

# A REPORT ON THE COSTS, OPERATIONS, PERFORMANCE AND FINANCES OF THE MORAGA-ORINDA FIRE DISTRICT (MOFD)

by

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## Section II - MOFD ORGANIZATION

What is the Moraga-Orinda Fire District?

The Moraga-Orinda Fire District (MOFD) is an independent agency run by a board of directors elected by the residents of Orinda, Moraga and the unincorporated area adjacent to Moraga (unincorporated Moraga and Canyon). It serves approximately 34,000 residents and receives over 90 percent of its operating funds from property taxes paid by the population it serves.

Neither the Orinda City Council nor the Moraga Town Council has any direct control over the operation of MOFD (they can only use the power of the "bully pulpit" to influence public sentiment and sway their counterparts on the MOFD board and they do have the power to detach from MOFD with county approval). None of the tax revenue controlled by the City of Orinda or Town of Moraga goes to support the operations of MOFD. MOFD is allocated revenue from property taxes in Orinda and Moraga.

**Formation of MOFD** - MOFD was formed by the vote of the people in June 1997. The new district took over three stations in Orinda previously operated by the county's ConFire and two stations in Moraga previously operated by the Moraga Fire Protection District (MFPD).

Prior to the formation, the Orinda service provided by ConFire cost Orinda taxpayers 22.6 percent of their property taxes. In the last year of service by ConFire (1996/97) this amounted to about \$4.3 million -- \$475,000 for each of the nine firefighters stationed in Orinda (three engines, each staffed by three firefighters). All ConFire firefighters were trained as emergency medical technicians (EMTs). Ambulance service was provided privately by AMR with ambulances based in Walnut Creek. No tax dollars were used to support the ambulance service, all ambulance costs were covered by user fees.

MFPD served Moraga (incorporated and unincorporated), Canyon, plus 700 homes in South Orinda. The district had two stations with eight firefighters staffing two fire engines and its own ambulance. The ambulance staff, plus at least one firefighter on each engine, were Paramedics, with the remaining firefighters being EMTs. (note: The difference between Paramedics and EMTs is the Paramedics have a higher level of training). This cost \$3.3 million in property taxes, plus the District had an additional parcel tax which generated about \$500,000. This total, \$3.8 million, also equaled \$475,000 for each firefighter serving the district.

The Orinda City Council and a group of Orinda citizens determined that over the four years Orinda had been served by ConFire, Orinda's tax revenue to ConFire exceeded the cost of the service provided to Orinda by about \$2.8 million in total (\$700,000 per year). In addition, Orinda

had a lower level of medical service. Fire engines in Orinda were staffed by EMT-certified firefighters while in Moraga at least one firefighter on each engine was a higher-level Paramedic. Also, the ambulance response from Walnut Creek to Orinda could take up to 20 minutes, almost twice industry standards.

Even though Orinda taxpayers were paying the same \$475,000 per firefighter as MFPD taxpayers, it was determined that if Orinda wanted to join Moraga, it too would need a (\$530,000) parcel tax due to the poor condition of Orinda's capital equipment. This meant its nine firefighters would each cost \$535,000 per year compared to Moraga's \$475,000. Despite this disparity, and with no mechanism to eliminate it, once Orinda's equipment was upgraded -- other than local representation on the MOFD board -- Orinda's City Council and a number of other civic leaders supported the merger. The basis of the support was to "stop exporting our taxes to elsewhere in the county," plus "provide better medical service." They succeeded in encouraging 80 percent of the taxpayers to vote for a merger with Moraga to form MOFD on June 3, 1997.

**Governance of MOFD** - MOFD is governed by a board of five directors elected **by division**. There are two divisions in Orinda, two in Moraga, and one split between the two cities with about 55 percent of it located in Orinda (since Orinda's population represents about 52 percent of the District's total population). Currently the director's positions are held by:

Division 1 (Moraga)	Frank Sperling	franksperling@comcast.net
Division 2 (Moraga)	Fred Weil	fweil@hansonbridgett.com
Division 3 (split)	vacant as of 2/29/2012	
	Steve Anderson - Director-Elect	sfecanard@aol.com
	South Orinda, west of Moraga Way plus Ivy Drive	
Division 4 (Orinda)	John Wyro	wyroco@comcast.net
	the rest of South Orinda plus Orinda Woods	
Division 5 (Orinda)	vacant as of 2/29/2012	
	Alex Evans - Director Elect	alex@emcresearch.com
	the rest of North Orinda	

The Directors hold a four-year term, with two directors (divisions 2 and 5) elected in presidential election years and three in off-years.

Historically there has been little turnover in the board. Of 22 possible elections since the board was formed; 15 have been unopposed races, 13 of which were incumbents; four have resulted in the re-election of the incumbent; two were two non-incumbent running for an empty seat; and in only one case did a non-incumbent beat an incumbent. See Table II-1.

