertaking and can and probably should participate in the process.

4. Seek a Reorganization or Detachment from MOFD

If all else fails, the City could apply to LAFCO to seek to detach itself from MOFD.

The statutes relating to agency boundary changes (which include detachment) are found in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §§ 56000 et seq). The agencies with responsibility for approving boundary changes are each county’s Local Agency Formation Commission. Other pertinent statutes are those relating to the powers of fire districts (Health & Safety Code § 13862) and those relating to the proration of property tax revenue (Revenue & Taxation Code §§ 93-99).

The City of Orinda clearly has the authority to apply for detachment from MOFD. Applications for detachment can be made by citizen petition (signed by 25% of the
registered voters or 25% of the landowners in the territory proposed to be detached—Govt. Code § 56864) or by resolution of the governing body of the local agency seeking detachment—here the City Council of Orinda. Govt. Code §§ 56650, 56654. The application is made to the Executive Director of LAFCO in the County in which the local agency is located. Govt. Code § 56658. The application must contain, among other things:

- A statement of the nature of the proposal;
- A map and description of the boundaries of the territory proposed to be detached;
- A plan for the providing of the fire protection service in the event detachment is granted;
- Completed Proposal Questionnaire required by CCC LAFCO;
- Financial Disclosure Statement;
- Any pertinent reports that will assist LAFCO in making its determination; and
- The applicable filing fees.

See, Govt. Code §§ 55652, 55653 & CCC LAFCO Filing Requirements.

Applications for boundary changes (which include detachments) are not explicitly exempt from the requirements of the California Environmental Quality Act (“CEQA”). While LAFCO has not yet propounded CEQA guidelines relating to the various types of local agency boundary changes, it would seem that a detachment of the type being suggested (where fire protection services are merely being transferred from one local agency to another) could be processed under a Notice of Exemption, or at most, a negative declaration.2

For LAFCO to consider detaching Orinda from MOFD, the City would first have to have plan in place for alternative fire protection that would provide a similar level of service to City residents. See, Govt. Code § 56668(j). This could be accomplished by contracting for fire protection services from another fire department or district (e.g., Contra Costa County Fire District (“CCCFS”—the largest in the area). Because two separate fire districts would be involved (for example, MOFD and CCCFD), the application would technically be for a detachment from MOFD and annexation by the CCCFD—a form of “Reorganization” as that term is defined in the statutes. Govt. Code § 56073. Theoretically, it would even be possible for Orinda to contract for its fire protection service from MOFD at an agreed or mandated cost. Alternatively, Orinda

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2 Section 15300, et seq. of the Contra Costa CEQA Guidelines set forth classes of projects deemed by the County “not to have a significant effect on the environment” and which are thus declared to be categorically exempt from CEQA. Among the categorically exempt categories are “changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised.” CEQA Guidelines § 15320. Merger with a city of a district lying entirely within the boundaries of the city is given as one example (without limitation) of a categorically exempt reorganization. A good argument could be made that detachment by the City of Orinda of that portion of the MOFD district falling within the boundaries of the city should also be exempt so long as the city is not seeking to provide fire protection services to areas not formerly within the boundaries of MOFD.
could create its own City fire department to provide the service. Govt. Code §§ 38600, 38611.

Orinda could also create its own new fire district to provide fire protection services following detachment. However, as a practical matter, it seems unlikely that LAFCO would approve a separate Orinda fire district as regionalization and consolidation are currently preferred over the creation of new districts, and it was only in 1997 that Orinda and Moraga consolidated their fire districts under the current MOFD scheme based on a vote of the citizens of the two cities approved by 80% of the voters.³

Any application for detachment or reorganization sought by the City of Orinda would not only seek to remove a portion of the territory served by MOFD, it would also ask LAFCO to condition detachment on the transfer of sufficient assets (e.g., Orinda’s three fire houses and related personnel and equipment) and revenues (e.g., all or a portion of Orinda’s property tax revenues allocated for fire protection) from MOFD to the City (or to another fire district if Orinda intends to contract with another fire district to provide its fire protection services). This to assure that the citizens of Orinda would continue to receive the same level of fire protection service as before the detachment. Govt. Code §§ 56885.5, 56886. At the same time, LAFCO would condition approval on the additional transfer to Orinda of a portion of MOFD’s liabilities associated with its providing fire protection services to Orinda citizens (e.g., fire fighter salaries, pension obligations, a share of any bond obligations, etc.). Id. Orinda or the new fire protection service provider could be also be required to pay cash for a portion of the assets transferred to the new provider if a simple and fair allocation of physical assets proved impractical. Govt. Code §§ 56886, 57354.

Finally, Orinda would be required to show that by transferring assets, revenue streams and liabilities from MOFD to Orinda, the fire protection services provided by MOFD to Moraga would not be degraded.

To enable the Commission to determine the appropriate split of assets, liabilities and revenues following detachment, a detailed “Fiscal Analysis” would need to be prepared and presented to the Commission prior to its making a decision on the application. The Fiscal Analysis would take into account numerous factors including the number of residents in each city per fire engine, whether paramedics were currently provided per each engine, fire fighter payrolls and benefits, among others.

While LAFCO could condition detachment or reorganization on a transfer of some or all of Orinda-originated property tax from MOFD to the City (as described above), the final determination concerning the pro-rating of property taxes would be made by the County Auditor. Thus, the Commission could, based on the Fiscal

³ A countervailing policy favoring detachment by the City of Orinda is found in Govt. Code § 56001 wherein the legislature, while recognizing the usefulness of some limited purpose agencies, nonetheless declared that “single multipurpose governmental agency[ies] accountable for community service needs and financial resources [e.g., cities] . . . may be the best mechanism for establishing community service priorities especially in urban areas.”
Analysis, determine that MOFD would need none of Orinda’s 22.6% contribution of property tax to provide the same level of service to Moraga residents that they are currently receiving. Alternatively, the Commission could find that some portion of Orinda’s 22.6% property tax contribution to MOFD—as well as certain other resources currently attached to one of the Orinda fire stations—should remain with MOFD.

Assuming that the Commission determined that none of the 22.6% of Orinda related property tax need stay with MOFD, it would not automatically follow that the City of Orinda (assuming it decided to create its own fire department) would receive all of those property taxes. Rather, the Commission and the County Auditor would first determine whether all or only a portion of the 22.6% was needed by Orinda to provide the same level of fire protection service previously provided to Orinda residents. Assuming an excess, the County Auditor would determine who should receive the excess—it could go to Orinda or it could be split among any of the other agencies or districts that currently share in the property tax generated by property in Orinda (which cannot exceed 1% of property value). See, Govt. Code § 56810(c)(1).

Procedurally, the County Auditor would, within a short time after an application for detachment, provide the City and MOFD with the total amount of and the allocation factors with respect to the property tax revenue that is subject to potential transfer. The parties would then be expected to negotiate in an attempt to reach an agreed exchange of taxes. Where, as here, a special district is involved in the negotiations (MOFD), the County Board of Supervisors would participate in the negotiations of any property tax exchange on behalf of the district. Assuming no agreement, the County Auditor would determine the final proration of the property tax revenues. For the detailed criteria for prorating property tax among competing cities and districts—see Cal. Revenue and Taxation Code §§ 93-99 and Guidelines promulgated thereunder. Justifiable need would be an obvious basis for allocating a substantial portion of any excess revenue to Orinda.

The process leading to detachment or reorganization has been described to the Committee in a separate memorandum and will not be repeated here. Suffice to say, that LAFCO would expect the City of Orinda to hold its own public hearings before making any application to LAFCO. The LAFCO process would include public hearings and protest hearings following any decision by LAFCO to order detachment or reorganization. If either 25% of property owners or 25% of registered voters filed protests, the Commission could require that its decision be put to a confirmation vote in an election. See, Govt. Code §§ 57075.

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4 The County Auditor would have no discretion with respect to any special assessment for fire protection which would have to be transferred directly to the agency providing fire protection services to Orinda following detachment. Id
### Exhibit B: ORINDA REVENUE ENHANCEMENT TASK FORCE INVESTIGATIONS SUMMARY

<table>
<thead>
<tr>
<th>Potential Revenue Sources</th>
<th>Specifics</th>
<th>Implementation</th>
<th>Funds</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructure Financing Plan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Budget- draw down city reserves</td>
<td>Improve Roads and Drains</td>
<td>Council approval</td>
<td>$2M</td>
<td>K City budget process</td>
</tr>
<tr>
<td>2. Consider property tax growth cap; 4.5%</td>
<td>Use increased revenues above 4.5% for roads</td>
<td>Council approval</td>
<td>~$16M</td>
<td>K City budget projections 12 years</td>
</tr>
<tr>
<td>3. EBMUD Commitment</td>
<td>Advance funds for water supply improvements</td>
<td>EBMUD approval</td>
<td>~$1.2M</td>
<td>K Confirm if still available</td>
</tr>
<tr>
<td>4. MOFD Commitment</td>
<td>Water Supply Improvements</td>
<td>MOFD approval</td>
<td>$3.4M</td>
<td>K Confirm if still available</td>
</tr>
<tr>
<td>5. Pavement Management Program</td>
<td>$915,150 annual commitment</td>
<td>Council approval</td>
<td>$0.9M*</td>
<td>K Securitization (see # 6 &amp; 7)</td>
</tr>
<tr>
<td><strong>Securitizing Gas Tax Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Proposition 42 Gas Sales Tax</td>
<td>67% of total gas taxes collected allowed</td>
<td>Council approval</td>
<td>~$4.5M</td>
<td>Combined revenue of # 6 &amp; 7</td>
</tr>
<tr>
<td></td>
<td>$330,000 excise tax (Orinda annual amount)</td>
<td></td>
<td></td>
<td>K Leverage gas sales tax revenue</td>
</tr>
<tr>
<td><strong>Additional Potential Tax Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. City Sales and/or Use Tax</td>
<td>0.25-1% added to 8.25%</td>
<td>Majority vote</td>
<td>~$0.5M+*</td>
<td>K General purpose 0.5% added</td>
</tr>
<tr>
<td>9. Local Business Tax</td>
<td>Criteria set by city</td>
<td>Majority vote</td>
<td>TBD</td>
<td>S Coordinate with Chamber of C.</td>
</tr>
<tr>
<td>10. Utility User Tax</td>
<td>Residential/Commercial (CCCo. average 8%)</td>
<td>Majority vote</td>
<td>~$3.0M*</td>
<td>K Utility collects; no admin. fee</td>
</tr>
<tr>
<td>11. Real Property Transfer Tax</td>
<td>Charter City required</td>
<td>Majority vote</td>
<td>~$1.5M*</td>
<td>K $1.15 per $1000 property value</td>
</tr>
<tr>
<td>12. Parcel Tax</td>
<td>Improve Roads and Drains</td>
<td>2/3 voter approval</td>
<td>TBD *</td>
<td>K For road/drain maintenance</td>
</tr>
<tr>
<td><strong>Bond Measure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. General Obligation Bond</td>
<td>Amount determined by other package options</td>
<td>2/3 voter approval</td>
<td>TBD</td>
<td>K Different from Measures Q/E</td>
</tr>
<tr>
<td><strong>Service Contracts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Orinda/MOFD property tax optimization</td>
<td>City=7.4%; MOFD=22.6% (revenue sharing?)</td>
<td>Agency negotiation</td>
<td>~$50M+</td>
<td>K Over 12 years</td>
</tr>
<tr>
<td>15. MOFD Fire Flow Tax</td>
<td>Redirect to improve low fire flow water pipes</td>
<td>Agency negotiation</td>
<td>~$500K *</td>
<td>K Approved 6 cent MOFD parcel tax</td>
</tr>
<tr>
<td>16. Police services contract</td>
<td>Evaluate best options other than county</td>
<td>Cost reductions</td>
<td>TBD</td>
<td>S Contract w/other city(s)</td>
</tr>
<tr>
<td><strong>Fees and Assessments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Maximize all city fees</td>
<td>Include construction fees</td>
<td>Council approval</td>
<td>~$25K *</td>
<td>S Budget process- reviewed annually</td>
</tr>
<tr>
<td>18. Consider new city fees</td>
<td>New pool construction fee as in other cities</td>
<td>Nexus study required</td>
<td>TBD</td>
<td>S Roadside trim; swimpool permit, etc</td>
</tr>
<tr>
<td>19. County tax assessment overcharge</td>
<td>Being challenged</td>
<td>Majority vote</td>
<td>~$11K*</td>
<td>S Under discussion w/ county/cities</td>
</tr>
<tr>
<td>20. Local Business License Fee-registration</td>
<td>Set annual fee amount ~$100</td>
<td>Majority vote</td>
<td>~$15K*</td>
<td>S Use to improve downtown, etc</td>
</tr>
<tr>
<td>21. Existing Assessment Districts</td>
<td>M-11 downtown encroaches on general fund</td>
<td>Majority vote</td>
<td>TBD</td>
<td>S Study, evaluate and inform owners</td>
</tr>
<tr>
<td>22. Special Assessment Districts</td>
<td>Benefit, Comm. Facility, Fee, Business Improve. District</td>
<td>Majority vote</td>
<td>TBD</td>
<td>K CIOG also investigating</td>
</tr>
<tr>
<td>23. Special Assessment Districts (new)</td>
<td>New developments</td>
<td>Developer negotiation</td>
<td>TBD</td>
<td>S Long term as developed</td>
</tr>
<tr>
<td>24. Residential alarm fee evaluation</td>
<td>Contract out false alarm services</td>
<td>Already doing</td>
<td>minimal</td>
<td>S False alarm fee $250/3rd time</td>
</tr>
</tbody>
</table>

(continued next page)
Downtown Revitalization
25 Downtown Commercial Revitalization
Increase sales tax revenues (> volume sales) & incr. # retail stores TBD S New priorities (also PPRTF)
26 Redevelopment Agency creation Requires designation of blighted area City Council action TBD S Portion property tax as values rise
27 Underutilized Property/Park-Ride Lot Camino Pablo at freeway; charge ~$100/mo. Acquire EBMUD land ~$100K * S ~$40,000/acre + development cost
28 Install Parking Meters downtown Discourages shoppers; maintenance required Initial costs (~$100K) ~$200K * S Check w/ retailers; urban feel

City Governance Best Practices
29 Charter City Change from General Law City Majority vote $0 K Greater local control & flexibility
30 Direct Community Donations Art/programs/events, etc; legacy donations Tax deductible TBD S Frees up general fund dollars
31 Parks and Recreation Department Break out budgets for park, rec., maintenance Cost recovery goal Break even S Greater clarity for community
32 Seek Grant opportunities Mostly roads & safety; opportunities vary Actively apply Varies S Total =$2,086,095 (~$300K/year)
33 Support state legislation efforts Lower 2/3 vote for bonds; and other bills State legislation TBD S 55% under discussion; letter sent
34 Public Works Department Contract out small jobs if cost savings Cost reductions TBD S Improve efficiencies

Illegal, Impractical or Not Feasible
35 Charge Moraga toll to use Moraga Way Public roads open for use by all Illegal $0 N Bad city relations with neighbor
36 Create construction impact road fee Like Fremont heavy vehicles fee; big projects Council action Low revenue N or dirt removal fee; impractical
37 DMV add-on annual fee per vehicle Add $100 pass through to Orinda State legislation $0 N Illegal; unfeasible at this time
38 Increase garbage fees Add $12/month road impact fee Not feasible ~$1M * N Unlikely w/ already high rates
39 Sell City Hall Complex Must still house city staff; limited space avail. Impractical/unfeasible $0 N Not viable; do lease to county
40 Storm Water Utility Fee increase Add on to existing $35; requires 2/3 vote Already at cap amount $0 N Legally capped at $35

Note- * Indicates approximate annual revenues; ongoing, not one time.
General use tax requires majority vote; specific use tax requires 2/3 voter approval.

K = Key Source
S = Supplementary Source
N = Not Viable
Exhibit D

Orinda Revenue Enhancement Task Force (RETF)
Property Tax Reallocation Proposal
for
The Moraga-Orinda Fire District (MOFD)

I Statement

A portion of the property tax revenues currently slated for MOFD operations should be reallocated to the funding communities, Orinda and Moraga. Projections indicate that over the next 12 years $26 million of property taxes (by MOFD's revenue projections; $57M by RETF's projections) can be redirected back to the communities for crucial needs without negatively impacting the fire district's ability to provide adequate fire protection and medical emergency services. Funds from reallocation will be used in Orinda to improve the much neglected road system and upgrade fire water delivery pipes. This will increase the overall safety and well being of the community.

The Orinda Revenue Enhancement Task Force (RETF) makes the following recommendation to the Orinda City Council with respect to the Moraga-Orinda Fire District (MOFD).