Coming into a race, an incumbent holds a strong position. The Task Force notes that in four out of the six times in the history of the District that a director has resigned or chosen not to seek re-election, the board has appointed a replacement as opposed to letting voters choose a replacement. In all four cases, the appointed director, now the incumbent, either won the next election or ran unopposed. In the most recent incidence, with the retirement of Director Wilson

## Table II-1 MOFD Election Results

Nov-12	Div 1	Frank Sperling (I)	bye year
	Div 2	Fred Weil (I)	ran unopposed
	Div 3	14 Steve Anderson	ran unopposed (2 year term)
	Div 4	John Wyro (I)	bye year
	Div 5	13 Alex Evans	ran unopposed
Mar-12	Div 3	Dick Olsen	resigns
	Div 5	Brook Mancinelli	resigns
(both to be replaced by vote in November)			
Nov-10			
	Div 1	Frank Sperling (I)	ran unopposed
	Div 2	Fred Weil (I)	bye year
	Div 3	Dick Olsen (I)	ran unopposed
	Div 4	John Wyro (I)	59%
		Bob Jungbluth	41%
	Div 5	Brook Mancinelli (I)	bye year
Mar-10	Div 3	12 Dick Olsen	appointed to replace Pete Wilson
Nov-08	Div 1	Frank Sperling (I)	bye year
	Div 2	Fred Weil (I)	55.26%
		Bob Nelson	44.58%
	Div 3	Pete Willson (I)	bye year
	Div 4	John Wyro (I)	bye year
	Div 5	11 Brook Mancinelli	58.85%
		Gene Gottfried (I)	40.76%
Nov-06			
	Div 1	10 Frank Sperling	55.50%
		Linda Borelli	44.50%
	Div 2	Fred Weil (I)	bye year
	Div 3	Pete Willson (I)	ran unopposed
	Div 4	John Wyro (I)	ran unopposed
	Div 5	Gene Gottfried (I)	bye year
Nov-04	Div 1	Gordon Nathan	bye year
	Div 2	Fred Weil (I)	ran unopposed
	Div 3	Pete Willson (I)	bye year
	Div 4	John Wyro (I)	bye year
	Div 5	Gene Gottfried (I)	ran unopposed

## Table II-1 MOFD Election Results

Nov-03	Div 2	9	Fred Weil	appointed to replace Ben Ho
Nov-02	Div 1		Gordon Nathan	ran unopposed
	Div 2		Ben Ho	bye year
	Div 3		Pete Willson (I)	87.80%
			Anthony Rodriguez	12.20%
	Div 4		John Wyro (I)	ran unopposed
	Div 5		Short term	
			Gene Gottfried	70.70%
			Mark Shaffer	29.30%
Jun-02	Div 5	8	Gene Gottfried	appointed to replace Robin Berens
Nov-00	Div 1		Gordon Nathan	bye year
	Div 2		Ben Ho	ran unopposed
	Div 3		Pete Wilson	bye year
	Div 4		Peter Scurr	bye year
	Div 5	7	Robin Berens	51.80%
			Gene Gottfried	48.20%
Nov-98	Div 1		Gordon Nathan	ran unopposed
	Div 2	6	Ben Ho	appointed to replace Mike Cory
	Div 3		Pete Wilson	ran unopposed
	Div 4		Peter Scurr	ran unopposed
	Div 5		John Wyro	bye year
Jun-97	Div 1	5	Gordon Nathan	
	Div 2	4	Mike Cory	
	Div 3	3	Pete Wilson	
	Div 4	2	Peter Scurr	
	Div 5	1	John Wyro	

### In 15 years

14 MOFD Directors total

9 New Directors (one original director still on board)

4 new Directors appointed by board

5 new Directors chosen by vote

Only one of those three running against incumbent

22 elections for director

4 times incumbent did not run

13 times incumbent ran unopposed

4 times incumbent won

1 time incumbent lost

originally announced in late 2009, a public response calling for an election as opposed to an appointment caused Director Wilson to withdraw his retirement notice until it was too late to hold a mid-term election. This delay forced the board either to make an appointment or leave the seat vacant for eight months. The resulting appointee ran unopposed the following November.

The Task Force recommends MOFD review its policy of appointing replacements for retiring directors, especially near the end of a director's term, as in the case of Director Wilson. The very nature of a small, specialized district gives the incumbent a significant advantage. Of the 12 people who have served as MOFD directors, 5 came in as original directors (not elected) and 4 were appointed replacements. The public has only chosen three of all the directors in the 15-year history of MOFD. Lastly, the Task Force notes that including the two new presumptive directors joining in November 2012, 14 members of the community have held a directorship of MOFD since its inception, out of a possible number of 27, so the average Director has served two terms which seems appropriate.

**Further note:** On March 21, 2012, the reduced board of three directors decided to forego replacing-by-appointment the two positions opened by simultaneous resignation of two directors in February. Instead they chose to wait seven months until the voters could choose replacements at the next general election. The Task Force applauds this action that the three remaining directors took even though it added an extra burden on them.