1) That the Council works with MOFD to create a mechanism which would reallocate a portion of Orinda's property taxes back to the city for infrastructure rehabilitation. The reallocation would be based on a property tax revenue cap (from Orinda and Moraga only) at a defined limit. The suggested limit is 6.5% for the fiscal years ending 2010-2011, 5.5% for FYE 2012 and 4.5% thereafter. This agreed growth cap would continue for 12 years through FYE 2021 but would be subject to revision for unforeseen events.

2) That the City Council create a permanent Council liaison with MOFD to
   (a) administer the reallocation proposal
   and
   (b) maintain an active involvement in MOFD

Such an involvement was envisioned by the framers' of June 1997's Measure A which formed MOFD.

II Background

Orinda and Moraga voted to form the MOFD in June 1997 (see Attachment D-1, the voter's pamphlet). Orinda's reasons for forming this district, as stated in the voter's pamphlet, were:

- "Measures [A, B and C] will … give us effective fire safety system with local people … who know Orinda - our streets and our needs."
- "Putting paramedics on every Orinda fire engine"
- "Water supply and hydrant issues are best solved by locally elected and accountable Fire Commissioners and City Council members."
• "We will never again let the Supervisors spend $2.8M of Orinda's money elsewhere in the county, ignoring Orinda's needs."
• "Our tax dollars will be used in our city, now and in the future."
• Measure C (the fire flow tax) was put in place to "provide additional funds for fire protection, prevention and suppression, emergency medical services, … including water distribution facilities for fire suppression purposes, with the proceeds of such tax being restricted to use in the Orinda area."

Orinda now has paramedics on every truck, plus our own Orinda ambulance and a first class fire department. However, our long standing water supply issues have not been addressed. The degradation of our roads have also reached a point where they have become a safety issue competing with fire and emergency medical safety. In addition, Orinda is paying more than its fair share of MOFD's cost (see Section VII). One of the main goals upon the formation of MOFD was to prevent the spending of "Orinda's money elsewhere in the county, ignoring Orinda's needs." This is not being met. We hope the current MOFD directors, "local people … who know Orinda - our streets and our needs", will work with us to rectify these issues.

### III Funding of MOFD

When MOFD was formed, property taxes that previously had gone to fund the Orinda Fire District and the Moraga Fire District were combined. Each district received a fixed percent of the basic 1% property tax levied on all Real and Personal property. Each city was and is broken into 9 Tax Rate Areas (TRA) and each tax rate area's basic 1% tax is divided among about 30 agencies. Attachment D-2 shows the 2008/09 detail breakdown for Orinda property tax and Attachment D-3 shows the summary breakdown for Orinda, Moraga and three neighboring communities. These percentages were set well before MOFD was formed, possibly at the inception of Proposition 13 in 1978. Much has changed since 1978.

In 1997 the percent of the basic 1% that went from Orinda to MOFD was 22.6%. The percent from Moraga was 18.9%. These percentages have not changed. In 1997 Orinda's tax base was $2.04 billion while Moraga's was $1.49 billion (Orinda was paying approximately 62% of the total tax revenue). There were 5 fire houses; 3 in Orinda and 2 in Moraga. One paramedic ambulance stationed in Moraga served the entire community. Orinda was paying 62% of the district's property tax and getting, at the most, 60% of the services (3 of 5 firehouses). At the time there was a valid reason for this discrepancy as Orinda's capital equipment was inferior to Moraga's.

Today, Orinda continues to host 3 of the district's 5 stations and it now has its own paramedic ambulance. With 3 firefighters in each firehouse and 2 paramedics on each ambulance, Orinda utilizes 11 operations personnel per shift while Moraga utilizes 8. The vast majority of the district's budget is for personnel employment costs of which Orinda is incurring 11/19ths of the total (58%) vs. Moraga's 42%. An additional wrinkle is that Orinda's property tax base has increased over the last 12 years at an average annual rate of 6.9% while Moraga's has grown at 5.8%. The tax rates have remained constant so Orinda is now paying 65% of MOFD's combined property tax receipts. This appears to run counter to argument 2 of the MOFD formation measure, "to keep fire protection money in Orinda and not have it subsidize other communities."

The result of this increasing discrepancy is that over the past 12 years Orinda has paid between $14M and $20M in excess of its fair share of MOFD's costs. This has more than compensated Moraga for any shortcomings of the Orinda Fire District coming into the MOFD partnership. Over the next 12 years this inequity is projected to cost Orinda an additional $60M - $75M.
IV Adequate Funding of MOFD

It is time to reallocate excess funds to repair the worst road system in the Bay Area and revitalize a firewater delivery system that was deemed deficient way back in 1997. However, no proposal of revenue sharing from the fire department would be acceptable if it meant the fire department was underfunded, leaving the community at risk. This statement is the backbone and guiding philosophy of our proposal. This proposal increases the community's overall safety by increasing road and fire-water safety while not diminishing fire department effectiveness.

The average property values for Orinda and Moraga combined have increased at an average annual rate of 6.5% since 1997. Over the next 10 years, with the construction of several major developments in Orinda and Moraga, this annual growth rate could increase to over 7%. While there is currently a slump in general property values, Orinda and Moraga retain an appeal that leaves them relatively unaffected. Last year, while some communities lost double digit percent of their tax base, Orinda's increased by 4.8% and Moraga's increased by 3.4%.

This increase was due mostly to reduced sales volume rather than property price movement. By statute, assessed property values increase at 2% per year, due to Proposition 13. What makes a community tax base increase at more than 2% are the sales of existing homes which are currently assessed at below market value and are re-assessed upon sale. The average assessed value of Orinda's 7,000 parcels is $650,000 per parcel. In the past 6 months, the average sales price of homes was about $1,300,000. This is only 2% below the average for the same period last year. So while our prices are not increasing greatly, they are not decreasing. Most importantly, they are twice what the average assessed value is. Therefore, while an unsold house increases in assessed value 2% annually, a sold house increases 100% in the year of sale. If 4% of houses sell each year (that is an average ownership of 25 years), then the average assessed value increase will be 6%. Add developments like Wilder and Pine Grove and the 12 year average assessed value growth can be forecasted to remain over 7%.

What does MOFD need to operate? According to the latest MOFD nine year forecast (dated October 15, 2008):

1) Their operating expenses are projected to increase at an average annual rate of 3.4%
2) The operating expenses account for 95% of the budget excluding extraordinary expenses (see item (6))
3) Going into the current fiscal year they have a reserve of just under $8M
4) They expect 4 years of deficits but by 2017 they project their reserve will be back up to $12M
5) Projecting their forecasts out 12 years through 2021, their reserves could increase to over $36M
6) There are 2 footnotes in their financials for liabilities not exhibited as line items
   a) An unfunded post retirement medical cost liability of $20M that should be amortized over 30 years at $1.7M per year per GASB 45
   b) $30M of new facilities including $20M for 2 new stations and $10M for an administration building

Our proposal allows them to fully fund their operational cost increases and apparatus purchases and still leave them with significant reserves to deal with their footnoted liabilities. The details of this proposal are in section V. The details of the impact of the RETF proposal on MOFD are in section VI.
V The RETF Plan for Reallocation of Tax Revenue

1) Cap MOFD property tax (exclusive of the Fire Flow tax) revenue growth from Orinda plus Moraga at 4.5% annually except for the first three years while MOFD is projecting a deficit (6.5% growth for 2010 and 2011; 5.5% growth in 2012). MOFD continues to retain the first 4.5% (or 5.5% or 6.5%) of revenue growth while Orinda and Moraga share the growth above that percentage, if any.

2) Orinda gets the majority of the savings as it attempts to adjust its share of MOFD’s total funding from 65% down to 60% (see Section VII for discussion of the 60% split) over 12 years. Orinda wants to share the savings with Moraga, and not take all of the savings until a 60 : 40 ratio is reached, in order to make Moraga a partner in the reallocation plan.

3) The growth cap is cumulative and can be calculated in advance based on a reference year, which we assume will be 2008/09. To the extent the actual taxes received exceed the cap, the excess will be credited back to Orinda and Moraga. To the extent the cap is not exceeded, no credit will be issued. Any shortfalls (growth rates less than the cap) will reduce future credits but Orinda and Moraga are not obligated to return past credits.

4) The exact mechanism of credit will be determined by a joint MOFD / Orinda / Moraga commission. It could include a reversion of the Fire Flow tax back to the cities; a Joint Powers payment to allow the cities to perform an MOFD obligation (e.g. upgrade water pipes); or a tax rate adjustment from one agency to another for one or more tax rate areas; or any combination of the above. (see Section IX)

5) Periodic review. Part of the reason that we are in the situation that we are currently in is that the allocation of resources for fire protection and emergency medical services was tied to property values with no mechanism for reallocation. Needless to say, there is no logical long term correlation between the cost of these services and property values. If the Orinda and Moraga fire departments were part of their respective cities, the city budgets would be right-sized over time and appropriate spending levels arrived at. To this end, we suggest a mandatory review of this proposal every 6 years by a joint task force of the MOFD, the City of Orinda and the Town of Moraga.

VI The Impact on MOFD

Attachment D-4 shows the effect of a 4.5% cap on Orinda plus Moraga's property tax revenue to MOFD.

1) The current MOFD forecast has deficits of $6.9M through 2012, bringing the reserve down to about $1M. The reserve then reconstitutes to $12M by 2017 and $36M by 2021. The proposed reallocation would not exacerbate the expected deficit but would constrain its reconstitution so that by 2017 it would still be at $1M and by 2021 $7M. This would be operating at too thin a margin of error.

2) RETF plan proposes a re-structuring of the current pension bond. The $24.5M balance at the end of 2009 would be replaced with a $27M bond to cushion the deficit for the next 3 years. Then the payments would be structured over 25 years, escalating at 3% per year as opposed to the current 5% escalation.

3) The effect of this restructuring would be a minimum reserve balance of $5M in 2011, a $12M balance in 2017 and a $24M balance in 2021. These are very close to what MOFD had originally projected but, of course, the outstanding Pension Bond balance, due to the slower amortization, would be much higher at these points.

4) By 2021 the net annual surplus would be $4M and increasing at about $500,000 per year.

5) Even if this agreement were continued in 2021 for an additional 6 years, MOFD's reserve could still grow to over $60M by 2027.
VII Equitable Split of MOFD's Expenses

"We will never again let the Supervisors spend $2.8M of Orinda's money elsewhere in the county, ignoring Orinda's needs." - Sargent Littlehale, Mayor of the City of Orinda (from arguments in favor of Orinda's June 1997 Measure A which formed MOFD)

Facts:
- Orinda has 52% of the combined population of Orinda and Moraga
- Orinda contains 53% of the building parcels in Orinda and Moraga
- Orinda pays 54% of the Fire Flow Tax which is a measure of resources required to fight fires
- 58% of MOFD's operation personnel (11 of 19 on each shift) are stationed in Orinda
- 60% of MOFD's stations are in Orinda

So what percent of MOFD's costs should be allocated to Orinda?
- The vast percent of MOFD's expenses are personnel expense so allocation by personnel (58%) could be the answer.
- A high percent of the incidents MOFD responds to are medical emergencies. These are probably proportionate to population; maybe allocation by population is appropriate (52%).
- While we don't have the records of the location of incident numbers between Orinda and Moraga we are sure MOFD does; maybe that is a good indicator of allocation.
- The fire department has a lot of tasks other than responding to incidents (in 2006 there were 2,645 incidents. There are 5 engine companies and 2 ambulances. Dividing 2,645 by these 7 responding units results in 1 incident per unit per day.) They have a lot of time to do things when not responding to incidents and they do lots of things: maintaining the district's fire hydrants; constant classroom and field training for basic skills and specialty rescue skills; child safety seat program. How do you allocate the costs of these hours and programs? Probably not on the location of the stations but where the beneficiaries of the skills and programs reside (by population? by incident?).
- Orinda has 3 stations not because its population is so large that it requires 3 stations (fewer that 6,000 served per station while Moraga has 8,000 and Contra Costa fire serves over 20,000 per station) but because of its spread-out geography. What premium should be placed on Orinda for its "extra" station when that station's fire fighters are generally employed in tasks throughout the district?

The range of equitable share is between 52% and 60%. At this time we are constrained by realities to suggest that we slowly reduce Orinda's share from its current 65% share to the top end of the "equitable" range, 60%. Over time, if costs can be contained or maybe operational efficiencies explored, and if revenues growth exceeds cost growth (as both the RETF and MOFD project they will), we can revisit this issue.

The realities of the situation are:
1) The only way to reduce Orinda's share is to either reduce Orinda's cost or increase Moraga's cost, or a combination of the two.
2) Moraga's property tax rate of 0.189% to MOFD already exceeds every other community in the area (except that of Orinda). Moraga's property tax rate to the Town of Moraga (the only available source of a tax rate shift) of 0.053% is one of the lowest in the area, so there is little room to take tax money from the town. Moraga already pays a Fire Flow parcel tax. To anticipate the citizens voting for an additional tax is unrealistic. Therefore, it is highly unlikely that Moraga can or will pay additional funds for the operation of MOFD.
3) While there are projected revenue surpluses to MOFD in the future, they will build up slowly. It is not in Orinda's best interests to cause its fire department hardships by forcing it to make cuts in an already
efficient budget. We are looking to share only those surpluses over funding levels that allow MOFD to continue to operate effectively. Assuming that MOFD's long term forecasts accurately reflect the monies needed to so operate, it appears that those surpluses will be forthcoming. This will allow Orinda's share of the total cost of the operations of the fire district to return to the fair range that Orinda was promised in 1997.

VIII The Impact on Orinda and Moraga

Attachment D-5 shows the effect on Orinda and Moraga of a 4.5% cap on MOFD revenue increases.

The property tax excess transferred to Orinda and Moraga will be allocated between the two communities such that Orinda's share of the total tax bill will reduce from its current 65% to a more equitable 60%. This reduction in share will be phased in over 12 years such that Moraga can participate in the rate savings from MOFD.

1) For the first two years, 2010 and 2011, Orinda's share of the total will drop 0.2% each year from its current level of 65.1% (to 64.9% and 64.7% respectively).
2) Starting in year 3, the share percent will drop 0.5% each year until a share of 60% is achieved.
3) Periodically this proposal should be reviewed by a task force of the City of Orinda and the Town of Moraga to confirm or change assumptions and propose actions or modifications.
4) The total tax revenue reallocated to fire flow and road repairs over the 12 years, based on Orinda's assessed value projections not MOFD's, would be $50M. The total reallocation to Moraga would be $7M.

IX Possible Mechanisms for Reallocation

1) Joint Powers Agreement. It is part of MOFD's range of obligations to participate in the provision of adequate water supplies for the fighting of fires. Therefore, it could transfer money to Orinda, under a Joint Powers Agreement, for the purpose of upgrading pipes that are undersized for adequate fire protection. Additionally, since most of MOFD's main tasks; emergency medical response, fire protection and emergency rescue; all require getting to the site of the emergency as quickly as possible on city streets, it can be argued that MOFD is dependent on and the recipient of the benefits of a well maintained road system. MOFD does not pay taxes to maintain this road system. Responsibility to fund a portion of the road system could also be part of a Joint Powers Agreement.

2) Tax Reallocation. The Govt. Code allows California local agencies (which include cities and special districts) to effect a transfer of property taxes allocations between the two agencies when both parties agree. Since the tax allocation allotted to MOFD was created by the County Supervisors, well prior to the creation of MOFD, the value of property in Orinda and Moraga has shifted. The result is a disproportionate payment of MOFD's costs by Orinda based taxes. If the district were to be formed today different rates would be used. The law exists to adjust the rates to what is appropriate now.

3) Restructuring Orinda's relationship with MOFD. This would technically entail a detachment from MOFD but it could include a simultaneous contract with MOFD for services. From the user's perspective, nothing would change. From a legal perspective, Orinda would be receiving the tax revenue previously allocated from MOFD and then would contract out to MOFD for whatever services Orinda felt were necessary, at appropriate costs, in the same way it currently contracts out police services.
### The Orinda Revenue Enhancement Task Force

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sue Severson</td>
<td>Mayor Pro Tem / Co-chair</td>
<td><a href="mailto:sseverson@cityoforinda.org">sseverson@cityoforinda.org</a></td>
</tr>
<tr>
<td>Al Resnick</td>
<td>Member / Co-chair</td>
<td><a href="mailto:barbalres@aol.com">barbalres@aol.com</a></td>
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<tr>
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<td>Member</td>
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<tr>
<td>Neil Brown</td>
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<td><a href="mailto:nbrown@rentec.com">nbrown@rentec.com</a></td>
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<td>Tom Ohlson</td>
<td>Member</td>
<td><a href="mailto:Tom.Ohlson@grosvenor.com">Tom.Ohlson@grosvenor.com</a></td>
</tr>
<tr>
<td>Steve Cohn</td>
<td>Consultant</td>
<td><a href="mailto:steve_cohn@comcast.net">steve_cohn@comcast.net</a></td>
</tr>
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IMPARTIAL ANALYSIS OF PROPOSED CONSOLIDATION OF THE MORAGA AND ORINDA FIRE PROTECTION DISTRICTS INTO THE NEW MORAGA-ORINDA FIRE PROTECTION DISTRICT, INCLUDING ANALYSIS OF A PROPOSED ORINDA SERVICE ZONE FIRE FLOW SPECIAL TAX

Consolidation of the current Moraga and Orinda Fire Protection Districts into a new successor district, to be known as the Moraga-Orinda Fire Protection District, will become effective July 1, 1997 if the voters approve the requisite measures in the June 3rd, 1997 election. The intent of the Consolidation, as specified by the proponents, is to provide more efficient fire protection and emergency medical (paramedic) services throughout the area of the two current Districts, with local governance.