**Division Representation** - While the directors of MOFD have to be responsive to the needs of the entire District, they are elected **by division** and **not at large**. Despite this, in the past the Orinda representatives have appeared to ignore individual needs or attributes of their particular divisions, ostensibly for the betterment of the whole of MOFD. The Task Force believes that has resulted in Orinda residents receiving less service at a higher cost.

Examples include:

- 1) *Orinda Ambulance Service* - In the first decade of operation, the Orinda ambulance service, one of the key advantages of MOFD compared to ConFire, was provided by the three firefighters stationed in Orinda's downtown station, number 45. When the ambulance was transporting victims to a hospital, this station (which is first responder to twice as many incidents as Orinda's two other stations combined) was empty. In the meantime, Moraga's main station had a full-time ambulance and a back-up paramedic engine. Only nine (53 percent) of MOFD's 17 firefighters were stationed in Orinda while Orinda taxpayers were providing up to 63 percent of the District's property tax revenue.
- 2) *Response Times* - Only 61 percent of Orinda's code-3 (critical) emergencies are answered within the six-minute industry guideline adopted by MOFD. This compares to a 75 percent compliance rate for Moraga. The Sleepy Hollow / Orinda Downs neighborhood, home to about 10 percent of Orinda's population, has close to a zero percent compliance rate. To the best of the Task Force's knowledge, this non-compliance issue has never been addressed by the MOFD board, including Orinda's representatives.
- 3) *Property tax allocation* - Orinda's taxpayers are currently providing 64 percent of the District's property tax revenue, but are only being served by 58 percent of the District's personnel. This \$1 million mismatch has existed since the District was formed and has

widened over time. As detailed in Section V of this report, the District, including the representatives of Orinda's taxpayers, has gone to extraordinary lengths to try to explain away this inequity. The Task Force believes that Orinda's representatives should have approached this issue with a more open mind and better represented their taxpayers' rights.

**Citizen Involvement** - All MOFD meetings are open to the public with prior notice provided per provisions of the Brown Act. Meeting agendas are posted at the fire stations and on the District's Web site ([www.MOFD.org](http://www.MOFD.org)). In addition, packets for each meeting (staff reports and other documents pertaining to agenda items) are available to the public and also posted on the Web site. The Web site also includes the minutes for the regular monthly meetings and has recently begun posting audio recordings of some of the meetings.

While the District professes the desire and need for public involvement, the Task Force notes that the District currently does not have, and to the best of its knowledge never has had, a standing or long-term committee that includes citizen participants. It has had ad-hoc citizen committees (for reviewing the credentials of Chief and Director candidates, for example), but even those have been very structured with limited influence.

The Task Force believes that the District would be well served by receiving more citizen involvement in the form of standing or report-oriented committees focusing on a number of issues confronting the district, including, but not limited to:

- \* Finances
- \* Water supply to hydrants, especially in Orinda
- \* Fuel supply reduction in Very High Fire Hazard Severity Zones
- \* Residential fire sprinkler systems - expanding to existing structures

*Example of the need for greater oversight / citizen involvement.* When the District's accountancy firm presented the District with the draft audited financial statement for the fiscal year ended June 30, 2011, it contained at least two errors. The first was a \$30 million typo that overstated the District's pension assets, increasing them from \$125 million to \$155 million. It was on a line with the pension plan's liabilities (\$142 million) and its net liability (\$18 million). The facts are: (1) This one line, stating pension liabilities, should be a top priority in the current environment of chronically underfunded pension plans; (2) the amounts on this line are the largest numbers in the entire report by a factor of four; (3) with the typo in the asset column, the math no longer works. At least one of these three factors should have caught someone's attention.

The second error was the OPEB / GASB 45 / Retiree Medical Benefit liability given as \$24 million. This was the value for two years ago (6/30/2009). In the same report that this value was presented, a value for 6/30/2011 was given as \$26 million. Considering this was an accounting for the period ended June 30, 2011, and \$26 million is more conservative than \$24 million, one could logically conclude the latter value should be used, or at least mentioned. It was not.

Both of these items are included in Exhibit VI-4, the version of the audited financials that went to the board for final approval on December 8.

These two errors were given to the staff; the staff passed them onto the Finance Committee; the Finance Committee passed them onto the full board; and the full board ratified the report, including the errors, all with no comments. In addition, prior to the full board approval, a Task Force member sent all members of the board an email, and in the email the \$30 million typo was pointed out. Apparently, no one read the email. After the audited financials were approved by the board, the Task Force contacted the staff directly regarding the typo and it was corrected immediately.

While these errors do not substantively affect the operations or finances of the District, they are an indication that more eyes could be needed to make sure that substantive errors that might affect the well-being of the District are not lurking. The community is full of talented professionals who could add that "extra pair of eyes" and give appropriate professional advice.