The new District would include separate Moraga and Orinda Service Zones, coterminal with the current Moraga and Orinda Districts. The new District would assume control of the operations, personnel and assets of the current Districts and would provide services throughout the two Zones. The Consolidation measure must be approved by a majority of those voting in each of the current Districts if the new District is to be formed.

Further, the Consolidation cannot occur unless two-thirds of those voting in the area of the Orinda Service Zone approve a measure authorizing a fire flow special tax for the exclusive benefit of the Orinda Service Zone, similar to the current fire flow special tax in the Moraga Fire Protection District. If the new District is formed, the current Moraga District tax would be continued for the exclusive benefit of the Moraga Service Zone.

Reflecting the risk of fire to a parcel, the fire flow special tax is calculated by multiplying a fire risk factor for each parcel (determined according to “fire flow” formulas) by a rate set each year for the Zone by the District’s Governing Board, depending on financial need. Similar to the uses allowed for the Moraga Service Zone tax proceeds, the proceeds of the new Orinda Service Zone tax could be used only to fund fire protection, prevention and suppression and emergency medical services, equipment and related facilities.

The Moraga District has levied rates from zero to six cents over the past five years. The maximum rate that could be levied in the Orinda Service Zone would be six cents. Given the fire flow formulas and rates of six cents, the annual cost of the special tax for a typical 2500 square foot frame home in the new District would be approximately $80.

The new District would receive the property taxes currently received by the Orinda and Moraga Fire Protection Districts, along with voter-approved fire flow special taxes. If the new District is to be able to spend the proceeds of these taxes, a majority of those voting throughout the area of the new District must approve a measure affirming the appropriations limit set for the new District by the Local Agency Formation Commission. That limit is the combined appropriations limits of the current two Districts, which is $11,944,423 for fiscal year 1997-8, adjusted for inflation each year thereafter.

At the election on the Consolidation measure, a new five member governing board must be selected for the new District, one member being elected from each of five geographical divisions of equal population.

The above statement is an impartial analysis of the proposed consolidation of the Moraga and Orinda Fire Protection Districts into the new Moraga-Orinda Fire Protection District. If you desire copies of Local Agency Formation Commission Resolution 96-27 approving the consolidation, Board of Supervisors Resolution 97-16 ordering the consolidation subject to confirmation of the voters, or Board Ordinance No. 97-1 adopting the Orinda Service Zone fire flow special tax subject to voter approval, please call the Elections Department at (510) 646-4166 and copies will be mailed to you at no cost.

ORINDA FIRE PROTECTION DISTRICT SPECIAL MERGER MEASURE A ELECTION TUESDAY, JUNE 3, 1997

"Arguments in support or opposition of the proposed measure are the opinions of the authors."

MEASURE A

"Shall the order adopted on January 14, 1997 by the Board of Supervisors of Contra Costa County to order the consolidation of the Orinda Fire Protection District and the Moraga Fire Protection District into a single district known as the Moraga-Orinda Fire Protection District be confirmed, subject to the terms and conditions specified in the order, including the election of District directors by five geographical divisions?"

ARGUMENT IN FAVOR OF MEASURE A ORINDA FIRE PROTECTION DISTRICT SPECIAL MERGER MEASURE A ELECTION TUESDAY, JUNE 3, 1997

Join the Orinda City Council, Orinda Fire Commission, Orinda Chamber of Commerce, and Orinda Association and vote YES on Measures A, B and C.

It may save your life.

By putting paramedics on every Orinda fire engine and merging fire services with Moraga, we take control of the health and safety decisions that most affect our lives.

A YES vote on these three measures will

- Put paramedics on every Orinda fire engine
  Currently paramedics must come all the way from Walnut Creek. Orinda-based paramedics will cut 11 minute average response time to 5 or 6 minutes.
  "Every minute saved greatly increases survival rates for cardiac, choking and severe allergic reaction victims."
  Gary Hallam, MD Emergency Room.

- Insure that fire protection dollars Orindans pay will stay in Orinda
  Merger means a locally elected unpaid fire commission will control our fire protection money, not the County Supervisors in Martinez.
  "We must never again let the Supervisors spend $2.8 million of Orinda's money elsewhere in the County, ignoring Orinda's needs."
  Sargent Litdehale, Mayor
  City of Orinda

- Insure that Orinda keeps 3 fire stations and current staffing levels
Make local fire commissioners responsible for our local needs

Many of our problems such as overdue replacement of our aging equipment, critical seismic repair to our fire houses and need for paramedic firefighters are due to County neglect. This measure takes control from the Board of Supervisors and places it in the hands of local citizens.

Measures A, B and C must all pass for this to become a reality.

Bring long-needed paramedics and the highest level of fire services for the fewest dollars to Orinda.

Vote YES on A, B and C

Allan Tabor, Mayor Pro-Tem
City of Orinda

Joyce Hawkins, Councilmember
City of Orinda

Robert I. Recker Jr., President
Orinda Fire Commission

Peter F. Elin, President
Orinda Chamber of Commerce

Aldo P. Guidotti
Former Councilmember, City of Orinda

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ARGUMENT AGAINST MEASURE A
ORINDA FIRE PROTECTION DISTRICT
SPECIAL MERGER MEASURE A ELECTION
TUESDAY, JUNE 3, 1997

The merger of the Moraga and Orinda Fire Departments will in no way solve the fire related problems of Orinda, which are:

- Inadequate fire water supply, $53,000,000 estimated to upgrade.
- 252 obsolete fire hydrants needing replacing.
- State Fire Marshal designation of “VERY HIGH FIRE HAZARD SEVERITY AREA”.
- 50 tons of fire fuel load per acre.

Professional firefighters of both district state: "WE OPPOSE THIS PROPOSAL.
Firefighting is a labor intensive job that requires close coordination among all involved. Any substantial fire requires engines from other parts of the county to respond. Currently as part of a county-wide team we train together and plan for efficient operations. Breaking apart this team would jeopardize efficiency of operations and the morale of the personnel. We have full access to resources that are unavailable to a smaller department such as large training facilities, experts in arson investigation, code enforcement, hazardous materials incidents and special rescue situations."

Moraga does not have Orinda’s problems but Moraga will be assuming Orinda’s liabilities.

With merger all of Moraga Fire PROPERTY TAXES will be pooled with Orinda’s. Moragans might have to pay once again their 30¢ fire flow tax to replace property taxes diverted to Orinda?

Moraga’s fire insurance rates might increase to Orinda’s fire risk level.

Orinda has started a paramedic program with 3 firefighter paramedics expanding to 12 and will purchase a $130,000 rescue ambulance.

Neither merger or the FIRE FLOW TAX is needed to maintain the excellent services that Orinda
now enjoys. Nor are they needed to replace equipment or to seismic retrofit fire stations under option I and certainly not needed for emergency medical services.

VOTE NO! LET US IN ORINDA SAVE OUR TAX DOLLARS FOR A BOND ISSUE THAT WILL RESOLVE THE $53,000,000 water pipe replacement issue.

Edmund J. Coyne James M. Taylor Daniel F. Murphy
Gilbert K. Dong, Jr. David P. Leimone

Committee For Fire Safety And Paramedics

REBUTTAL TO ARGUMENT AGAINST MEASURE A ORINDA FIRE PROTECTION DISTRICT SPECIAL MERGER MEASURE A ELECTION TUESDAY, JUNE 3, 1997

Don’t be fooled by the smoke screen created by those who oppose local control.

Fire safety and emergency care for our seniors, school children and families should not be dependent on an insensitive and distant fire bureaucracy in Martinez.

Yes on Measure A will:

- Establish paramedic services at our three fire stations,
- Merge our fire services with Moraga, and,
- Give us local control over the quality and responsiveness of life saving care.

That is why the Orinda City Council and Orinda Fire Commission voted unanimously to support Measure A.

Water supply and hydrant upgrade issues are best solved by locally elected and accountable Fire Commissioners and City Councilmembers. Do you trust the county fire bureaucrats or your local community leaders to get the job done right at the lowest cost?

A merger will not reduce firefighter’s training or mutual aid in the event of an emergency. This is a scare tactic without any basis in fact.

“Orinda’s firefighters will continue to be as experienced and well trained as any fire district in the county.”

Dave Evans
Orinda Fire Chief, Ret’d.

The County has neglected our fire protection needs, while squandering millions of Orinda taxes on fire services in other cities.

Beware! After years of hollow promises by the County’s fire Chieftains, don’t be surprised by election eve promises to set things right.

Please join the Orinda Association and Chamber of Commerce in voting Yes on A, B and C: Local control and paramedics we can count on!

Robert J. Recker Jr. Allan Tabor Peter F. Effin
President Mayor Pro Tem President
Orinda Fire Commission City of Orinda Orinda Chamber of Commerce
Joyce Hawkins Aldo P. Guidotti
Councilmember Former Mayor
City of Orinda City of Orinda

ORINDA FIRE PROTECTION DISTRICT SPECIAL APPROPRIATIONS LIMIT MEASURE B ELECTION TUESDAY, JUNE 3, 1997

“Arguments in support or opposition of the proposed measure are the opinions of the authors.”

MEASURE B

“Shall the appropriations limit of the consolidated new Moraga-Orinda Fire Protection District, as established by the Local Agency Formation Commission of Contra Costa County by combining the appropriations limits of the Orinda Fire Protection District and the Moraga Fire Protection District, be confirmed at $11,944,423, with annual adjustments for changes in cost of living and population?”

YES NO

ARGUMENT IN FAVOR OF MEASURE B ORINDA FIRE PROTECTION DISTRICT SPECIAL APPROPRIATIONS LIMIT MEASURE B ELECTION TUESDAY, JUNE 3, 1997

Vote YES on Measures A, B and C

Together they will bring paramedics to Orinda and give us control over the health and safety issues that most effect our lives.

Measure B sets the spending limit for the new merged Fire District. Measure B protects taxpayers by containing spending within existing limits. That limit is determined by combining the already existing spending limits of the Orinda and Moraga Fire Protection Districts.

Orinda voters must approve this spending limit by voting YES on Measure B.

The Orinda City Council, Orinda Fire Commission, Orinda Chamber of Commerce, and the Orinda Association all support this measure.

“Measures A, B and C together will insure that Orinda Fire protection dollars are used for our critical needs, including paramedics, seismic upgrading of our fire stations and
ARGUMENT IN FAVOR OF MEASURE C
ORINDA FIRE PROTECTION DISTRICT
SPECIAL TAX MEASURE C ELECTION
TUESDAY, JUNE 3, 1997

Take control of the health and fire safety issues that most affect our lives.

Bring paramedics to Orinda by voting YES on Measures A, B and C.

The Orinda City Council, Orinda Fire Commission, Orinda Chamber of Commerce and Orinda Association all support these measures that will -

PUT A PARAMEDIC ON EVERY FIRE ENGINE
“An ambulance at your door 5 to 6 minutes sooner than the current response time is a critical difference in a life or death situation such as heart attack, choking or severe trauma.”

Gary Hallam MD, Emergency Room Physician

REPLACE AGING FIRE AND AMBULANCE VEHICLES
“When Orinda's 20 year old failing fire equipment must be replaced, money will have been set aside to do so”

Robert L. Recker Jr., President
Orinda Fire Commission

SEISMICALLY REPAIR OUR FIRE STATIONS
“Passage of this measure means Orinda can seismically reinforce our fire stations, so they will be operational when the next earthquake hits.”

Lily Reck 
Neighborhood Disaster Coordinator

Measure C authorizes a paramedic and fire safety tax.

It sets a 6 cent rate cap on this levy that is related to house size, not lot size or assessed valuation.

The maximum an owner of a 2500 square foot house would pay is $81 per year, $6.75 a month, less than the price of a movie ticket!

Our local fire commission will have authority to lower and even eliminate the tax in years when additional revenues are not needed.

The rate cap can never be raised without a 2/3 majority vote by Orindans.

Funds raised by this measure will be spent only in Orinda for Orinda's needs.

Remember, all three measures must pass to bring paramedics to Orinda and take local control of our emergency medical and fire needs.

Vote YES on Measures A, B and C

Sargent Littlehale, Mayor
City of Orinda

Linda Landau, President
Orinda Association
REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE C
ORINDA FIRE PROTECTION DISTRICT
SPECIAL TAX MEASURE C ELECTION
TUESDAY, JUNE 3, 1997

NO on fire flow tax! Why?

FACT: Orinda does not need additional taxes to carry out its operational responsibility, paramedic program, replacing aging equipment, retrofitting fire stations, (see the proposed 5 year budget for Orinda Fire Department, at Orinda stations and library).

FACT: Orinda’s assessed value for property taxes on 7,228 homes, businesses and parcels - $2,051,363,769 - 7/96. Gateway development will add $500,000,000 + to the tax rolls. Orinda’s tax rate of 22¢ provides ample funds. The revenue from Gateway would be greater than the fire flow tax.

FACT: Fire-fighting PARAMEDIC PROGRAM is already implemented in Orinda.

FACT: Orinda’s property tax revenues CAN NOT be touched by County Supervisors. They stay in Orinda.

FACT: Orinda’s and Moraga’s fire-fighters oppose this merger. They fear the reduction of Battalion 4 effectiveness, loss of back up and fire related services, a REAL CONCERN.

FACT: Orinda has a new $325,000 fire engine. It has budgeted for two additional engines, rescue ambulance, all with existing revenues.

FACT: Orinda’s Commissioners have constantly stated that they will have no part in replacing EBMUD’s old pipes. Our fire water supply is our biggest problem - save any additional tax dollars for a bond issue that would eliminate the RED TOPPED fire hydrants.

Hard to believe that a newly elected Moraga’s District Directors of this merger would be sympathetic to Orinda’s real problems namely fire water supply, replacing fire hydrants and excessive fire fuel load. Moraga does not have Orinda’s fire related problems.

VOTE NO!

Edmund J. Coyne
James M. Taylor
Daniel F. Murphy
Gilbert K. Dong, Jr.
Richard J. Townsend
Committee For Safety And Paramedics

ARGUMENT AGAINST MEASURE C
ORINDA FIRE PROTECTION DISTRICT
SPECIAL TAX MEASURE C ELECTION
TUESDAY, JUNE 3, 1997

DOES ORINDA NEED A FIRE FLOW TAX?

NO, IT DOES NOT!

Orinda Fire Protection District has a tax rate of 22¢ which is sufficient for it’s operational budget, replace fire engines, upgrade equipment, provide paramedic services and seismic retrofit the 3 fire stations so that in the event of earthquake equipment can exit and respond to emergencies.

The Contra Costa County Fire Protection District submitted to the County Board of Supervisors a proposed budget to provide fire protection and enhanced emergency medical (Paramedic) services to Orinda as an alternative to the proposed consolidation of the Orinda and Moraga fire departments.

This project budget includes the district’s capital needs, seismic retrofitting improvements (option 1), two engines at $325,000 each, a $130,000 rescue ambulance and other fire equipment.

It includes $250,000 for paramedic pay differential, medical supplies, paramedic recertification, skill maintenance expenses and other related costs. Starting with 3 paramedic-firefighters which will increase as vacancies occur to 12.

The fund balance projected at end of FY 2000-01 - $131,520 indicates that all can be accomplished "WITHOUT THE NEED FOR AN ADDITIONAL TAXING AUTHORITY".

Every home in Orinda can stand seismic retrofitting but we will not tear our house down and rebuild. It is therefore unreasonable to suggest that all three station be demolished and rebuilt when the present facilities will serve adequately.

The $500,000,000 Gateway development will provide additional tax revenues that will greatly enhance the financial picture.

Why should we pay an unnecessary fire tax when the real need is replacing Orinda’s small 60 year old corroded water pipes and hydrants owned by EBMUD that do not provide adequate fire water supply? Our tax dollars can better be used to fund a $53,000,000 bond issue to resolve this critical problem.

VOTE NO ON FIRE FLOW TAX.

Edmund J. Coyne
James M. Taylor
Daniel F. Murphy
Gilbert K. Dong, Jr.
Richard J. Townsend
Committee For Safety And Paramedics
REBUTTAL TO ARGUMENT AGAINST MEASURE C
ORINDA FIRE PROTECTION DISTRICT
SPECIAL TAX MEASURE C ELECTION
TUESDAY, JUNE 3, 1997

No one disputes Orinda's need for paramedics, modern equipment and seismic upgrading of fire stations. The question is, whom do you trust to get the job done; the County's Fire Bureaucracy or the people of Orinda.

Local control of our fire services, with local taxing authority, is the only way we can ensure that:

- Our tax dollars will be used in our city, now, and in the future.
- Paramedic hiring, equipment upgrades and seismic repairs will be undertaken immediately, and in a fiscally responsible way,
- All activities will be accountable to the residents of Orinda.

"The fire merger of Orinda and Moraga is not only fiscally sound, it is also operationally sound"

Walt Luihn
Orinda Assistant Fire Chief, Ret'd.

For years, we appealed to the County to fund paramedics in our fire stations, saving precious emergency minutes. The County bureaucrats ignored our requests, and spent millions of Orinda fire taxes in other communities.

We've had enough of the County's hollow budget proposals, broken promises and election eve pledges.

Orindans voted for Cityhood because the County had a long track record of abusing our tax dollars and failing to be responsive to our unique needs. For that same reason, we voted two-to-one against County Fire's attempted power grab in 1994.

Yes on A, B, C will return local control of our emergency care services and taxing authority to the people of Orinda. We must no longer settle for second best when people's lives are at stake.

Sargent Littlehale
Mayor
City of Orinda

Richard G. Heggie
Former Mayor
City of Orinda

Cynthia Powell
Community Volunteer

Linda Landau
President
Orinda Association
## Orinda Tax Rate Area Detail

### City of Orinda

<table>
<thead>
<tr>
<th>Fire tax</th>
<th>Assessed Value ($1,000)</th>
<th>per capita</th>
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</thead>
<tbody>
<tr>
<td>4,568,490</td>
<td>587</td>
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</table>

Population:
- 1990: 16,642
- 1997 est: 17,589
- 2000: 17,589
- 2006 est: 17,589

Population (1990) = 16,642
Population (1997) est = 17,589
Population (2000) = 17,589
Population (2006) est = 17,589

Area = 12.6

Total Tax Rate Base 07-08:
- 3,847,745
- 42,477
- 98,251
- 344,272
- 738
- 382
- 15,541
- 9,064
- 97
- 4,358,567

Tax Rate (%):
- 4.88%
- 9.85%
- 3.18%
- 4.09%
- 1.90%
- 1.83%
- 5.42%
- -0.11%
- 2.06%
- 4.82%

### Tax Rate Area (TRA) 18001 18003 18007 18012 18025 18034 18037 18038 18039

Total Tax Rate Base 08-09:
- 4,035,417
- 46,659
- 101,374
- 358,363
- 752
- 389
- 16,383
- 9,054
- 99
- 4,568,490

Tax Rate (%):
- MORAGA-ORINDA FIRE: 22.59%
- COUNTY GENERAL: 10.28%
- CITY OF ORINDA: 7.37%
- ACALANES HIGH: 12.41%
- CANYON ELEM: 0.01%
- LAFAYETTE ELEM: 7.17%
- MORAGA ELEMENTARY: 5.42%
- ORINDA ELEMENTARY: 19.69%
- WALNUT CREEK ELEM: 12.23%
- K-12 SCHOOLS ERAF: 50.95%

### Total Special Districts

Total:
- 45,685

### Total

Total:
- 100.00%
# Allocation of 1% Base Property Tax

## 2008/09

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<th>% of 1% Property Tax</th>
<th>Orinda</th>
<th>Moraga</th>
<th>MOFD service area</th>
<th>Lafayette</th>
<th>Danville</th>
<th>Walnut Creek</th>
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<tr>
<td>Fire</td>
<td>22.6%</td>
<td>18.9%</td>
<td>21.2%</td>
<td>14.1%</td>
<td>16.2%</td>
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<td>10.3%</td>
<td>13.7%</td>
<td>11.6%</td>
<td>11.1%</td>
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<tr>
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<td>7.4%</td>
<td>5.3%</td>
<td>6.6%</td>
<td>6.6%</td>
<td>7.8%</td>
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<td>Schools</td>
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<tr>
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<td>9.2%</td>
<td>8.9%</td>
<td>11.4%</td>
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<tr>
<td><strong>Total</strong></td>
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<td>100.0%</td>
<td>100.0%</td>
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## Annual Tax ($1,000)

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<th>4,568,555</th>
<th>2,935,435</th>
<th>7,503,990</th>
<th>5,419,547</th>
<th>9,466,927</th>
<th>12,855,839</th>
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<td>Increase from 2007/08</td>
<td>4.82%</td>
<td>3.42%</td>
<td>4.27%</td>
<td>6.07%</td>
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<th>5,554</th>
<th>15,875</th>
<th>7,636</th>
<th>15,342</th>
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<tr>
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<td>4,696</td>
<td>4,023</td>
<td>8,719</td>
<td>6,013</td>
<td>11,862</td>
<td>18,046</td>
</tr>
<tr>
<td>City</td>
<td>3,369</td>
<td>1,554</td>
<td>4,923</td>
<td>3,563</td>
<td>7,412</td>
<td>11,796</td>
</tr>
<tr>
<td>Schools</td>
<td>23,277</td>
<td>15,536</td>
<td>38,813</td>
<td>30,828</td>
<td>50,478</td>
<td>69,008</td>
</tr>
<tr>
<td>Other</td>
<td>4,022</td>
<td>2,687</td>
<td>6,709</td>
<td>6,156</td>
<td>9,575</td>
<td>13,063</td>
</tr>
<tr>
<td><strong>Total 1% Prop Tax</strong></td>
<td>45,686</td>
<td>29,354</td>
<td>75,040</td>
<td>54,195</td>
<td>94,669</td>
<td>128,558</td>
</tr>
</tbody>
</table>

## $ per Capita

| Assessed Value | 259,736 | 180,196 | 221,491 | 226,683 | 226,943 | 199,948 |

<table>
<thead>
<tr>
<th>Fire</th>
<th>587</th>
<th>341</th>
<th>469</th>
<th>319</th>
<th>368</th>
<th>259</th>
</tr>
</thead>
<tbody>
<tr>
<td>County</td>
<td>267</td>
<td>247</td>
<td>257</td>
<td>252</td>
<td>284</td>
<td>281</td>
</tr>
<tr>
<td>City</td>
<td>192</td>
<td>95</td>
<td>145</td>
<td>149</td>
<td>178</td>
<td>183</td>
</tr>
<tr>
<td>Schools</td>
<td>1,323</td>
<td>954</td>
<td>1,146</td>
<td>1,289</td>
<td>1,210</td>
<td>1,073</td>
</tr>
<tr>
<td>Other</td>
<td>229</td>
<td>165</td>
<td>198</td>
<td>257</td>
<td>230</td>
<td>203</td>
</tr>
<tr>
<td><strong>Total 1% Prop Tax</strong></td>
<td>2,597</td>
<td>1,802</td>
<td>2,215</td>
<td>2,267</td>
<td>2,269</td>
<td>1,999</td>
</tr>
</tbody>
</table>

| Population (2000) | 17,589 | 16,290 | 33,879 | 23,908 | 41,715 | 64,296 |
| Sq Mi | 12.6 | 9.3 | 21.9 | 15.2 | 18.1 | 19.5 |
| Pop Density | 1,396 | 1,752 | 1,547 | 1,573 | 2,305 | 3,297 |
## MOFD OPERATING AND CAPITAL FORECAST

Cap on Orinda & Moraga Tax Revenue / Refinance of Pension Bond (graduated payment schedule)

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Orinda-Moraga Property Tax</th>
<th>Orinda-Moraga Property Tax</th>
<th>Total Expenses</th>
<th>Total Revenue</th>
<th>Pay off Existing Pension Bond</th>
<th>Pay off Debt Service</th>
<th>Cash after Reserve Balance</th>
<th>Reserve Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>19.1</td>
<td>2.9</td>
<td>22.0</td>
<td>1.2</td>
<td>1.4</td>
<td>1.1</td>
<td>15.2</td>
<td>18.7</td>
</tr>
<tr>
<td>2010</td>
<td>20.4</td>
<td>0.9</td>
<td>21.3</td>
<td>1.2</td>
<td>1.4</td>
<td>0.9</td>
<td>16.0</td>
<td>-3.3</td>
</tr>
<tr>
<td>2011</td>
<td>21.1</td>
<td>0.8</td>
<td>22.0</td>
<td>1.3</td>
<td>1.4</td>
<td>0.9</td>
<td>17.0</td>
<td>-3.3</td>
</tr>
<tr>
<td>2012</td>
<td>21.8</td>
<td>0.7</td>
<td>22.5</td>
<td>1.3</td>
<td>1.4</td>
<td>1.1</td>
<td>18.1</td>
<td>-3.3</td>
</tr>
<tr>
<td>2013</td>
<td>22.5</td>
<td>0.6</td>
<td>23.1</td>
<td>1.4</td>
<td>1.4</td>
<td>1.2</td>
<td>19.0</td>
<td>-3.3</td>
</tr>
<tr>
<td>2014</td>
<td>23.2</td>
<td>0.7</td>
<td>23.9</td>
<td>1.5</td>
<td>1.4</td>
<td>1.1</td>
<td>19.8</td>
<td>-3.3</td>
</tr>
<tr>
<td>2015</td>
<td>24.0</td>
<td>0.8</td>
<td>24.7</td>
<td>1.5</td>
<td>1.4</td>
<td>1.1</td>
<td>20.7</td>
<td>-3.3</td>
</tr>
<tr>
<td>2016</td>
<td>24.7</td>
<td>1.1</td>
<td>25.9</td>
<td>1.6</td>
<td>1.5</td>
<td>1.0</td>
<td>21.6</td>
<td>-3.3</td>
</tr>
<tr>
<td>2017</td>
<td>25.5</td>
<td>1.3</td>
<td>26.8</td>
<td>1.7</td>
<td>1.5</td>
<td>0.9</td>
<td>22.6</td>
<td>-3.3</td>
</tr>
<tr>
<td>2018</td>
<td>26.2</td>
<td>0.9</td>
<td>27.2</td>
<td>1.8</td>
<td>1.5</td>
<td>0.9</td>
<td>23.6</td>
<td>-3.3</td>
</tr>
<tr>
<td>2019</td>
<td>26.9</td>
<td>1.0</td>
<td>27.9</td>
<td>1.9</td>
<td>1.5</td>
<td>0.9</td>
<td>24.7</td>
<td>-3.3</td>
</tr>
<tr>
<td>2020</td>
<td>27.6</td>
<td>1.0</td>
<td>28.6</td>
<td>2.0</td>
<td>1.5</td>
<td>0.9</td>
<td>25.8</td>
<td>-3.3</td>
</tr>
<tr>
<td>2021</td>
<td>28.4</td>
<td>1.0</td>
<td>29.4</td>
<td>2.1</td>
<td>1.5</td>
<td>0.9</td>
<td>27.0</td>
<td>-3.3</td>
</tr>
<tr>
<td>2022</td>
<td>29.2</td>
<td>1.1</td>
<td>30.2</td>
<td>2.2</td>
<td>1.6</td>
<td>0.9</td>
<td>28.2</td>
<td>-3.3</td>
</tr>
<tr>
<td>2023</td>
<td>29.0</td>
<td>1.1</td>
<td>30.1</td>
<td>2.3</td>
<td>1.6</td>
<td>0.9</td>
<td>29.4</td>
<td>-3.3</td>
</tr>
<tr>
<td>2024</td>
<td>27.7</td>
<td>1.1</td>
<td>28.8</td>
<td>2.4</td>
<td>1.6</td>
<td>0.9</td>
<td>30.6</td>
<td>-3.3</td>
</tr>
<tr>
<td>2025</td>
<td>28.5</td>
<td>1.2</td>
<td>29.7</td>
<td>2.5</td>
<td>1.6</td>
<td>0.9</td>
<td>32.2</td>
<td>-3.3</td>
</tr>
<tr>
<td>2026</td>
<td>29.4</td>
<td>1.2</td>
<td>30.6</td>
<td>2.6</td>
<td>1.6</td>
<td>0.9</td>
<td>33.6</td>
<td>-3.3</td>
</tr>
<tr>
<td>2027</td>
<td>30.3</td>
<td>1.2</td>
<td>31.6</td>
<td>2.8</td>
<td>1.7</td>
<td>0.9</td>
<td>35.1</td>
<td>-3.3</td>
</tr>
</tbody>
</table>
Orinda and Moraga Tax Savings

4.5% Cap on MOFD Tax
Orinda / Moraga rates decrease until Orinda pays 60% of total taxes

<table>
<thead>
<tr>
<th>FY End</th>
<th>MOFD Tax Increase 4.50%</th>
<th>Moraga Tax Base</th>
<th>MOFD Tax Rate</th>
<th>MOFD Tax</th>
<th>MOFD Tax Savings</th>
<th>Tax Base</th>
<th>MOFD Tax Rate</th>
<th>MOFD Tax</th>
<th>Percent of Total Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>15,892</td>
<td>2,935,400</td>
<td>0.1892%</td>
<td>5,554</td>
<td>0</td>
<td>4,568,555</td>
<td>0.2263%</td>
<td>10,339</td>
<td>65.1%</td>
</tr>
<tr>
<td>2010</td>
<td>16,925 (6.5%)</td>
<td>3,154,043</td>
<td>0.1886%</td>
<td>5,949</td>
<td>19</td>
<td>4,908,843</td>
<td>0.2236%</td>
<td>10,977</td>
<td>64.9%</td>
</tr>
<tr>
<td>2011</td>
<td>18,026 (6.5%)</td>
<td>3,379,891</td>
<td>0.1885%</td>
<td>6,371</td>
<td>23</td>
<td>5,500,345</td>
<td>0.2119%</td>
<td>11,654</td>
<td>64.7%</td>
</tr>
<tr>
<td>2012</td>
<td>19,017 (5.5%)</td>
<td>3,674,495</td>
<td>0.1855%</td>
<td>6,817</td>
<td>135</td>
<td>6,109,936</td>
<td>0.1997%</td>
<td>12,200</td>
<td>64.2%</td>
</tr>
<tr>
<td>2013</td>
<td>19,873 (4.5%)</td>
<td>4,025,333</td>
<td>0.1794%</td>
<td>7,223</td>
<td>393</td>
<td>6,698,098</td>
<td>0.1899%</td>
<td>12,650</td>
<td>63.7%</td>
</tr>
<tr>
<td>2014</td>
<td>20,767 (4.5%)</td>
<td>4,387,281</td>
<td>0.1744%</td>
<td>7,652</td>
<td>649</td>
<td>7,304,614</td>
<td>0.1795%</td>
<td>13,115</td>
<td>63.2%</td>
</tr>
<tr>
<td>2015</td>
<td>21,702 (4.5%)</td>
<td>4,652,872</td>
<td>0.1742%</td>
<td>8,105</td>
<td>699</td>
<td>7,910,445</td>
<td>0.1719%</td>
<td>13,597</td>
<td>62.7%</td>
</tr>
<tr>
<td>2016</td>
<td>22,678 (4.5%)</td>
<td>4,928,101</td>
<td>0.1742%</td>
<td>8,583</td>
<td>741</td>
<td>8,356,207</td>
<td>0.1687%</td>
<td>14,095</td>
<td>62.2%</td>
</tr>
<tr>
<td>2017</td>
<td>23,699 (4.5%)</td>
<td>5,213,580</td>
<td>0.1743%</td>
<td>9,087</td>
<td>777</td>
<td>8,818,820</td>
<td>0.1657%</td>
<td>14,611</td>
<td>61.7%</td>
</tr>
<tr>
<td>2018</td>
<td>24,765 (4.5%)</td>
<td>5,509,952</td>
<td>0.1746%</td>
<td>9,620</td>
<td>805</td>
<td>9,299,374</td>
<td>0.1629%</td>
<td>15,145</td>
<td>61.2%</td>
</tr>
<tr>
<td>2019</td>
<td>25,879 (4.5%)</td>
<td>5,817,893</td>
<td>0.1750%</td>
<td>10,183</td>
<td>825</td>
<td>9,799,008</td>
<td>0.1602%</td>
<td>15,697</td>
<td>60.7%</td>
</tr>
<tr>
<td>2020</td>
<td>27,044 (4.5%)</td>
<td>6,138,111</td>
<td>0.1756%</td>
<td>10,776</td>
<td>837</td>
<td>10,318,907</td>
<td>0.1577%</td>
<td>16,268</td>
<td>60.2%</td>
</tr>
<tr>
<td>2021</td>
<td>28,261 (4.5%)</td>
<td>6,471,348</td>
<td>0.1747%</td>
<td>11,304</td>
<td>939</td>
<td>10,860,307</td>
<td>0.1561%</td>
<td>16,957</td>
<td>60.0%</td>
</tr>
</tbody>
</table>